

FOURTH AMENDMENT TO OPERATING (SUBLEASE) AGREEMENT

This Fourth Amendment to Operating (Sublease) Agreement is effective as of APR 02 2002 ("Effective Date") by and between The CITY OF SAN DIEGO, a municipal corporation ("CITY"), and ARENA GROUP 2000, INC., a California corporation ("OPERATOR"), with reference to the following facts:

RECITALS

A. Pursuant to an Operating Sublease dated August 6, 1971 recorded on August 6, 1971 as File/Page No. 174413, Book 1971 of the Official Records of San Diego County, California, San Diego Arena Lease Company, a California nonprofit corporation, leased to Operator the Property and all improvements located thereon, consisting of an indoor sports arena, parking facility and related facilities commonly known as the San Diego Sports Arena and more particularly described in said Operating Sublease (the project "Premises"). The Operating Sublease was subsequently amended by an Amendment to Operating Sublease effective on December 1, 1987, filed as Document No. RR-269856 in the Office of the City Clerk. The Operating Sublease was further amended by a Second Amendment to Operating Sublease effective on March 29, 1993, filed as Document No. RR-281708 in the Office of the City Clerk. Pursuant to the Landlord Consent and Estoppel Certificate (Operating Sublease) effective March 29, 1993, Arena Group 2000 Corporation assumed the Operating Sublease Agreement, filed as Document No. RR-281708-1 in the Office of the City Clerk. Subsequently, a Third Amendment to Operating Sublease effective on September 30, 1997, filed as Document No. RR-289248 in the Office of the City Clerk. The Operating Sublease and the amendments thereto are collectively referred to herein as the "Sports Arena Operating Agreement."

B. OPERATOR also leases the adjoining Sports Arena Square property, pursuant to a lease dated February 20, 1996, on file in the Office of the City Clerk as Document Number OO-18264 (the "Crake Lease Parcel"). OPERATOR acknowledges that any of the agreements contained herein shall not be construed as consideration for renewal of the Crake Lease Parcel.

C. CITY and OPERATOR have a bonafide dispute as to the rights and responsibilities of the parties under the Sports Arena Operating Agreement for naming rights for the Sports Arena Premises.

D. OPERATOR desires to commercially develop a portion of the Sports Arena Premises and to sublease the developed area as provided in that certain Ground Lease Agreement approved by City Council pursuant to Resolution No. RR-236247 and on file in the Office of the City Clerk as Document No. RR-236247 (the "Sports Arena Retail Pad Ground Lease").

E. In consideration of CITY's approval of the Sports Arena Retail Pad Ground Lease for the portion of the Sports Arena Premises identified in the attached Exhibit "A", OPERATOR is willing to enter into this Fourth Amendment to the Sports Arena Operating Agreement.

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants of the parties set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the CITY and the OPERATOR hereby amend the Sports Arena

DOCUMENT NO. RR-236247

FILED APR 02 2002

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

Operating Agreement, as follows:

1. Premises Revised. Section 1., The Project, of the Sports Arena Operating Agreement is amended by adding a second paragraph to the section to read as follows:

From and after the Effective Date, as defined therein, of the Sports Arena Retail Pad Ground Lease, on file in the Office of the City Clerk as Document No. 2-296248 Parcels A, B, C, and D. [collectively, the Retail Pad Area] as described in the attached Exhibit A of this amendment are no longer part of the project and are deleted from the Premises covered by the Sports Arena Operating Agreement.

2. Naming Rights. The following is hereby added to Section 2. Sublease of the Project

Naming Rights. OPERATOR desires to enter into an Agreement ("Naming Rights Agreement") with an entity ("Naming Rights Entity") pursuant to which such Naming Rights Entity would acquire the naming rights to the San Diego Sports Arena ("Naming Rights"). OPERATOR agrees that:

- a. The identity of the Naming Rights Entity and the identification signage shall be subject to the prior written consent of CITY, pursuant to resolution of the City Council, acting in its sole and absolute discretion. The form of the Naming Rights Agreement shall be subject to the reasonable approval of City and OPERATOR; provided, however, the economics of such Naming Rights Agreement shall be consistent with (b) below.
- b. CITY shall be entitled to ten percent (10%) of the gross proceeds actually received from the Naming Rights Entity in connection with the Naming Rights to the San Diego Sports Arena, including, but not limited to, any sponsorship proceeds; provided, however, in the event the Namings Rights Entity is already one of the existing sponsors of the San Diego Sports Arena, only the increase in sponsorship and naming rights proceeds resulting from the Naming Rights Agreement will be included in gross proceeds.
- c. Unless CITY otherwise agrees, in its sole discretion, in no event will the Naming Rights Entity be in violation of Council Policy 000-04 or be a Prohibited Person. For purposes of this section "Prohibited Person" means any Person that at the time of determination provided for in this Agreement, (i) has been convicted, or is controlled by a Person who has been convicted, of any felony in the five years immediately preceding such determination, or (ii) has been disbarred or suspended from contracting with CITY, or for the purpose of contracting with CITY, has been placed on ineligibility status, or is a Person or entity with whom CITY is otherwise prohibited by law from contracting (whether by reason of such Person's own acts or status or by reason of the acts or status of any other

Person the acts of which shall be imputed to such Person pursuant to any legal requirement governing the making of contracts by CITY, and whether by reason of actions or determinations made directly by CITY or by reason of actions or determinations made by any other government authority the actions or determinations of which shall be taken into account by CITY pursuant to any such legal requirement). "Person" means any natural person or legal entity.

3. No Other Changes. In all other respects, the Sports Arena Operating Agreement shall remain unchanged, in full force and effect.

IN WITNESS WHEREOF, this Fourth Amendment to Operating (Sublease) Agreement is executed to be effective as of the Effective Date first set forth above.

Date

4/15/02

THE CITY OF SAN DIEGO

By

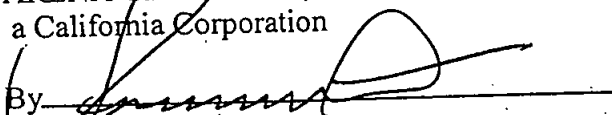


ARENA GROUP 2000, INC.,
a California Corporation

Date

3-21-02

By



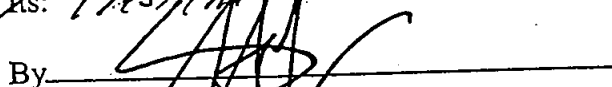
Its:

President

Date

3-21-02

By



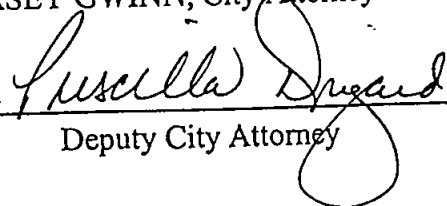
Its:

Secretary

APPROVED as to form and legality this 19th day of April, 2002.

CASEY GWINN, City Attorney

By



Deputy City Attorney

CEH/jmj

03/20/02

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R. 296247

EXHIBIT "A"

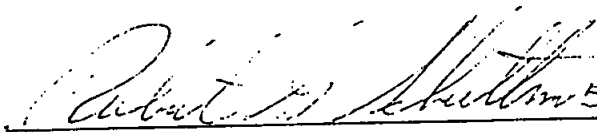
CITY LEASE PARCEL

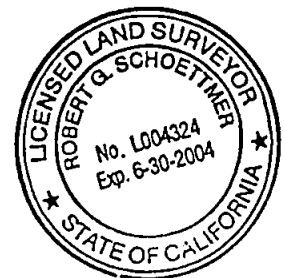
Parcel "A"

All of those portions of Pueblo Lots 311, 312, 313, 241 and 242 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof by James Pascoe in the year 1870, a certified copy of which was filed November 14, 1921 in the Office of the County Recorder of San Diego County, and is known as Miscellaneous Map No. 36, being more particularly described as follows:

Beginning at the centerline intersection of Sports Arena Boulevard and Kemper Street as shown and delineated on Arena Plaza Subdivision Map No. 6629 in the City of San Diego, County of San Diego, State of California, recorded April 20, 1970 in the Office of the Recorder of San Diego County; thence along the centerline of Sports Arena Boulevard North $77^{\circ}23'37''$ West (record North $77^{\circ}52'25''$ West per said Map No. 6629) 53.74 feet; thence North $12^{\circ}36'23''$ East 65.00 feet to a point on the Northerly Right-of-way line of said Sports Arena Boulevard and the TRUE POINT OF BEGINNING; thence North $12^{\circ}36'23''$ East 199.03 feet; thence South $77^{\circ}23'37''$ East 677.04 feet; thence North $65^{\circ}44'11''$ East 51.62 feet; thence South $77^{\circ}23'37''$ East 307.67 feet; thence South $12^{\circ}36'23''$ West 25.00 feet; thence North $77^{\circ}23'37''$ West 224.75 feet; thence South $26^{\circ}38'35''$ West 46.38 feet; thence South $12^{\circ}36'23''$ West 160.00 feet; thence North $77^{\circ}23'37''$ West 60.00 feet; thence North $12^{\circ}36'23''$ East 160.00 feet; thence North $03^{\circ}09'24''$ East 42.41 feet; thence South $67^{\circ}37'56''$ West 48.56 feet; thence North $77^{\circ}23'37''$ West 262.25 feet; thence South $12^{\circ}36'23''$ West 174.00 feet; thence North $77^{\circ}23'37''$ West 20.00 feet; thence North $12^{\circ}36'23''$ East 174.00 feet; thence North $77^{\circ}23'37''$ West 335.00 feet; thence South $12^{\circ}36'23''$ West 174.00 feet; thence North $77^{\circ}23'37''$ West 66.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.230 acres more or less.


Robert G. Schoettmer L.S. 4324 5-22-2001



J-13575B

EXHIBIT "A"

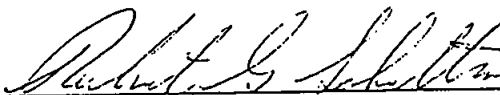
CITY LEASE PARCEL

Parcel "B"

All of those portions of Pueblo Lots 241, 242, 311, and 312 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof by James Pascoe in the year 1870, a certified copy of which was filed November 14, 1921 in the Office of the County Recorder of San Diego County, and is known as Miscellaneous Map No. 36, being more particularly described as follows:

Beginning at the centerline intersection of Sports Arena Boulevard and Kemper Street as shown and delineated on Arena Plaza Subdivision Map No. 6629 in the City of San Diego, County of San Diego, State of California, recorded April 20, 1970 in the Office of the Recorder of San Diego County; thence along the centerline of Sports Arena Boulevard South $77^{\circ}23'37''$ East (record North $77^{\circ}52'25''$ West per said Map No. 6629) 12.26 feet; thence North $12^{\circ}36'23''$ East 65.00 feet to a point on the Northerly Right-of-way line of said Sports Arena Boulevard and the TRUE POINT OF BEGINNING; thence continuing North $12^{\circ}36'23''$ East 174.00 feet; thence South $77^{\circ}23'37''$ East 335.00 feet; thence South $12^{\circ}36'23''$ West 174.00 feet to said Northerly Right-of-way line; thence Westerly along said Northerly Right-of-way line North $77^{\circ}23'37''$ West 335.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.338 acres more or less.

 5-22-2001
Robert G. Schoettmer L.S. 4324



jb/13575.001

J-13575C

EXHIBIT "A"

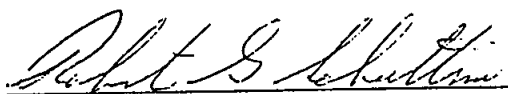
CITY LEASE PARCEL

Parcel "C"

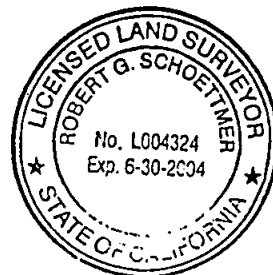
All of that portion of Pueblo Lot 312 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof by James Pascoe in the year 1870, a certified copy of which was filed November 14, 1921 in the Office of the County Recorder of San Diego County, and is known as Miscellaneous Map No. 36, being more particularly described as follows:

Beginning at the centerline intersection of Sports Arena Boulevard and Kemper Street as shown and delineated on Arena Plaza Subdivision Map No. 6629 in the City of San Diego, County of San Diego, State of California, recorded April 20, 1970 in the Office of the Recorder of San Diego County; thence along the centerline of Sports Arena Boulevard South $77^{\circ}23'37''$ East (record North $77^{\circ}52'25''$ West per said Map No. 6629) 367.25 feet; thence North $12^{\circ}36'23''$ East 65.00 feet to a point on the Northerly Right-of-way line of said Sports Arena Boulevard and the TRUE POINT OF BEGINNING; thence leaving said Northerly Right-of-way line North $12^{\circ}36'23''$ East 174.00 feet; thence South $77^{\circ}23'37''$ East 262.25 feet; thence North $67^{\circ}37'56''$ East 48.56 feet; South $03^{\circ}09'24''$ West 42.41 feet; thence South $12^{\circ}36'23''$ West 160.00 feet to said Northerly Right-of-way line; thence Westerly along said Northerly Right-of-way line North $77^{\circ}23'37''$ West 309.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.248 acres more or less.

