

MEMORANDUM OF UNDERSTANDING REGARDING  
ASSIGNMENT OF RIGHTS

This Memorandum of Understanding Regarding Assignment of Rights (this "MOU") dated for reference purposes as of March 1, 2011 and effective as of the Third Amendment Effective Date (as defined in the Third Amendment, defined below) is entered into between the CITY OF ANAHEIM, a municipal corporation and charter city under the laws of the State of California ("City"), and ANAHEIM ARENA MANAGEMENT, LLC, a California limited liability company ("AAM"), with reference to the following facts.

**RECITALS**

A. City is the owner of the approximately 19,000 seat arena located at 2695 East Katella Avenue, Anaheim, California (the "**Honda Center**").

B. City and AAM are parties to the certain Facility Management Agreement dated as of December 16, 2003, as amended from time to time, and as the same may be further amended by the certain Third Amendment to Facility Management Agreement (the "**Third Amendment**") to be entered into between City and AAM (as so amended, the "**Facility Agreement**") pursuant to which AAM manages the Honda Center on certain terms and conditions. Capitalized term not otherwise defined in this MOU have the meanings set forth in the Facility Agreement.

C. ASC-Anaheim, LLC, a California limited liability company ("**ASC**") currently operates a large sports complex ("**American Sports Center**") on certain real property located at 1500 S. Anaheim Blvd, Anaheim, California.

D. ASC and the Anaheim Redevelopment Agency, a public body, corporate and politic ("**Agency**") are entering into a certain Sub-Sublease Agreement dated for identification purposes March 1, 2011 (the "**Sub-Sublease**") providing that, on satisfaction of certain conditions precedent, ASC shall cause to be granted to City certain use rights annually at American Sports Center (the "**Use Rights**"), as more particularly described in the Sub-Sublease.

E. AAM proposes to enter into a long-term agreement providing for a team holding a National Basketball Association franchise (the "**NBA Team**") to play its regular season home games at the Honda Center.

F. It is anticipated that the Sub-Sublease will provide for a credit of \$100,000 annually against the Use Rights (if and when granted to the City) for ASC making the American Sports Center available for use by the NBA Team as a practice facility or for other uses related to operations of the NBA Team, as more particularly agreed in writing, if at all, between the NBA Team and ASC.

NOW, THEREFORE, the parties agree as follows.

1. Assignment of Rights. At such time, if at all, as (a) City is granted the Use Rights by written agreement between the City and ASC following satisfaction or waiver of all conditions precedent thereto to be described in the Sub-Sublease Agreement, (b) AAM has

entered into a Long-Term Agreement (as defined in the Facility Agreement) with an NBA Team, approved by City in accordance with the Facility Agreement, (c) the NBA Team has advised City in writing that NBA Team desires to use the facilities available at American Sports Center for five (5) years commencing on the date of such Long-Term Agreement, and (d) NBA Team and ASC have agreed as to NBA Team's use of the American Sports Center facility (the conditions described in foregoing clauses (a) through (d) being, collectively, the "**Assignment Conditions**"), then City shall assign to NBA Team the right to use Use Rights with a value totaling up to \$100,000 per year for up to five (5) years from the Third Amendment Effective Date.

2. Additional Agreements. AAM acknowledges and agrees that neither the conditions to the grant to City of the Use Rights pursuant to the Sub-Sublease nor the additional Assignment Conditions have yet been satisfied, and that such conditions may never be satisfied, in which event ASC will not be obligated to provide the Use Rights and/or AAM and NBA Team will have no right to use facilities at the American Sports Center; and that (b) if such conditions are satisfied and the Use Rights are granted to City, City will hold Use Rights in addition to the rights to be assigned to NBA Team. Whether the conditions to the grant of Use Rights are satisfied is a matter to be determined between Agency and ASC pursuant to the Sub-Sublease, and none of City (except to the extent Agency has assigned certain rights to the City), AAM, or NBA Team shall have any right to exercise rights held and reserved to the parties under the Sub-Sublease, nor does Agency hereby assign to City, AAM, or NBA Team any of its rights arising under the Sub-Sublease except as expressly set forth in the Sub-Sublease.

3. Effect of MOU and Termination.

(a) This MOU is intended to summarize certain provisions relating to City's future assignment of certain of its Use Rights only following satisfaction of the Assignment Conditions, on the terms and conditions described above. By entering into this MOU, City does not represent that it currently holds, or will necessarily ever hold, the Use Rights.

(b) If either the Third Amendment Effective Date has not occurred or the Use Rights have not been granted to City on or before 180 days from date of this MOU, or if the Assignment Conditions have not been met on or before 360 days from the date of this MOU, then this MOU shall automatically terminate and be of no further force or effect. The parties are aware that the Sub-Sublease may be affected by prior action by the State of California affecting the authority of the Agency.

4. Assignment; Binding Effect. At any time following the Third Amendment Effective Date, AAM may, on written notice to City, assign all of AAM's rights and interests under this MOU to NBA Team. This Agreement is made for the benefit of and is enforceable by the parties and their respective successors and such permitted assigns. There are no third party beneficiaries.

5. Further Documents. On satisfaction of the Assignment Conditions, the parties shall execute any further documents or instruments reasonably required to effect the agreements contained in this MOU.

6. Notices. Notices under this MOU shall be given in the manner provided in the Facility Agreement.

7. Counterparts. This MOU may be signed in any number of counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument.

8. Further Modification. This MOU and each provision of this MOU may be modified, amended, changed, altered, waived or terminated only by a written instrument signed by the parties hereto.

This Memorandum of Understanding Regarding Assignment of Rights is executed as of the date first above written.

"CITY"

CITY OF ANAHEIM, a municipal corporation  
and charter city

By:

\_\_\_\_\_  
Thomas Tait, Mayor

**Attest:**

\_\_\_\_\_  
Linda Andal, City Clerk

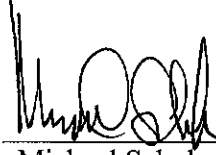
**Approved as to Form:**

By: \_\_\_\_\_  
Cristina Talley, City Attorney

"AAM"

ANAHEIM ARENA MANAGEMENT, LLC,  
a California limited liability company

By:



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Michael Schulman, Chairman