 5-22-2001
Robert G. Schoettmer L.S. 4324

jb/13575.002



J-13575D

EXHIBIT "A"

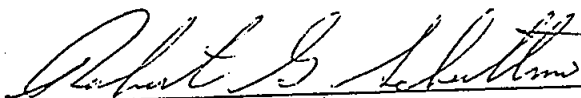
CITY LEASE PARCEL

Parcel "D"

That portion of Pueblo Lots 312 and 313 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof by James Pascoe in the year 1870, a certified copy of which was filed November 14, 1921 in the Office of the County Recorder of San Diego County, and is known as Miscellaneous Map No. 36, being more particularly described as follows:

Beginning at the centerline intersection of Sports Arena Boulevard and Kemper Street as shown and delineated on Arena Plaza Subdivision Map No. 6629 in the City of San Diego, County of San Diego, State of California, recorded April 20, 1970 in the Office of the Recorder of San Diego County; thence along the centerline of Sports Arena Boulevard South $77^{\circ}23'37''$ East (record North $77^{\circ}52'25''$ West per said Map No. 6629) 736.25 feet; thence North $12^{\circ}36'23''$ East 65.00 feet to a point on the Northerly Right-of-way line of said Sports Arena Boulevard and the TRUE POINT OF BEGINNING; thence leaving said Northerly Right-of-way North $12^{\circ}36'23''$ East 160.00 feet; thence North $26^{\circ}38'35''$ East 46.38 feet; thence South $77^{\circ}23'37''$ East 224.75 feet; thence South $12^{\circ}36'23''$ West 205.00 feet to said Northerly Right-of-way line; thence Westerly along said Northerly Right-of-way line North $77^{\circ}23'37''$ West 236.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.105 acres more or less.


Robert G. Schoettmer L.S. 4324 5-22-2001



jb/13575.003

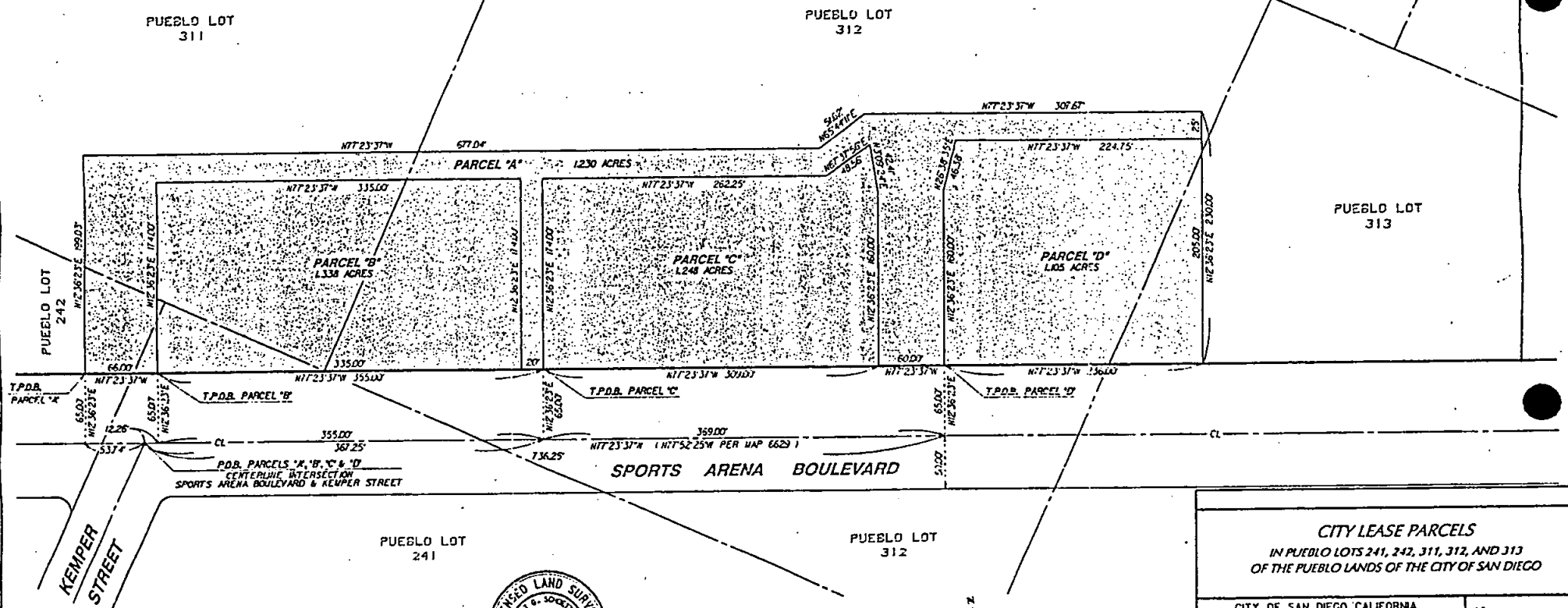
EXH. 11 A

LEGEND

 INDICATES LEASE AREAS
PARCELS 'A', 'B', 'C' & 'D'

T.P.O.B. INDICATES TRUE POINT OF BEGINNING

P.O.B. INDICATES POINT OF BEGINNING



SURVEYOR OF WORK

Robert G. Schoettmer 5-27-60
ROBERT G. SCHOETTNER, LS 4324 DATE

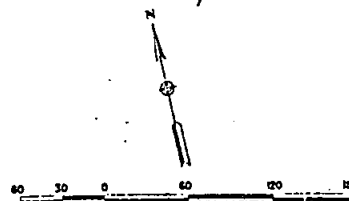


RICK ENGINEERING COMPANY

3020 Friars Road,
San Diego,
California 92110-2590

(419) 281-0707

J. 13575



CITY LEASE PARCELS

IN PUEBLO LOTS 241, 242, 311, 312, AND 313
OF THE PUEBLO LANDS OF THE CITY OF SAN DIEGO

CITY OF SAN DIEGO, CALIFORNIA
DEVELOPMENT REVIEW
SHEET 1 OF 3 SHEETS

W.D.
M.D.

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THIRD AMENDMENT TO OPERATING SUBLEASE

This Third Amendment to Operating Sublease ("Amendment") is effective as of SEP 30 1997, 1997 ("Effective Date") by and between The CITY OF SAN DIEGO, a municipal corporation ("City"), and ARENA GROUP 2000, INC., a California corporation ("Operator"), with reference to the following facts:

RECITALS

A. Pursuant to an Operating Sublease dated August 6, 1971 recorded on August 6, 1971 as File/Page No. 174413, Book 1971 of the Official Records of San Diego County, California, San Diego Arena Lease Company, a California nonprofit corporation, leased to Operator the Property and all improvements located thereon, consisting of an indoor sports arena, parking facility and related facilities commonly known as the San Diego Sports Arena and more particularly described in said Operating Sublease (collectively, the "Project"). The Operating Sublease was subsequently amended by an Amendment to Operating Sublease effective on December 1, 1987, filed as Document No. RR-269856 in the Office of the City Clerk. The Operating Sublease was further amended by a Second Amendment to Operating Sublease effective on March 29, 1993, filed as Document No. RR-281708 in the Office of the City Clerk. The Operating Sublease and the Amendments thereto are collectively referred to herein as the "Sublease".

B. The parties hereto now desire to amend the Sublease to allow the Operator to defer an amount of up to \$700,000 of rent owed to the City, beginning with monthly rent payments for December 1996 due to the City in January 1997. The City agrees to defer receipt of the aforementioned rent in order to assist the Operator with financing needed to complete specific improvements to the San Diego Sports Arena facility.

C. The parties hereto desire to set forth a predetermined schedule for repayment of deferred rent, plus 6% accrued interest calculated from the time of each monthly rent deferral. The Operator agrees to repay the City the deferred rent and accrued interest over a ten year period beginning in the month following the month in which the cumulative rent deferral reaches \$700,000 or the month in which the cumulative rent deferral amount exceeds the cumulative cost of improvements, excluding accrued interest. Said improvements are outlined on Exhibit A, attached hereto. More specifically, once the cumulative rent deferral, excluding accrued interest, has reached \$700,000 or exceeds the cumulative cost of improvements, the Operator agrees to repay the deferred rent plus accrued interest in level monthly debt service payments amortized at 6% interest over the next 120 months.

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants of the parties set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Operator hereby amend

AMENDMENT NO. 289248

SEP 30 1997
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

the Sublease, as follows:

1. Rent. Paragraph (e) of Section 9 is hereby amended to add subparagraph (5) as follows:

- (5) Beginning in January of 1997, Operator shall defer payment of all rent owed to the City, as determined by the provisions of the Sublease, until the cumulative rent deferral, exclusive of accrued interest, equals \$700,000 or exceeds the cumulative cost of improvements. In return for the aforementioned rent deferral, the Operator agrees to complete the majority of the improvements to the Sports Arena detailed in Exhibit A (Improvement Schedule), before the cumulative deferred rent equals \$700,000. Operator shall notify City, in writing, upon completion of improvements. Operator shall also provide written verification of the actual costs of improvements in order to determine compliance with this subparagraph. Such verification will be complete and accurate receipts and invoices. Operator's failure to maintain and provide such records is a breach of this operating sublease and cause for termination. Once cumulative deferred rent equals \$700,000 or exceeds the cumulative cost of improvements, exclusive of accrued interest, the Operator shall resume rent payments to the City as stipulated by the Sublease.

Once the cumulative rent deferral equals \$700,000 or exceeds the cumulative cost of improvements, the Operator shall be obligated to repay the City deferred rent plus accrued interest calculated at 6% from the time of each monthly rent deferral. The Operator shall repay the City the deferred rent and associated accrued interest over a ten year period beginning in the month following the month in which the cumulative rent deferral reaches \$700,000 or exceeds the cumulative cost of improvements, excluding accrued interest. Once the cumulative rent deferral, excluding accrued interest, has reached \$700,000 or exceeds the cumulative cost of improvements, the Operator shall repay the deferred rent plus accrued interest in level monthly debt service payments amortized at 6% interest over the next 120 months, as is specified in Exhibit B, attached hereto.

Once the Operator has repaid all deferred rent and the associated accrued interest, the provisions contain within this subparagraph will no longer apply to the Sublease.

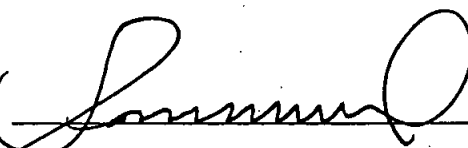
If the Sublease is transferred, assigned, or terminated for any reason, then all of the remaining unpaid deferred rent and associated interest, if applicable, shall become immediately due and payable to the City.

2. Default Paragraph (e) of Section 9 is hereby amended to delete the final sentence of subparagraph (6) and replace it with the following sentence:

With the exception of the rent deferral specified in subparagraph 5 above, the City shall not, in any event, receive less than the rental provided for in subsection 9(e) hereof, and the failure of the Operator to pay the rental shall constitute a default by Operator.

IN WITNESS WHEREOF, this Third Amendment to Operating Sublease is executed to be effective as of the Effective Date first set forth above.

ARENA GROUP 2000, INC., a California corporation

By: 

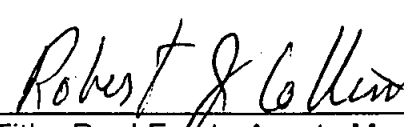
Title: President

By: _____

Title: _____

CITY OF SAN DIEGO, a municipal corporation

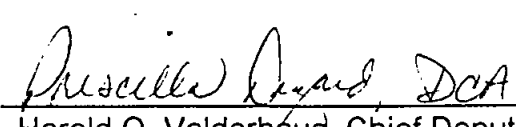
CITY MANAGER

By: 

Title: Real Estate Assets Manager

APPROVED AS TO FORM AND LEGALITY

CASEY G. GWINN, City Attorney

By: 

Harold O. Valderhaug, Chief Deputy

EXHIBIT A

COMPLETED OR IN-PROGRESS

1. Repair of Marly Cooling Tower, including replacing all wood slats with honeycomb P.V.C. Completed 9/15/95. \$17,586.00
2. All chillers were retrofitted to meet E.P.A. guidelines for CFC in response to pending federal law. Done in 1996. \$6,400.00.
3. Update parking lot lighting with a transicon controller and time clock. Completed Summer 1996. \$6,808.00.
4. Resurface entire parking lot, including re-striping of parking stalls. Add additional handicap spaces in excess of current ADA standards. This includes lots shared by City's current lessees, i.e., Black Angus, Dixieline, etc. Work was completed in December 1995. The total was \$86,000.00 for the lot and \$6,400.00 for the re-stripe.
5. Fabricated dasher boards and glass to replace the old system. New boards are N.H.L. specifications and are steel reinforced. The glass is two feet higher than the previous system for increased safety to the spectators. Fabrication was completed in August 1996 and installed in October 1996. Total cost \$110,000.00.
6. All three chillers were purged and retrofitted to meet current standards. Finished October 1996. \$21,400.00.
7. A new JBL distributed sound system was installed to replace the 30-year-old center stack. The system is similar to the sound system in Arcò Arena and the San Jose Arena. Also included were new amplifiers, digital delay and a hard disk music system. Work was completed 11/15/96. \$104,000.00.
8. The Arena Club is currently being vented and outfitted for cooking to accommodate customer demand for hot food entrees. Cost is unknown, but should not exceed \$23,000.00.

TOTAL OF WORK COMPLETED OR IN-PROGRESS: \$381,594.00

ITEMS TO COMPLETE

1. Phase 2 of parking lot seal to provide a second coat of fibre-seal. Work to be completed in summer of 1997. Approximately \$70,000.00.
2. Replacement of current stage and sound wings. Needs to be ordered by May 1997. **Estimated cost \$77,300.00**.
3. Repainting of outer concourse walls and inner concourse walkways. Price includes new graphics and directional signage. Work to be completed in summer of 1997. **Estimate \$62,000.00**.
4. Retrofit all existing bathrooms with new fixtures, partitions, hardware and stalls. Includes new ceramic tile. Each men's room is \$9,300.00 and each women's room is \$11,900.00. Work to be completed in summer of 1997. **Total for the building is \$84,800.00**.
5. Exterior landscape, painting and contingency. Work to be completed in summer of 1997. **Estimate \$25,000.00**

TOTAL: \$319,100.00

COMBINED TOTAL: \$700,694.00

Mortgage Amortization

Key Figures

Annual Loan Payments	\$99,239.04
Monthly Payments	\$8,269.92
Interest in First Calendar Year	\$43,168.73
Interest Over Term of Loan	\$247,490.40
Sum of All Payments	\$992,390.40

Inputs

Loan Principal Amount	\$744,900.00
Annual Interest Rate	6.00%
Loan Period in Years	10
Estimated Base Year of Loan	1999
Estimated Base Month of Loan	Jan

Payments in First 12 Months

Year	Month	Beginning Balance	Payments	Principal	Interest	Cumulative Principal	Cumulative Interest	Ending Balance
1999	Jan	\$744,900.00	\$8,269.92	\$4,545.42	\$3,724.50	\$4,545.42	\$3,724.50	\$740,355
	Feb	740,354.58	8,269.92	4,568.15	3,701.77	9,113.57	7,426.27	735,786
	Mar	735,786.43	8,269.92	4,590.99	3,678.93	13,704.56	11,105.20	731,195
	Apr	731,195.44	8,269.92	4,613.94	3,655.98	18,318.50	14,761.18	726,582
	May	726,581.50	8,269.92	4,637.01	3,632.91	22,955.51	18,394.09	721,944
	Jun	721,944.49	8,269.92	4,660.20	3,609.72	27,615.71	22,003.81	717,284
	Jul	717,284.29	8,269.92	4,683.50	3,586.42	32,299.21	25,590.23	712,601
	Aug	712,600.79	8,269.92	4,706.92	3,563.00	37,006.13	29,153.23	707,894
	Sep	707,893.87	8,269.92	4,730.45	3,539.47	41,736.58	32,692.70	703,163
	Oct	703,163.42	8,269.92	4,754.10	3,515.82	46,490.68	36,208.52	698,409
	Nov	698,409.32	8,269.92	4,777.87	3,492.05	51,268.55	39,700.57	693,631
	Dec	693,631.45	8,269.92	4,801.76	3,468.16	56,070.31	43,168.73	688,830

Yearly Schedule of Balances and Payments

Year	Beginning Balance	Payments	Principal	Interest	Cumulative Principal	Cumulative Interest	Ending Balance
2000	\$688,829.69	\$99,239.04	\$59,528	39,711	\$115,598.63	82,879.45	\$629,301
2001	629,301.37	99,239.04	63,200	36,039	178,798.82	118,918.30	566,101
2002	566,101.18	99,239.04	67,098	32,141	245,897.05	151,059.11	499,003
2003	499,002.95	99,239.04	71,237	28,002	317,133.75	179,061.45	427,766
2004	427,766.25	99,239.04	75,630	23,609	392,764.18	202,670.06	352,136
2005	352,135.82	99,239.04	80,295	18,944	473,059.33	221,613.95	271,841
2006	271,840.67	99,239.04	85,248	13,991	558,306.90	235,605.42	186,593
2007	186,593.10	99,239.04	90,505	8,734	648,812.36	244,339.00	96,088
2008	96,087.64	99,239.04	96,088	3,151	744,900.00	247,490.40	0

Footnote: The estimated base month and year of the loan (or rent deferral), January 1999, assumes that the monthly average rent due to the City will continue to be approximately \$30,000. Estimated accrued interest of \$44,900 assumes a 24 month rent deferral with \$30,000 deferred rent for the first 23 months and \$10,000 deferred rent in the 24th month calculated at 6%.

RESOLUTION NUMBER R- 289248 (R-98-279)

ADOPTED ON SEP 30 1997

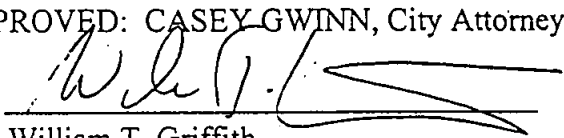
WHEREAS, in 1995, The City of San Diego and Arena Group 2000 entered into an amendment (Document No. RR-286158) to the existing Memorandum of Understanding regarding development of a new sports arena; and

WHEREAS, the Arena Group 2000 requested a rent deferral in the amount of up to \$700,000 in order to finance repairs and improvements, most of which have been completed; and

WHEREAS, the Arena Group 2000 now proposes a deferral of monthly rental payments until the rent amount owed exceeds the cost of improvements, up to \$700,000; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the City Manager be and is hereby authorized and empowered to execute, for and on behalf of The City of San Diego, an amendment to the operating sublease for the Sports Arena, in order to grant a rent deferral in the amount of up to \$700,000, as more particularly described in said amendment, a copy of which is on file in the office of the City Clerk as Document No. RR- 289248.

APPROVED: CASEY GWINN, City Attorney

By 

William T. Griffith
Deputy City Attorney

WTG:cdk
09/08/97
Or.Dept:REA
R-98-279

Passed and adopted by the Council of the City of San Diego on SEP 30 1997 by
the following vote:

YEAS: MATHIS, WEAR, KEHOE, STEVENS, WARDEN, STALLINGS, MCCARTY,

VARGAS. MAYOR GOLDING.

NAYS: NONE.

NOT PRESENT: NONE.

AUTHENTICATED BY:

SUSAN GOLDING
Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

By: PEGGY ROGERS

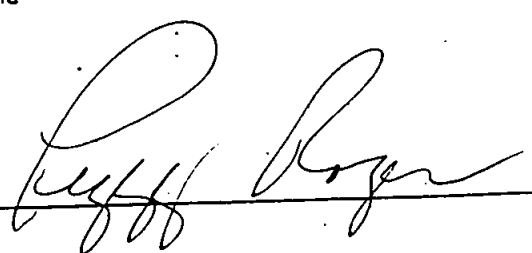
(L)
Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION
No. R- 289248, passed and adopted by the Council of The City of San Diego, California
on SEP 30 1997.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California

(SEAL)

By: , Deputy

SUBLEASE AGREEMENT

This SUBLEASE AGREEMENT ("Sublease") is entered into effective as of _____, 1993 ("Effective Date"), by and between SAN DIEGO ENTERTAINMENT, INC., a California corporation ("Operator"), and ARENA GROUP 2000, L.P., a California limited partnership ("Sub-Operator"), with reference to the following facts:

RECITALS

A. Operator, as "Operator" and lessee, and the City of San Diego, a municipal corporation ("City"), as successor-in-interest to San Diego Arena Lease Company, a California nonprofit corporation, as lessor, are parties to that certain Operating Sublease dated August 6, 1971, as modified by an Amendment to Operating Sublease filed in the Office of the City Clerk of San Diego, California, on November 30, 1987, as Document No. RR-269856, and further modified by a Second Amendment to Operating Sublease dated March 29, 1993 and filed in the Office of the City Clerk as Document No. RR-281708 (collectively, "Operating Sublease"). A copy of the Operating Sublease is attached hereto as Exhibit "A" and incorporated herein. The Operating Sublease covers real property improved with an indoor sports arena, parking area and related facilities more particularly described in the Operating Sublease and referred to therein as the "Project." The Project is commonly known as the San Diego Sports Arena.

B. Operator, as "Sublessee" and lessee, and the City, as successor-in-interest to Union Oil Company of California, a California corporation, as "Sublessor", as lessor, are parties to an Agreement to Sublease dated April 1, 1976 ("Parking Lot Lease"). The Parking Lot Lease affects approximately .517 acres of real property ("Parking Lot Parcel") more particularly described therein which is improved as a parking lot and used in connection with the San Diego Sports Arena. A copy of the Parking Lot Lease is attached hereto as Exhibit "B" and incorporated herein.

C. Operator desires to sublease to the Sub-Operator the Project and the Parking Lot Parcel and all improvements thereto owned by Operator and all personal property used in connection therewith (collectively, "Premises"), and the Sub-Operator desires to sublease the Premises from Operator, on the terms and conditions set forth herein.

D. The City has consented to the sublease of the Project to the Sub-Operator, as required under the provisions of Section 11 of the Operating Sublease and as required under

Section 22 of the Parking Lot Lease, which consent is set forth in the Landlord Consent and Estoppel Certificate [Operating Sublease] and the Landlord Consent and Estoppel Certificate [Parking Lot Lease] executed by the City, each effective as of March 29, 1993.

NOW, THEREFORE, in consideration of the above recitals and the covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Sublease. Operator hereby subleases the Premises to the Sub-Operator, and the Sub-Operator hereby subleases the Premises from Operator, on the terms and conditions set forth herein.

2. Term. The term of this Sublease ("Term") shall commence on the Effective Date set forth above (and determined as provided in Section 10.4) and, unless sooner terminated pursuant to the provisions hereof, shall expire concurrently with expiration or termination of the Operating Sublease as to the Project and the Parking Lot Lease as to the Parking Lot Parcel.

3. Rent. The Sub-Operator shall pay rent to Operator, without deduction, offset, prior notice or demand, in lawful money of the United States, as follows:

(a) One Million Two Hundred Thousand Dollars (\$1,200,000) per year, payable in twelve (12) equal monthly installments of One Hundred Thousand Dollars (\$100,000.00). Each monthly installment shall be paid in advance, on the first (1st) day of each calendar month during the Term.

(b) In addition, Sub-Operator shall pay an amount equal to any increases after the Effective Date hereof in rent and any other monetary charges payable by Operator to the City during the Term pursuant to the Operating Sublease and the Parking Lot Lease.

Rent for any partial month at the beginning and/or the end of the Term shall be prorated. Sub-Operator shall pay, as additional rent, the cost of all utilities and services supplied to the Premises, all taxes (including, but not limited to, possessory interest taxes), assessments and other governmental charges allocable to the Premises, or to the Operating Sublease or the Parking Lot Lease or this Sublease during the Term, and all costs of maintaining the insurance described in Section 5.

Operator shall utilize rent received from Sub-Operator to pay all amounts due to the City pursuant to the Operating Sublease and the Parking Lot Lease.

4. Subject to Terms of Operating Sublease and Parking Lot Lease. This Sublease is subject and subordinate to all of the terms and conditions of the Operating Sublease and the Parking Lot Lease. The Sub-Operator shall perform the obligations of Operator under the Operating Sublease and the Parking Lot Lease, including, but not limited to, the obligation to operate, manage, repair and maintain the Premises described in Section 5 of the Operating Sublease, the obligation to comply with the general standards of performance and City controls described in Sections 6 and 7 of the Operating Sublease, the obligation to collect rates and charges for use of the facilities as described in Section 8 of the Operating Sublease, and the obligation to provide financial statements for the Sub-Operator pursuant to Section 15 of the Operating Sublease. The Sub-Operator shall comply with all other terms and conditions of the Operating Sublease and the Parking Lot Lease. In the event of any conflict between the Operating Sublease and this Sublease, the Operating Sublease shall control; and in the event of a conflict between the Parking Lot Lease and this Sublease, the Parking Lot Lease shall control. In the event of the termination of Operator's interest as Operator under the Operating Sublease for any reason, then this Sublease shall terminate concurrently therewith.

5. Insurance.

5.1 Liability Insurance. During the Term, the Sub-Operator shall maintain, at the Sub-Operator's expense, a policy of commercial general liability insurance, insuring the Sub-Operator, and naming Operator and the City as additional insureds, against liability for personal injury or property damage arising out of the ownership, use, occupancy or maintenance of the Premises, and the business operated in the Premises. The initial amount of such insurance shall be at least \$10,000,000, combined single liability limit per occurrence, subject to an aggregate annual limitation of \$10,000,000 and shall be subject to periodic increase, at the option of Operator, based upon inflation, increased liability awards, lender requirements, and other relevant factors. The policy shall satisfy all liability insurance requirements set forth in the Operating Sublease and the Parking Lot Lease, and shall contain a provision that no cancellation or reduction in coverage shall be effective until thirty (30) days after written notice to Operator and the City. The policy shall be issued by an insurer licensed in California and reasonably approved by Operator and the City. The policy shall include a contractual liability endorsement to cover the indemnity agreement of the Operator under the Sublease and the Parking Lot Lease and the Sub-Operator's performance of

the indemnity provisions of Section 6, but the amount of such insurance shall not limit the Sub-Operator's liability thereunder. The Sub-Operator shall deliver a certificate evidencing such insurance to Operator and the City Property Department and a renewal or binder at least twenty (20) days prior to expiration. Upon the City's written request, Sub-Operator shall deliver a copy of the liability insurance policy to the City.

5.2 Property Insurance. During the Term, the Sub-Operator shall maintain insurance against fire, extended coverage and special causes of loss (excluding, at Operator's option, earthquake and flood) to cover the full estimated cost of replacement of the Sports Arena building (excluding foundations and footings) and all alterations, trade fixtures, equipment and personal property owned by Operator or the Sub-Operator or other amount acceptable to Operator, including business interruption insurance. Such policy shall satisfy the property insurance requirements set forth in the Operating Sublease and the Parking Lot Lease and shall provide that no cancellation or reduction in coverage shall be effective until thirty (30) days after written notice to Operator and the City. The Sub-Operator shall deliver a certificate evidencing such insurance to Operator and the City Property Department and a renewal or binder at least twenty (20) days prior to expiration.

6. Indemnification by the Sub-Operator. The Sub-Operator shall indemnify, protect, hold harmless and defend Operator and City from and against any and all liens, claims, actions, damages, losses, liabilities, proceedings, judgments, civil fines, penalties, costs, and expenses, including attorneys' fees, arising from all mechanics' liens arising out of work performed or materials furnished to or for the benefit of the Sub-Operator or in connection with loss of life, personal injury and/or property damage arising from: (a) the use, occupation, improvement or maintenance of the Premises or any work or activity allowed or permitted in or about the Premises by the Sub-Operator or its agents, contractors, employees, licensees, invitees or sublessees; (b) any breach or failure to perform any obligation imposed on the Sub-Operator under this Sublease (including, but not limited to, any breach by Operator of the provisions of the Operating Sublease); or (c) any negligent or other tortious act or omission or willful misconduct of the Sub-Operator or its agents, contractors, employees, customers, invitees, licensees or sublessees.

Notwithstanding the foregoing, Sub-Operator's obligations under this Section 6 shall not apply to any liens, claims, actions, damages, liabilities, losses, proceedings, judgments, civil fines, penalties, costs and expenses, including attorneys' fees: (a) resulting from the negligence, willful misconduct or

breach of this Sublease, Operating Sublease or the Parking Lot Lease by Operator or its employees, agents and contractors, and Operator shall indemnify, protect, hold harmless and defend Sub-Operator from and against the same; or (b) resulting from the negligence, willful misconduct or breach of the Operating Sublease or the Parking Lot Lease by the City, and Operator shall use commercially reasonable efforts to enforce the City's obligation to indemnify, protect, hold harmless and defend Sub-Operator therefrom pursuant to the terms of the Operating Sublease and/or the Parking Lot Lease.

7. Alterations, Additions and Improvements. The Sub-Operator shall not make any alterations, additions or improvements to the Premises without obtaining Operator's prior written consent, which shall not be unreasonably withheld, and any consent of the City required under the Operating Sublease or the Parking Lot Lease.

8. Assignment and Subletting. The Sub-Operator shall have the right to assign, transfer, mortgage, pledge, hypothecate or encumber this Sublease or an interest therein or to sublet the Premises or any part thereof (collectively, "Transfer"), subject to compliance with any restrictions on assignment, subletting or encumbrance set forth in the Operating Sublease and/or the Parking Lot Lease, including the City's right to reasonably approve an assignment or sublease.

9. Default.

9.1 Events of Default. The occurrence of any one of the following shall constitute a material default and breach of this Sublease by the Sub-Operator:

(a) Failure to pay rent or any other monetary sums required to be paid hereunder within ten (10) days after written notice from Operator.

(b) Failure to observe and perform any other obligation of Sub-Operator under this Sublease, if such failure is not cured within the time provided to cure such default under the Operating Sublease or the Parking Lot Lease, as applicable, if the default constitutes a default under the Operating Sublease or the Parking Lot Lease, and otherwise within thirty (30) days after written notice thereof by Operator to the Sub-Operator; provided, however, that if the default cannot reasonably be cured within such 30-day period, such period shall be extended for the additional time reasonably required to complete the cure, provided the Sub-Operator commences to cure the default within such 30-day period and thereafter diligently prosecutes the same to completion.

(c) The making by the Sub-Operator of any general assignment or general arrangement for the benefit of creditors; the filing by or against the Sub-Operator of a petition to have the Sub-Operator adjudged a bankrupt or a petition for reorganization or any arrangement under any law relating to bankruptcy or insolvency, unless, in the case of a petition filed against the Sub-Operator, the same is dismissed within ninety (90) days; the appointment of a trustee or receiver to take possession of substantially all of the Sub-Operator's assets located on the Premises or the Sub-Operator's interest in this Sublease, unless possession is restored to the Sub-Operator within ninety (90) days; or the attachment, execution or other judicial seizure of substantially all of the Sub-Operator's assets located on the Premises or the Sub-Operator's interest in this Sublease, unless such seizure is discharged within ninety (90) days.

9.2 Operator's Remedies. In the event of any event of default described in Section 9.1, Operator shall have the rights and remedies described in this Sublease or available to a landlord under California law, including the right to terminate the Sub-Operator's right to possession of the Premises by delivering written notice of termination to the Sub-Operator, in which event Operator shall have the right to immediate possession of the Premises. No act by Operator other than giving written notice to the Sub-Operator shall terminate this Sublease. In the event of such termination, Operator shall have the right to recover damages incurred by Operator as a result of the Sub-Operator's default, including the amounts set forth in Section 1951.2 of the California Civil Code or any successor statute.

9.3 Performance By Operator. If the Sub-Operator fails to pay any sum of money or perform any other act to be performed by the Sub-Operator hereunder and such failure continues for ten (10) days after notice by Operator, Operator shall have the right (but not the obligation) to make such payment or perform such other act without waiving or releasing the Sub-Operator from its obligations. All sums so paid by Operator and all necessary incidental costs, together with interest thereon at the rate specified in Section 9.4, shall be payable to Operator on demand.

9.4 Interest and Late Charges. All amounts payable to Operator which are not paid when due shall bear interest from the date due until the date paid at the rate of one percent (1%) plus the rate quoted from time to time by Wells Fargo Bank [San Diego office] as its prime rate, but not to exceed the maximum permitted legal rate. In addition, Sub-Operator shall pay any and all late charges and interest payable by Operator to the City

pursuant to the Operating Sublease and/or the Parking Lot Lease, to the extent such late charges and interest are due as a result of any late payment by Sub-Operator.

10. General Provisions.

10.1 Attorneys' Fees. If either party commences legal proceedings for any relief against the other party arising out of this Sublease, the losing party shall pay the prevailing party's legal costs and expenses, including, but not limited to, reasonable attorneys' fees as determined by the court.

10.2 Authority. Each party represents that it has full right, power and authority to execute this Sublease and to perform its obligations hereunder, without the need for any further action under its governing instruments, and that the persons executing this Sublease on behalf of such party are duly authorized agents with authority to do so.

10.3 Counterparts. This Sublease may be executed in multiple copies, each of which shall be deemed an original, but all of which shall constitute one Sublease after each party has signed such a counterpart.

10.4 Effective Date. This Sublease shall be effective as of the date of execution by Operator and Sub-Operator.

10.5 Estoppel Certificates. The Sub-Operator, within ten (10) days after written request from Operator, shall execute, acknowledge and deliver to Operator a written statement certifying: (a) that this Sublease is unmodified and in full force and effect (or, if modified, stating the nature of such modifications and certifying that this Sublease is in full force and effect as so modified); (b) the amount of any rent paid in advance; and (c) that, to the Sub-Operator's knowledge, there are no uncured defaults on the part of Operator, or specifying the nature of such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or lender of the Premises.

10.6 Exhibits. All exhibits referred to herein are attached hereto and incorporated herein by reference.

10.7 Governing Law. This Sublease shall be governed, interpreted, construed and enforced in accordance with the laws of the State of California.

10.8 Memorandum. The parties shall execute, acknowledge and record a memorandum to give record notice of this Sublease.

10.9 Notices. Notice to either party shall be in writing and either personally delivered or sent by certified mail, postage prepaid, return receipt requested, addressed to the party to be notified at the address specified herein. Any such notice shall be deemed received on the date of personal delivery to the party (or such party's authorized representative) or three (3) business days after deposit in the U.S. Mail, as the case may be.

Operator's
Address for Notice:

San Diego Entertainment, Inc.
ATTN: Controller
3500 Sports Arena Blvd.
San Diego, CA 92110

Sub-Operator's
Address for Notice:

Arena Group 2000, L.P.
ATTN: Jeffrey Quinn
3500 Sports Arena Blvd.
San Diego, CA 92110

Either party may change its address for notice by delivering written notice to the other party as provided herein.

IN WITNESS WHEREOF, the parties have executed this Sublease Agreement as of the date first written above.

SAN DIEGO ENTERTAINMENT, INC.,
a California corporation

By: _____

Title: _____

By: _____

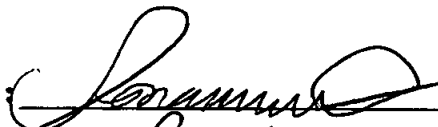
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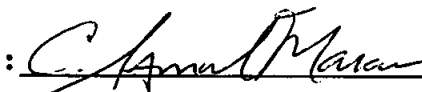
[SIGNATURES CONTINUED ON NEXT PAGE]

ARENA GROUP 2000, L.P., a California
limited partnership

By: ARENA FOUNDERS, L.P., a California
limited partnership
Managing General Partner

By: FOUNDERS OF ARENA GROUP 2000,
a California corporation,
General Partner

By: 
Title: President

By: 
Title: V.P.

[SIGNATURE PAGE TO SUBLEASE AGREEMENT]

RECORDING REQUESTED BY, AND)
WHEN RECORDED, RETURN TO:)
)
Brobeck, Phleger & Harrison)
550 West "C" Street, Suite 1300)
San Diego, California 92101)
(619) 234-1966)
Attn: Ellen B. Spellman, Esq.)

(Space Above for Recorder's Use)

MEMORANDUM OF SUBLEASE

THIS MEMORANDUM OF SUBLEASE ("Memorandum"), effective as of _____, 1993, is executed by and between SAN DIEGO ENTERTAINMENT, INC., a California corporation ("Operator"), and ARENA GROUP 2000, L.P., a California limited partnership ("Sub-Operator"), with reference to the following facts:

RECITALS

A. The City of San Diego, a municipal corporation ("City") has leased to Operator certain real property together with all improvements located thereon ("Sports Arena Property") pursuant to that certain Operating Sublease dated August 6, 1971 recorded on August 6, 1971 as File/Page No. 174413, Book 1971 of the Official Records of San Diego County, California, as modified by an Amendment to Operating Sublease filed in the Office of the City Clerk of San Diego, California on November 30, 1987 as Document No. RR-269856, and further modified by a Second Amendment to Operating Sublease dated March 29, 1993, as more fully described in that certain Memorandum of Termination of Ground Lease, Amendment to Operating Sublease and Parking Lot Lease ("Memorandum of Termination") recorded concurrently herewith. The Operating Sublease and all amendments thereto are collectively referred to herein as the "Operating Sublease".

B. The City has also leased to Operator certain other adjacent real property together with all improvements located thereon ("Parking Lot Property") pursuant to that certain Agreement to Sublease dated April 1, 1976 between Operator and the City, as successor-in-interest to Union Oil Company of California, a California corporation, ("Parking Lot Lease"), all as more fully described in the Memorandum of Termination.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Sublease of Premises. Operator hereby subleases to Sub-Operator, and Sub-Operator hereby subleases from Operator the real property legally described in Exhibit "A" attached hereto, together with all improvements located thereon ("Premises"). The Premises consists of the entire Sports Arena Property and the

entire Parking Lot Property. The terms and conditions of such sublease are set forth in a Sublease executed by the parties to be effective concurrently herewith.

2. Term. The initial term of the Sublease shall commence on the effective date hereof, and, unless terminated sooner pursuant to the provisions of the Sublease, shall expire (a) on the same date as the expiration of the Operating Sublease, as amended from time to time, as to the Sports Arena Property, and (b) on the same date as expiration of the Parking Lot Lease, as amended from time to time, as to the Parking Lot Property.

3. Sublease. The Sublease is a sublease of Operator's interest pursuant to the Operating Sublease and the Parking Lot Lease and is subject to the terms and conditions of the Operating Sublease and the Parking Lot Lease.

4. Purpose of Memorandum. This Memorandum is being placed of record to put all parties concerned on notice of the rights and obligations of the parties with respect to the Premises pursuant to the Sublease. This Memorandum is not a complete statement of the terms and conditions of the sublease described herein, which are set forth in the Sublease. In the event of any inconsistency between the provisions of this Memorandum and the provisions of the Sublease, the provisions of the Sublease shall govern.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Operator and Sub-Operator have caused this instrument to be executed and effective as of the date first above written.

"OPERATOR"

SAN DIEGO ENTERTAINMENT, INC., a
California corporation

By: _____

Title: _____

By: _____

Title: _____

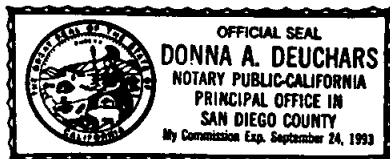
STATE OF CALIFORNIA)

COUNTY OF _____)

SS

On March 10, 1993, before me,
Donna A. Deuchars, Notary Public, personally appeared
Ronald E. Hahn & C. Samuel Marasco, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.



[SEAL]

Donna A. Deuchars
Signature

"SUB-OPERATOR"

ARENA GROUP 2000, L.P., a California
limited partnership

By: ARENA FOUNDERS, L.P., a California
limited partnership, Managing
General Partner

By: FOUNDERS OF ARENA GROUP 2000,
a California corporation,
General Partner

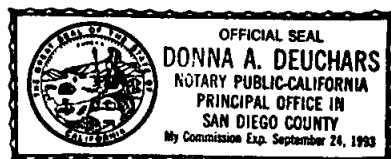
By: [Signature]
Title: President

By: [Signature]
Title: V.P.

STATE OF CALIFORNIA)
COUNTY OF San Diego) SS

On March 10, 1993, before me,
Donna A. Deuchars, Notary Public, personally appeared
Ronald E. Hahn + C. Samuel Marasco, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.



[SEAL]

[Signature]
Signature

[SIGNATURE PAGE TO MEMORANDUM OF SUBLEASE]

ACKNOWLEDGED AND AGREED:

CITY OF SAN DIEGO, a
municipal corporation

BY: CITY MANAGER

By: Mary Louise Groenke
Supervising Property Agent

Approved as to form and legality this 8 day of
April, 1993.

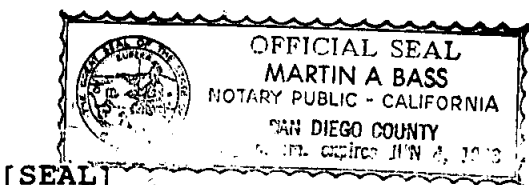
JOHN W. WITT, CITY ATTORNEY

By: Harold O. Valderhaug
Deputy City Attorney

STATE OF CALIFORNIA)
COUNTY OF San Diego) ss

On April 8, 1993, before me,
Martin A. Bass, Notary Public, personally appeared
Mary Louise Groenke, personally known to me ~~(or~~
~~proved to me on the basis of satisfactory evidence)~~ to be the
person(\$) whose name(\$) is/~~are~~ subscribed to the within
instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the
same in ~~his~~/her/~~their~~ authorized capacity(~~ies~~), and that by
~~his~~/her/~~their~~ signature(\$) on the instrument the person(\$), or
the entity upon behalf of which the person(\$~~s~~) acted, executed the
instrument.

WITNESS my hand and official seal.



Martin A. Bass
Signature

[SIGNATURE PAGE TO MEMORANDUM OF SUBLEASE]

EXHIBIT "A"

LEGAL DESCRIPTION OF PREMISES

PARCEL 1:

Portions of Pueblo Lots 241, 242, 259, 276, 311, 312, 313 and 338 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe, a copy of which said Map was filed in the Office of the County Recorder of San Diego County, and known as Miscellaneous Map No. 36, together with Lot "A" and a portion of Lot "B" of Pueblo Lot 339, according to Partition Map thereof on file in the Office of the County Clerk of said County, in an action entitled "Steele vs. Steele", Superior Court, Case No. 5620, together with a portion of Cass and Mc Elwee Subdivision, according to Map thereof No. 1581, filed in the Office of the County Recorder of San Diego County, described as follows:

COMMENCING at the point of intersection of the Southeasterly line of Pueblo Lot 312 with the Northerly line of Frontier Street, (now Sports Arena Boulevard) as described in Deed to Frontier Enterprises, Inc., recorded March 5, 1941, in Book 1143, Page 320 of Official Records of San Diego County; thence Northeasterly along said Southeasterly line to a point of intersection with a line which is distant 15.00 feet Northerly, measured at right angles to the Northerly line of said Sports Arena Boulevard; thence South $77^{\circ} 23' 46''$ East, a distance of 371.52 feet to the True Point of Beginning; thence North $12^{\circ} 36' 14''$ East, a distance of 476.74 feet; thence North $36^{\circ} 37' 26''$ East, a distance of 246.89 feet to the Northeasterly line of said Pueblo Lot 338; thence North $53^{\circ} 27' 34''$ West, a distance of 25.00 feet to the most Northerly corner of said Pueblo Lot 338; thence South $36^{\circ} 37' 26''$ West along the Northwesternly line of Pueblo Lot 338, a distance of 233.40 feet to the most Easterly corner of said Lot "A"; thence North $53^{\circ} 27' 44''$ West along the Northeasterly line of said Lot "A"; a distance of 233.41 feet to the most Northerly corner of said Lot "A"; thence South $36^{\circ} 33' 41''$ West along the Northwesternly line of said Lot "A", a distance of 74.98 feet to a point distant North $36^{\circ} 33' 41''$ East, 158.40 feet from the most Westerly corner of said Lot "A"; thence North $53^{\circ} 27' 19''$ West, 233.43 feet to a point in the Northwesternly line of Pueblo Lot 339 distant South $36^{\circ} 36' 21''$ West, 308.33 feet from the most Northerly corner of said Pueblo Lot 339; thence North $36^{\circ} 36' 21''$ East along the Northeasterly line of Pueblo Lot 339, a distance of 301.33 feet to a line which is parallel with and 7.00 feet Southwesterly to and measured at right angles to the Northerly prologation of the Northeasterly line of said Pueblo Lot 339; thence along said parallel line North $53^{\circ} 26' 49''$ West, a distance of 786.16 feet to a point in the Southeasterly line of Kurtz Street as dedicated by Resolution No. 197563 of the Council of City of San Diego, a copy of which was recorded July 30, 1969 as Document No. 137836 of Official Records; thence along the boundary of said Kurtz Street as follows:

SOUTH 36° 32' 31" West, a distance of 5.00 feet; North 53° 26' 49" West, a distance of 307.00 feet to the beginning of a 300.00 foot radius curve, concave Southwesterly; and Westerly along the arc of said curve to and along the Southerly line of Hancock Street dedicated by said resolution, through a central angle of 39° 03' 30" an arc length of 204.51 feet; thence South 26° 51' 31" West, a distance of 393.88 feet; thence South 12° 35' 00" West, a distance of 968.25 feet to said line which is parallel with and 15.00 feet Northerly of the Northerly line of Frontier Street; thence along said parallel line South 77° 23' 46" East, a distance of 402.50 feet; thence North 12° 36' 14" East, a distance of 150.00 feet; thence South 77° 23' 46" East, a distance of 150.00 feet; thence South 12° 36' 14" West, a distance of 150.00 feet; thence South 77° 23' 46" East, a distance of 1,097.11 feet to the True Point of Beginning.

PARCEL 2:

Those portions of Pueblo Lots 241, 242 and 311 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by JAMES PASCOE, a copy of which said map was filed in the Office of the County Recorder of San Diego County and known as Miscellaneous Map No. 36, described as follows:

COMMENCING at the point of intersection of the Southeasterly line of Pueblo Lot 312 with the Northerly line of Sports Arena Boulevard; thence Northwesterly along said Southeasterly line to a point of intersection with a line which is distant 15.00 feet Northerly, measured at right angles from the Northerly line of said Sports Arena Boulevard; thence North 77° 23' 46" West, a distance of 725.59 feet to the TRUE POINT OF BEGINNING; thence North 12° 36' 14" East, a distance of 150.00 feet; thence North 77° 23' 46" West, a distance of 150.00 feet; thence South 12° 36' 14" West, a distance of 150.00 feet; thence South 77° 23' 46" East, a distance of 150.00 feet to the TRUE POINT OF BEGINNING.

RECORDING REQUESTED BY, AND)
WHEN RECORDED, RETURN TO:)
)
Brobeck, Phleger & Harrison)
550 West "C" Street, Suite 1300)
San Diego, California 92101)
(619) 234-1966)
Attn: Ellen B. Spellman, Esq.)

(Space Above for Recorder's Use)

**MEMORANDUM OF TERMINATION OF GROUND LEASE,
AMENDMENT TO OPERATING SUBLEASE, AND PARKING LOT LEASE**

THIS MEMORANDUM OF TERMINATION OF GROUND LEASE, AMENDMENT TO OPERATING SUBLEASE, AND PARKING LOT LEASE ("Memorandum"), effective as of March 29, 1993, by and between the CITY OF SAN DIEGO, a municipal corporation ("City"), and SAN DIEGO ENTERTAINMENT, INC., a California corporation ("Operator"), with reference to the following facts:

RECITALS

A. Pursuant to a San Diego Sports Arena Ground Lease Agreement executed on August 10, 1965 and recorded on November 8, 1965 in the Official Records of San Diego County, California as File No. 203052, as amended ("Ground Lease"), the City leased certain real property ("Sports Arena Property") more particularly described on Exhibit "A" attached hereto to San Diego Arena Lease Company, a California nonprofit corporation ("SDALC").

B. Pursuant to an Operating Sublease dated August 6, 1971 recorded on August 6, 1971 as File/Page No. 174413, Book 1971 of the Official Records of San Diego County, California, SDALC leased to Operator the Sports Arena Property and all improvements located thereon, consisting of an indoor sports arena, parking facility and related facilities commonly known as the San Diego Sports Arena and more particularly described in said Operating Sublease (collectively, the "Project"). The Operating Sublease was subsequently amended by an Amendment ("First Amendment") to Operating Sublease effective on December 1, 1987, filed as Document No. RR-269856 in the Office of the City Clerk and by a Second Amendment ("Second Amendment") effective concurrently with the effective date of this Memorandum filed as Document No. RR-281708 in the Office of the City Clerk. The Operating Sublease, the First Amendment, and Second Amendment thereto are collectively referred to herein as the ("Sublease").

C. A Termination Agreement ("Termination Agreement") dated December 24, 1991 has been executed by SDALC, Operator, City, San

Diego Sports Enterprises, Inc., a California corporation ("Enterprises"), and Union Bank, a state banking corporation duly organized and existing under the laws of the State of California, as Trustee under that certain Indenture of Mortgage and Deed of Trust dated September 1, 1965 between the Arena Lease Co. and First National Bank of San Diego. Pursuant to the Termination Agreement, the Ground Lease was terminated and the City became SDALC's successor-in-interest under the Sublease as more fully described below.

D. Pursuant to a lease recorded August 10, 1967 as File No. 119425 of the Official Records of San Diego County, California, as amended by a First Amendment dated January 27, 1971 and a Second Amendment recorded on August 6, 1971 as File No. 174408 of the Official Records of San Diego County, California, the City has leased certain property to Union Oil Company of California ("Union"). By an Agreement to Sublease dated April 1, 1976 ("Parking Lot Lease"), Union subleased a portion of such property ("Parking Lot Property") to Operator, as more particularly described on Exhibit "B" attached hereto. By Assignment recorded August 21, 1985 as File No. 85-302984 of the Official Records of San Diego County, California, Union assigned all its interest in the Parking Lot Lease to the City.

NOW, THEREFORE, the parties hereto agree as follows:

1. Termination of Ground Lease. The City and Operator acknowledge and agree that, pursuant to Section 4 of the Ground Lease and the Termination Agreement, effective as of December 24, 1991:

(a) the Ground Lease described in Recital A above has terminated and is of no further force and effect;

(b) SDALC's entire right, title and interest in and to the Project and the Sublease have been transferred to the City;

(c) the City has assumed the rights and obligations of SDALC pursuant to the Sublease and the Ground Lease;

(d) SDALC has no further rights or obligations under the Ground Lease or the Sublease;

(e) the Sublease shall continue in full force and effect as a direct lease of the Project between the City, as lessor, and Operator, as lessee, on the terms and conditions set forth in the Sublease, as modified by the Second Amendment (defined in Section 2 below), including all obligations and conditions set forth in the Ground Lease which Operator agreed to perform pursuant to the Operating Sublease; and

(f) the Operating Sublease between SDALC and Enterprises recorded on November 8, 1965 as File No. 203053 has been terminated and no party thereto has any further rights or obligations thereunder.

2. Second Amendment to Operating Sublease. The parties hereby: (a) extend the term of the Sublease until 12:00 midnight on November 7, 2015, plus a period equal to the time period between (i) March 29, 1993, which is the effective date of the Second Amendment, and (ii) the earlier of eighteen (18) months from the date hereof or the date on which it is determined that a downtown site for a new sports arena site is not feasible and/or not desirable, in accordance with the provisions of the Second Amendment; and (b) amend the Sublease in accordance with the terms and conditions of the Second Amendment.

3. Parking Lot Lease. The parties acknowledge and agree that the City has leased the Parking Lot Property to Operator pursuant to the Parking Lot Lease and the Parking Lot Lease shall continue in full force and effect as a direct lease between the City, as lessor, and Operator, as lessee, on the terms and conditions set forth in the Parking Lot Lease.

4. Purpose of Memorandum. This Memorandum is being placed of record to put all parties concerned on notice of such rights, duties and obligations as the parties may have in the Property by virtue of the Termination Agreement, the Second Amendment, and the Parking Lot Lease. This Memorandum is not a complete statement of the terms and conditions of the termination, sublease and parking lot lease, which are set forth in the Termination Agreement, the Sublease, and the Parking Lot Lease. In the event of any inconsistency between the provisions of this Memorandum and the provisions of the Termination Agreement, the Sublease and/or the Parking Lot Lease, the latter documents shall control.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, City and Operator have caused this instrument to be executed effective as of the date first above written.

"CITY"

CITY OF SAN DIEGO, a municipal corporation

By: CITY MANAGER

By:

Mary Louise Gronke
Supervising Property Agent

Approved as to form and legality this 8 day of

April, 1993.

John W. Witt, City Attorney

By:

Harold O. Valderhaug
Deputy City Attorney

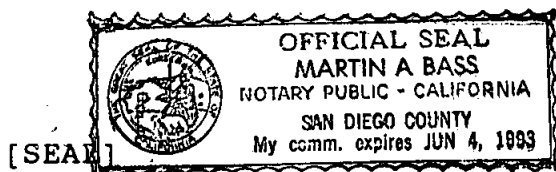
STATE OF CALIFORNIA)

COUNTY OF San Diego)

ss

On April 8, 1993, before me,
Martin A. Bass, Notary Public, personally appeared
Mary Louise Gronke, personally known to me ~~(or~~
~~proved to me on the basis of satisfactory evidence)~~ to be the
person(s) whose name(s) ~~is/are~~ subscribed to the within
instrument and acknowledged to me that ~~he/she/they~~ executed the
same in ~~his/her/their~~ authorized capacity~~(ies)~~, and that by
~~his/her/their~~ signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.



Martin A. Bass
Signature

"OPERATOR"

SAN DIEGO ENTERTAINMENT, INC. a
California corporation

By: _____

Title: _____

By: _____

Title: _____

STATE OF CALIFORNIA)

COUNTY OF San Diego)

SS

on March 11, 1993, before me,
Donna A. Deuchars, Notary Public, personally appeared
Ronald E. Hahn & C. Samuel Marasco, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.



[SEAL]

Donna A. Deuchars
Signature

[SIGNATURES TO MEMORANDUM]

EXHIBIT "B"

LEGAL DESCRIPTION OF PARKING LOT PROPERTY

Those portions of Pueblo Lots 241, 242 and 311 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by JAMES PASCOE, a copy of which said map was filed in the Office of the County Recorder of San Diego County and known as Miscellaneous Map No. 36, described as follows:

COMMENCING at the point of intersection of the Southeasterly line of Pueblo Lot 312 with the Northerly line of Sports Arena Boulevard; thence Northwesterly along said Southeasterly line to a point of intersection with a line which is distant 15.00 feet Northerly, measured at right angles from the Northerly line of said Sports Arena Boulevard; thence North $77^{\circ} 23' 46''$ West, a distance of 725.59 feet to the TRUE POINT OF BEGINNING; thence North $12^{\circ} 36' 14''$ East, a distance of 150.00 feet; thence North $77^{\circ} 23' 46''$ West, a distance of 150.00 feet; thence South $12^{\circ} 36' 14''$ West, a distance of 150.00 feet; thence South $77^{\circ} 23' 46''$ East, a distance of 150.00 feet to the TRUE POINT OF BEGINNING.

EXHIBIT "A"

LEGAL DESCRIPTION OF SPORTS ARENA PROPERTY

Portions of Pueblo Lots 241, 242, 259, 276, 311, 312, 313 and 333 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe, a copy of which said Map was filed in the Office of the County Recorder of San Diego County, and known as Miscellaneous Map No. 36, together with Lot 'A' and a portion of Lot '3' of Pueblo Lot 339, according to Partition Map thereof on file in the Office of the County Clerk of said County, in an action entitled "Steele vs. Steele", Superior Court, Case No. 5620, together with a portion of Cass and Mc Elwee Subdivision, according to Map thereof No. 1581, filed in the Office of the County Recorder of San Diego County, described as follows:

COMMENCING at the point of intersection of the Southeasterly line of Pueblo Lot 312 with the Northerly line of Frontier Street, (now Sports Arena Boulevard) as described in Deed to Frontier Enterprises, Inc., recorded March 5, 1941, in Book 1143, Page 320 of Official Records of San Diego County; thence Northeasterly along said Southeasterly line to a point of intersection with a line which is distant 15.00 feet Northerly, measured at right angles to the Northerly line of said Sports Arena Boulevard; thence South $77^{\circ} 23' 46''$ East, a distance of 371.52 feet to the True Point of Beginning; thence North $12^{\circ} 36' 14''$ East, a distance of 476.74 feet; thence North $36^{\circ} 37' 26''$ East, a distance of 246.89 feet to the Northeasterly line of said Pueblo Lot 338; thence North $53^{\circ} 27' 34''$ West, a distance of 25.00 feet to the most Northerly corner of said Pueblo Lot 338; thence South $36^{\circ} 37' 26''$ West along the Northwesternly line of Pueblo Lot 338, a distance of 233.40 feet to the most Easterly corner of said Lot 'A'; thence North $53^{\circ} 27' 44''$ West along the Northeasterly line of said Lot 'A'; a distance of 233.41 feet to the most Northerly corner of said Lot 'A'; thence South $36^{\circ} 33' 41''$ West along the Northwesternly line of said Lot 'A', a distance of 74.98 feet to a point distant North $36^{\circ} 33' 41''$ East, 158.40 feet from the most Westerly corner of said Lot 'A'; thence North $53^{\circ} 27' 19''$ West, 233.43 feet to a point in the Northwesternly line of Pueblo Lot 339 distant South $36^{\circ} 36' 21''$ West, 308.33 feet from the most Northerly corner of said Pueblo Lot 339; thence North $36^{\circ} 36' 21''$ East along the Northeasterly line of Pueblo Lot 339, a distance of 301.33 feet to a line which is parallel with and 7.00 feet Southwesterly to and measured at right angles to the Northerly prologation of the Northeasterly line of said Pueblo Lot 339; thence along said parallel line North $53^{\circ} 26' 49''$ West, a distance of 786.16 feet to a point in the Southeasterly line of Kurtz Street as dedicated by Resolution No. 197563 of the Council of City of San Diego, a copy of which was recorded July 30, 1969 as Document No. 137836 of Official Records; thence along the boundary of said Kurtz Street as follows:

SOUTH $36^{\circ} 32' 31''$ West, a distance of 5.00 feet; North $53^{\circ} 26' 49''$ West, a distance of 307.00 feet to the beginning of a 300.00 foot radius curve, concave Southwesterly; and Westerly along the arc of said curve to and along the Southerly line of Hancock Street dedicated by said resolution, through a central angle of $39^{\circ} 03' 30''$ an arc length of 204.51 feet; thence South $26^{\circ} 51' 31''$ West, a distance of 393.88 feet; thence South $12^{\circ} 35' 00''$ West, a distance of 968.25 feet to said line which is parallel with and 15.00 feet Northerly of the Northerly line of Frontier Street; thence along said parallel line South $77^{\circ} 23' 46''$ East, a distance of 402.50 feet; thence North $12^{\circ} 36' 14''$ East, a distance of 150.00 feet; thence South $77^{\circ} 23' 46''$ East, a distance of 150.00 feet; thence South $12^{\circ} 36' 14''$ West, a distance of 150.00 feet; thence South $77^{\circ} 23' 46''$ East, a distance of 1,097.11 feet to the True Point of Beginning.

COPY

SECOND AMENDMENT TO OPERATING SUBLEASE

This Second Amendment to Operating Sublease ("Amendment") is effective as of MAR 29 1993, 1993 ("Effective Date"), by and between the CITY OF SAN DIEGO, a municipal corporation ("City"), and SAN DIEGO ENTERTAINMENT, INC., a California corporation ("Operator"), with reference to the following facts:

RECITALS

A. Pursuant to a San Diego Sports Arena Ground Lease Agreement executed on August 10, 1965 and filed in the Office of the City Clerk on October 18, 1965 as Document No. 691635, as amended by a First Amendment to Ground Lease Agreement executed on August 10, 1967 and filed in the Office of the City Clerk on August 15, 1967 as Document No. 714830 in the Office of the City Clerk, and by a San Diego Sports Arena Ground Lease Agreement Second Amendment executed on August 6, 1971 and filed in the Office of the City Clerk on August 28, 1971 as Document No. 737156 (collectively "Ground Lease"), the City leased certain real property ("Property") legally described therein to San Diego Arena Lease Company, a California nonprofit corporation ("SDALC").

B. Pursuant to an Operating Sublease dated August 6, 1971 recorded on August 6, 1971 as File/Page No. 174413, Book 1971 of the Official Records of San Diego County, California, SDALC leased to Operator the Property and all improvements located thereon, consisting of an indoor sports arena, parking facility and related facilities commonly known as the San Diego Sports Arena and more particularly described in said Operating Sublease (collectively, the "Project"). The Operating Sublease was subsequently amended by an Amendment to Operating Sublease effective on December 1, 1987, filed as Document No. RR-269856 in the Office of the City Clerk. The Operating Sublease and the Amendment thereto are collectively referred to herein as the ("Sublease").

C. Article II [Term], Section 4 of the Ground Lease provides that in the event that all of the indebtedness required to finance completion of the Project is retired, SDALC shall dissolve and its assets remaining after payment of or provision for all of its debts and liabilities shall be distributed to the City and the Ground Lease shall terminate. All such indebtedness has been retired as of the date hereof, including certain bonded indebtedness evidenced by an Indenture of Mortgage and Deed of Trust dated September 1, 1965, by and between SDALC (as Grantor and Mortgagor) and First National Bank of San Diego, a national banking association (as Trustee and Mortgagee), recorded November 8, 1965 as File No. 203054 and re-recorded on September 12, 1966 as File No. 147841 of the Official Records of San Diego County, California.

DOCUMENT NO. RR-281708

FILED MAR 29 1993

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

D. The parties wish to acknowledge the termination of the Ground Lease and continuation of the Sublease as a direct lease between the City and Operator, and to amend the Sublease as set forth herein.

E. Effective concurrently with the Effective Date of this Amendment, City and Ronald E. Hahn and C. Samuel Marasco ("Hahn/Marasco") have entered into an Amended and Restated Memorandum of Understanding ("Amended MOU"), filed as Document No. **112281707** in the Office of the City Clerk, setting forth the parties' agreement to cooperate in the investigation and development of a new sports arena facility to replace the existing facility, on the terms and subject to the conditions set forth therein. As of the Effective Date of this Amendment, Hahn/Marasco will own, directly or indirectly, an ownership interest in Operator.

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants of the parties set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Operator hereby amend the Sublease, as follows:

1. Termination of Ground Lease. The City and Operator acknowledge and represent that, pursuant to a Termination Agreement ("Termination Agreement") dated December 24, 1991 executed by SDALC, Operator, City, San Diego Sports Enterprises, Inc., a California corporation ("Enterprises"), and Union Bank, a state banking corporation duly organized and existing under the laws of the State of California, as Trustee under that certain Indenture of Mortgage and Deed of Trust dated September 1, 1965 between the Arena Lease Co. and First National Bank of San Diego: (a) the Ground Lease described in Recital A has terminated and is of no further force and effect; (b) SDALC's entire right, title and interest in and to the Project and the Sublease have been transferred to the City; (c) the City has assumed the rights and obligations of SDALC pursuant to the Sublease and the Ground Lease; (d) SDALC has no further rights or obligations under the Ground Lease or the Sublease; (e) the Sublease shall continue in full force and effect as a direct lease of the Project between the City, as lessor, and Operator, as lessee, on the terms and conditions set forth in the Sublease, as modified by this Amendment, including all obligations and conditions set forth in the Ground Lease which Operator agreed to perform pursuant to the Operating Sublease; and (f) the Operating Sublease between SDALC and Enterprises recorded on November 8, 1965 as File No. 203053 shall be terminated and no party thereto shall have any further rights or obligations thereunder. The parties agree to execute and have recorded in the Official Records of San Diego County, California, a Memorandum of the Termination Agreement and this Amendment. The City shall not disturb Operator's right to quiet possession of the Project on the terms and conditions set forth in the Sublease so long as Operator is not in default thereunder. Operator shall attorn to and recognize City as its lessor under

the terms of the Sublease and shall continue to be obligated to City on the terms and conditions set forth in the Sublease, including all obligations and conditions set forth in the Ground Lease which Operator agreed to perform pursuant to the Sublease.

2. Term. Section 2 of the Sublease is amended to provide that the term of the Sublease shall expire at 12:00 midnight on November 7, 2015, plus a period equal to the time period between (a) the Effective Date of this Amendment and (b) the earlier of eighteen (18) months from the Effective Date of the Amended MOU or the date the City and Hahn/Marasco mutually, in good faith, determine that a downtown site for a new sports arena is either not feasible and/or not desirable pursuant to Section 1.a of the Amended MOU.

3. Termination of Provisions Related to Indebtedness. As a result of retirement of the indebtedness described in Recital C and termination of the Ground Lease, the parties acknowledge that all provisions of the Sublease which apply by their terms to the period during which such bonded indebtedness is outstanding have been discharged in full and are no longer applicable. Therefore, Sections 8(a), (b)(3), (e) and (f) and Sections 9(b), (c) and (d) are deleted in their entirety. Section 9(a) is deleted in its entirety and the following is substituted therefor:

"(a) Operator shall pay, directly to the charging entity, all taxes, including possessory interest taxes, and assessments specified in Section 8(b)."

4. Permitted Uses. Section 2 is hereby amended to add the following:

"Operator shall be entitled to utilize the interior of the sports arena building for swap meet purposes, subject to compliance with all applicable laws, statutes, ordinances and regulations of City, County, state and federal governments, at Operator's sole cost and expense."

The parties agree that percentage rent shall be payable with respect to swap meet usage inside the sports arena building at the rate specified in Section 9, Rent, (e)(3).

5. Duties of Operator. Section 5 of the Sublease is amended to add the following provisions:

"Waste, Nuisance. Operator shall not commit or suffer to be committed any waste or any public or private nuisance within the Project, shall keep the Project clean and clear of refuse and obstructions, and shall

dispose of all garbage, trash, and rubbish in a commercially reasonable manner.

Insurance During the term of this Sublease, Operator shall maintain or cause to be maintained, at its expense, a policy or policies of insurance covering the sports arena building and the fixtures, improvements and equipment located therein against fire, extended coverage and special causes of loss (excluding earthquake and flood) in the full amount of its estimated replacement value (excluding foundations and footings) or other amount acceptable to the City and Operator, including rental income or business interruption insurance.

During the term of this Sublease, Operator shall also maintain or cause to be maintained a policy of commercial general liability insurance, on an occurrence basis, with an insurance carrier reasonably satisfactory to City, insuring Operator against liability for personal injury, death or property damage arising out of the ownership, use, occupancy or maintenance of the Project, with a combined single liability limit of at least \$10,000,000, each occurrence, subject to an aggregate annual limit of \$10,000,000. Such insurance shall include a contractual liability endorsement to cover the indemnity agreement of the Operator set forth below.

The 'City of San Diego' shall be named as an additional insured under the property damage and liability insurance policies described above and shall be named as a co-loss payee on the property damage insurance. If the Operator maintains liability insurance with limits exceeding the amount specified above, such excess coverage policies shall also name the City as an additional insured. The foregoing policies of insurance shall provide that no cancellation or reduction of coverage shall be effective until thirty (30) days after written notice to each named and additional insured. Operator shall deliver a certificate evidencing such insurance to the Property Division of City, and a renewal or binder at least twenty (20) days prior to expiration thereof. Upon the City's written request, Operator shall provide to the City a copy of the liability insurance policy. If

the Operator fails to maintain the insurance described above in full force and effect, City may obtain the necessary insurance and pay the premium therefor; in such event, repayment of the premium cost shall be deemed to be part of the rent due under this Sublease and shall be paid by Operator as such on the next day upon which rent becomes due.

The provisions of this Section regarding maintenance of insurance shall not be construed as limiting the extent to which Operator may be liable for the payment of damages to persons or property resulting from activities for which Operator is responsible. The provisions regarding insurance set forth above are intended to replace the insurance requirements previously applicable to SDALC under the provisions of Article VII of the Ground Lease.

Casualty. Operator agrees to give notice to City of any fire or other damage, destruction or casualty (collectively, "casualty") that may occur on or to the Project within ten (10) days after such casualty. In the event of any insured or uninsured casualty, Operator shall elect one of the following options, by delivering written notice to City within sixty (60) days after the date of the casualty: (a) to repair and restore the Project to substantially the condition existing prior to said casualty; (b) to repair and/or rebuild the improvements to the Site in accordance with plans and specifications reasonably approved by the City Manager in order to replace at least the type and scope of operation which existed prior to the casualty; (c) to clear and remove from the Project all debris resulting from the casualty, put the Project in a safe condition, and continue operations on a limited scale; or (d) (i) if the casualty is uninsured and the cost to repair and restore the Project exceeds \$500,000 or (ii) if the casualty is insured and the cost to repair and restore the Project exceeds twenty-five percent (25%) of the replacement cost of the improvements existing prior to the casualty, to utilize the Site and/or any improvements remaining thereon for such other use or project as may be permitted under applicable

land use and zoning regulations, or such other use or project as may be reasonably approved by Operator and the City Manager, subject to Operator's obtaining all necessary amendments to applicable land use and zoning regulations; provided, however, that if the casualty occurs prior to November 7, 2005 and if Operator elects the option described in (d) above after an insured casualty as described in (d)(ii), then the City shall have the right to reasonably approve use of the Site for any purpose other than a sports arena, but approval shall not be withheld if such a sports arena use is not feasible or if construction of another sports arena (or comparable facility) serving the San Diego County area has commenced as of the date of Operator's election or is reasonably likely to commence within a reasonable time after such election. If Operator elects the option described in (d) and the City grants any approval of an alternative use required thereunder, the parties shall execute an amendment to the Sublease incorporating, as permitted uses pursuant to Section 2 of the Sublease, any alternative use permitted or approved pursuant to (d) above. The \$500,000 amount described in (d) above shall be adjusted as of January 1, 1994 and as of the first day of each calendar year thereafter to reflect the percentage change in the cost-of-living over the period from the Effective Date of this Amendment to December 31, 1993 (in the case of the first adjustment) or over the preceding calendar year (in the case of each succeeding adjustment), based upon the Consumer Price Index for All Urban Consumers (1982-84=100) for the Los Angeles-Anaheim-Riverside Area as published by the U.S. Department of Labor, Bureau of Labor Statistics.

If Operator elects the option in (a), (b), (c) or (d) described above, all insurance proceeds shall be made available to Operator for repairs, restoration, replacement, clearing, and/or development or improvement of the Project for a permitted alternative use (collectively, "restoration") and to repay all debt incurred in connection with improvement of the sports arena, and any balance shall be split between Operator and City as their interests then appear.

If Operator elects option (a), (b) or (c) described above, Operator agrees that preliminary steps toward performing restoration shall be commenced by Operator within ninety (90) days after the date of the casualty, and the restoration shall be completed within a reasonable time thereafter.

If the casualty is uninsured, minimum rent shall be abated during the period of restoration. If Operator elects option (a), (b), (c) or (d), minimum rent shall be abated except to the extent Operator receives business interruption insurance proceeds. In any of the foregoing events, however, percentage rent shall be payable to the extent operations are actually conducted during such period. If Operator elects option (c), minimum rent shall be equitably reduced, upon re-commencement of operations, in proportion to the reduction in operations.

If Operator elects option (d), and if Operator proposes an alternative use which requires the City's approval as described above, Operator and the City shall negotiate diligently, reasonably and in good faith in an effort to approve the alternative use proposed by Operator, or such other alternative use, reasonably acceptable to Operator and the City, within twelve (12) months after the casualty. Such 12-month period may be extended, at Operator's option, for the additional time required to complete such negotiations, but not to exceed an additional twelve (12) months. If the City and Operator are unable to reach agreement on an alternative use within the time period provided above, Operator shall elect option (a), (b) or (c) above or shall elect to terminate this Sublease, by delivering written notice to City within sixty (60) days after expiration of such time period. Any alternative use or project for the Site, regardless of whether such use requires the City's approval, shall generate income to City at least equal to the rent received hereunder prior to the casualty. Any other modifications of the rental or other provisions of the Sublease shall be subject to negotiation and the mutual consent of City and Operator. The provisions of this Section are intended to replace the provisions

previously applicable to the City and SDALC pursuant to Article XVI of the Ground Lease.

Indemnity. During the term of this Sublease, Operator agrees to indemnify, protect, hold harmless and defend City, and its officers, agents and employees, from and against any and all claims, actions, damages, liabilities, proceedings, losses, liens, costs, judgments, civil fines and penalties of any nature whatsoever arising from all mechanics' liens arising out of work performed or materials furnished to or for the benefit of Operator or in connection with loss of life, personal injury or property damage arising from the following, to the extent the same arise from events or conditions occurring after the Effective Date of this Amendment: (a) the use, occupation, improvement, or maintenance of the Project or any work or activity or operation allowed or permitted in or about the Project by Operator or its employees, agents, contractors, sublessees or licensees; (b) any negligence or willful misconduct on the part of Operator, its employees, agents, contractors, sublessees, or licensees; or (c) any failure by Operator to comply or secure compliance with any of the terms or conditions of this Sublease. Notwithstanding the foregoing, Operator's obligations under this Section shall not apply to any claims, actions, damages, proceedings, losses, liens, liabilities, costs, judgments, civil fines and penalties to the extent resulting from the negligence, willful misconduct or breach of this Sublease by City, or its officers, employees, agents, contractors, sublessees or licensees (other than Operator or sublessees or licensees of Operator), and City shall indemnify, protect, hold harmless and defend Operator and its partners, contractors, sublessees and licensees, and their respective officers, directors, employees and agents, from and against the same.

Waiver. Provided Operator maintains the insurance required hereunder, Operator and City each waive all rights of recovery against the other party, and its officers, directors, employees and agents, for any claims for loss or damage to property caused by or resulting from fire or any other risks insured against under any insurance policy in

force at the time of such loss or damage. Each party shall cause each insurance policy obtained by it to provide that the insurer waives all right of recovery by way of subrogation against the other party in connection with any damage covered by such policy, provided such waiver by the insurer is available in California and does not invalidate the applicable insurance policy."

6. Controls to be Exercised by City. Section 7 of the Sublease is deleted in its entirety and the following is substituted therefor:

"Operator shall observe and comply with the following controls:

(a) Each of the following contracts and subleases relating to the use of the Project shall be delivered to the City Manager of City and shall be subject to the City Manager's approval (on behalf of City):

(1) Any contract or sublease for the presentation of events at the sports arena which is for a term longer than three (3) years, or which contemplates the presentation of an event three (3) years or more from the date of execution thereof; and

(2) Any contract or sublease in connection with the Project for a term of more than three (3) years, or for a concession or restaurant operation (except that the prices of concession or restaurant items shall not be subject to City approval), or for a parking operation (including parking fees to be charged) or any lease, license or right to use any portion of the parking lot (including, but not limited to, a swap meet use); but excluding from the foregoing (i) leases of equipment used in connection with normal maintenance or operation of the Project, and (ii) labor union contracts and employment contracts.

(b) All contracts or subleases for the presentation of events at the sports arena or for the use of any of the facilities which are not covered by Section 7(a) shall be hereinafter referred to as 'short term contracts'. With respect to such short term contracts, Operator shall compile and maintain, and shall update regularly, the following information, which shall be

available for inspection by the City Manager upon the City Manager's request:

(1) A schedule of maximum and minimum rentals to be charged to persons and organizations presenting events at or using any of the facilities;

(2) A schedule of maximum and minimum prices to be charged for non-admission services, including, without limitation, meals and refreshments; and

(3) A schedule of reasonable rules and regulations governing the operation and use of the facilities.

(c) As used in this Section 7, 'schedule' shall mean file, roll, outline, catalogue, inventory or any other appropriate list.

(d) Operator shall keep proper books of records and accounts in which complete and correct entries shall be made of all transactions relating to the Project which affect payment of rent to the City. Said books of records and accounts shall be available at reasonable times for inspection by the City Manager or his designee and shall be audited at such times and in such manner as the City Manager shall determine.

(e) Without the City Manager's prior written consent, no event or exhibition shall be held in the sports arena which is not of a type typically held in publicly-owned arenas in California.

(f) Operator may perform any obligations or duties set forth in this Sublease by itself through its own personnel, or by contracting or subleasing for the performance thereof by others; provided, however, if Operator contracts or subleases for the performance of all or substantially all of its management functions with respect to operation of the Project, such contract or sublease shall be delivered to the City Manager and shall be subject to the City Manager's approval. Any such management contract or sublease shall provide that the manager shall observe and comply with all controls of City which apply to Operator."

Notwithstanding the provisions of prior Section 7 of the Sublease, no existing contract or sublease entered into by Operator prior to December 31, 1991 shall be deemed invalid or voidable as a result of any failure to obtain the approval of the City or the City Manager with respect to such contract or sublease or any schedule(s) relating thereto.

7. Rent. Section 9(e) of the Sublease is amended to provide that minimum rent and percentage rent shall be due and payable on the eleventh (11th) day of each calendar month.

8. Notices, Approvals. Section 12 of the Sublease is deleted and the following shall be substituted therefor:

"Any notice required to be given pursuant to this Sublease shall be personally delivered or sent by registered mail to the appropriate party, as follows:

Notices to City:

City of San Diego
Property Department
ATTN: Property Agent, Sports Arena
1200 Third Avenue, Suite 1700
San Diego, CA 92101

With a copy to:

City of San Diego
ATTN: Property Director
202 C Street
San Diego, CA 92101

Notices to Operator:

San Diego Entertainment, Inc.
ATTN: Controller
3500 Sports Arena Boulevard
San Diego, Ca 92110

With a copy to:

Brobeck, Phleger & Harrison
ATTN: Ellen B. Spellman, Esq.
550 West C Street, Suite 1300
San Diego, CA 92101

Either party's address for notice may be changed by delivering written notice to the other party as described in this Section.

Any approval required of City pursuant to this Sublease shall be granted or withheld

by the City Manager. Any approval of the City Manager shall not be unreasonably withheld and shall be deemed given if the City Manager fails to deliver written notice of disapproval (indicating the reasons therefor in reasonable detail) within the time specified herein for giving approval or disapproval or, if no time is specified, within thirty (30) days after City's receipt of a written request for approval (together with supporting information reasonably required in order to evaluate such request) delivered to City as described above in this Section 12. The City Manager shall notify the Operator within fifteen (15) days after receipt if it reasonably requires additional supporting information."

9. Financial Requirements. Section 14 is amended to delete subparagraphs (c), (d), and (e) in their entirety and to substitute the following therefor:

"(c) Subject to obtaining the prior written consent of the City Manager as provided below, Operator may create or assume debt up to a maximum aggregate principal amount of Five Million Dollars (\$5,000,000), and Operator may secure all or any portion of such debt by one or more deeds of trust, mortgages, chattel mortgages or other security instruments encumbering Operator's assets, including, but not limited to, this Sublease, the leasehold estate created hereby and Operator's improvements located thereon, provided that the net proceeds of such loan or loans shall be devoted exclusively to the purposes of: (1) maintaining, improving, developing, redeveloping and/or operating the Project in accordance with the provisions of this Sublease, as it may be amended from time to time; (2) performing the obligations of Hahn/Marasco (or a permitted assignee) pursuant to the Amended MOU; (3) developing or improving an alternative site within the City of San Diego for a sports/entertainment facility pursuant to the Amended MOU or other agreement or development plan approved by the City; (4) reducing equity contributions to Operator, provided such proceeds are used for the purposes specified in (2) or (3) above; and/or (5) extending or replacing existing financing (subject to the maximum limitation on principal set forth above). A reasonable portion of the loan proceeds may be disbursed

for payment of incidental costs related to the foregoing purposes, including but not limited to the following: construction of off-site improvements serving the Project or such alternative new arena site; escrow charges; premiums for hazard or liability insurance, or other insurance or bonds required by the City; title insurance premiums; reasonable loan costs such as discounts, interest and commissions; architectural, engineering and attorney's fees; and such other normal expenses incidental to assessment of alternative sites for the new arena or to such development, redevelopment, improvement or construction of the leased premises or the new arena site.

The City Manager's consent to indebtedness as described above shall not be unreasonably withheld if the conditions described herein are satisfied and the lender is a "Qualified Party," as defined below.

Concurrently with its request for the City Manager's consent, Operator shall submit loan documents to the City Manager for review for purposes of verifying that the above conditions have been satisfied. If the loan satisfies the conditions described above and conforms to the following additional parameters, the City Manager may not withhold his consent: (i) the interest rate shall not exceed the lender's prime rate, plus two percent (2%) per annum; (ii) the term of the loan shall be at least three (3) years; (iii) the payments on the loan may be interest- only or amortized, based upon an amortization schedule of up to thirty (30) years and may provide for a balloon payment upon maturity; (iv) the loan fees shall not exceed two (2) points; (v) the loan may be secured by a leasehold encumbrance, pledge of stock and/or a security interest or collateral assignment of other assets of the Operator; (vi) the loan to value ratio does not exceed seventy-five percent (75%); (vii) the debt coverage ratio is at least 1.25 to 1.00; and (viii) the term of the loan does not extend beyond the expiration of the term of the Operating Sublease, as amended hereby. If the loan does not conform to the parameters described in (i) through (viii) above, the City Manager shall have a right to approve the loan terms, which approval shall

not be unreasonably withheld; provided, however, that it shall be reasonable for the City Manager to withhold consent if the loan does not satisfy the parameters described in (vi) and (vii) above.

A Qualified Party means a reputable, qualified and financially responsible person, as reasonably determined by the City Manager. The City Manager shall make a determination regarding a Qualified Party within thirty (30) days after receipt of a request, together with reasonable background information on the proposed party supporting such request. An approved lender shall have the right to assign its interest under its loan and any security instruments relating thereto, provided the assignee is a Qualified Party, as described above. Any deed of trust, mortgage or other security instrument shall be subject to all of the terms, covenants and conditions of the Sublease and shall not be deemed to amend or alter any of the terms, covenants or conditions hereof.

Once the City Manager's consent has been obtained for a loan secured by a leasehold encumbrance, the leasehold encumbrance is referred to herein as an "approved leasehold encumbrance" and the mortgagee or beneficiary thereunder as an "approved mortgagee." An approved mortgagee shall have the right to assign its interest under an approved leasehold mortgage to a successor, provided the assignee is a Qualified Party, as described above. In such event, the assignee shall be an "approved mortgagee."

An approved mortgagee shall have the right: (1) to take possession of and operate the Project and perform the obligations of the Operator hereunder, or to cause a receiver to be appointed to do so; and (2) to acquire the leasehold estate of the Operator by foreclosure or by an assignment or transfer in lieu of foreclosure or other legal means. In the event of a foreclosure or an assignment or transfer in lieu of foreclosure, the City shall accept the approved mortgagee, or the purchaser at a foreclosure sale (provided such purchaser is a Qualified Party), as its new tenant under this Sublease with all the rights, privileges and duties granted and imposed in this

Sublease. After acquisition of the leasehold estate, the approved mortgagee shall have the right to assign this Sublease to its nominee, provided such nominee is a Qualified Party. As long as an approved leasehold encumbrance is in effect, this Sublease shall not be amended, and the City shall not accept a surrender of the Project or a cancellation or release of the Sublease by Operator prior to expiration of the term, without the prior written consent of the approved mortgagee. The foregoing restriction shall not prevent the City from terminating this Sublease as a result of a default by Operator, subject to the limitations set forth in Section 16.

Notwithstanding anything to the contrary contained in this Section 14(c) or Section 14(d) below, the City hereby consents to that certain existing loan to San Diego Arena Corporation, a California corporation ("SDAC"), from Metro North State Bank in the original principal amount of \$8,000,000, and acknowledges that such loan shall not constitute a default under this Section 14 for so long as it remains in effect. However, the unpaid principal amount of this loan shall be included in determining whether any subsequent financing or refinancing satisfies the \$5,000,000 aggregate limitation set forth above in this subparagraph (c). The foregoing consent is made by the City in reliance upon Operator's representation that (a) the foregoing loan does not encumber the City's fee interest in the Property, and (b) such loan shall not result in any modification of the terms and conditions of the Sublease, as amended hereby.

The debt permitted pursuant to this Section 14(c) is in addition to the debt permitted pursuant to Section 14(d).

(d) In addition to the debt permitted pursuant to Section 14(c) above, Operator may create or assume the following debt:

(i) Short-term debt from banks or other types of financial institutions in amounts not to exceed \$500,000, or such additional amount as may be approved in writing by the City Manager.

(ii) One or more notes in favor of Harry G. Cooper or his designee or Richard Esquinas or his designee in an aggregate principal amount not to exceed \$1,802,000, which notes represent a portion of the consideration to Cooper and Esquinas, respectively, for transfer of the stock of Operator.

10. Remedies of City. Section 16(a) is amended to provide that the twenty-five (25) day period provided therein to Operator to cure defaults shall be extended, if the default is non-monetary and reasonably requires additional time to cure, for the additional time reasonably required to complete such cure, provided Operator commences the cure within such twenty-five (25) day period and diligently prosecutes such cure thereafter to completion. In addition, Section 16 is amended to add the following provisions:

"Delinquent Rent and Audit(s) Fees. If Operator fails to pay the rent when due, Operator will pay, in addition to the delinquent rent, five percent (5%) of the delinquent rent; and if such failure to pay continues for more than fifteen (15) days after the due date, Operator will pay an additional five percent (5%) for a total of ten percent (10%) of the delinquent rent, which late charge is hereby mutually agreed by the parties hereto to be appropriate to compensate the City for loss resulting from rental delinquency, including lost interest, opportunities, legal costs, and the cost of servicing the delinquent account.

In the event any City audit, if applicable, discloses that the rent for the audited period has been underpaid in excess of five percent (5%) of the total required rent, then Operator shall pay the City the cost of the audit plus interest of ten percent (10%) per year on the amount by which said rent was underpaid, in addition to the unpaid rents as shown to be due the City as compensation to the City for administrative costs and loss of interest as previously described herein. In the event the City audit discloses that the unpaid rent is less than five percent (5%) of the total rent due, and if Operator fails to pay said unpaid rent within thirty (30) days after written notice from the City, an additional fee of five percent (5%) of said unpaid amount shall be added to the unpaid amount to compensate the City for costs and losses due to such nonpayment. Operator agrees to pay such amounts and further agrees that the specific late charges represent a fair and reasonable estimate of the costs that the City will incur from Operator's late payment. Acceptance of late charges and any portion of the late payment by the City shall in no event constitute a waiver of Operator's default with respect to late payment, nor prevent the City from exercising any of the other rights and remedies granted in this Sublease.

Remedies in the Event of a Leasehold Encumbrance. Notwithstanding the above provisions of this Section 16, in the event that there is an approved leasehold encumbrance, the following provisions shall apply:

(a) Notice. Lessee shall give the approved mortgagee written notice of any defaults(s) under this Sublease, at the address for notice provided by the approved mortgagee from time to time, and the approved mortgagee shall have thirty (30) days after expiration of the cure period available to the Operator hereunder to cure the default(s) or, if any such default is not curable within thirty (30) days, to commence to cure the default(s) and diligently pursue such cure to completion. The 30-day period shall be extended during such time as the approved mortgagee pursues said cure with reasonable diligence, including the time reasonably necessary to obtain possession of the Project by appointment of a receiver and/or to commence and complete a foreclosure or transfer in lieu of foreclosure.

(b) Remedies. If the default(s) are not cured by Operator within the time provided in the Sublease or if the default(s) are noncurable by Operator, and if an approved mortgagee gives notice in writing to the City, within the 30-day cure period available to the approved mortgagee as described in subparagraph (a) above, that it elects to pursue possession of the Project and/or foreclosure or a transfer in lieu of foreclosure, then this Sublease shall not terminate as long as the approved mortgagee cures all monetary defaults and pursues its remedies with reasonable diligence. An approved mortgagee shall have the absolute right to take possession of the Project and perform the Operator's obligations hereunder, or to cause the appointment of a receiver to do so, and/or to acquire the Operator's interest hereunder by foreclosure or transfer in lieu of foreclosure. The City expressly consents to the substitution and authorizes the approved mortgagee or such receiver to perform under this Sublease with all the rights, privileges, and obligations of Operator, subject to cure of the default, if possible, by the approved mortgagee. The

time period available to the approved mortgagee to complete such cure shall be as provided in subparagraph (a) above. The purchaser at such foreclosure sale shall also have the right to acquire the Operator's interest hereunder, provided such purchaser is a Qualified Party.

Neither an approved mortgagee nor a purchaser at a foreclosure sale shall have the obligation to cure those defaults which are not susceptible of cure by such party, including, but not limited to, the defaults described in Section 16(b), (c) and (d) of this Sublease. An approved mortgagee or purchaser at a foreclosure sale shall not be liable to perform the obligations of the Operator hereunder which are incurred or accrue after such party no longer has ownership of the leasehold estate or possession of the Project. An approved mortgagee shall not be required to continue foreclosure proceedings after a default has been cured, and, in such event, the Sublease shall continue in full force and effect."

11. Additional Provisions. New Sections 18, 19, 20, 21, 22 and 23 are added to the Sublease, as follows:

"Section 18. Default by City. Any failure by City to perform any of its obligations under this Sublease shall constitute a material default by City, provided such failure is not cured within twenty-five days after delivery to City of written notice from Operator specifying such default, except that if the default is non-monetary and reasonably requires additional time to cure, such twenty-five day period shall be extended for the additional time reasonably required to complete such cure, provided City commences the cure within such twenty-five day period and diligently prosecutes such cure thereafter to completion.

Section 19. Hazardous Substances. After the Effective Date of this Amendment, Operator will not allow the installation of underground storage tanks and Operator shall not cause a release of hazardous substances in, on, under or from the Project. For purposes of this provision, a release shall include, but shall not be limited to, any

spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, or otherwise disposing of hazardous substances in violation of applicable law. 'Hazardous substances' shall mean those hazardous substances listed by the Environmental Protection Agency in regularly released reports and any other substances incorporated into the State's list of hazardous substances. A copy of the presently effective EPA and the State lists is on file in the City Clerk's Office as City Clerk Document 769704.

In the event of any release of a hazardous substance caused by Operator after the Effective Date of this Amendment, Operator shall be responsible for all costs of remediation and removal of such substances in accordance with all applicable rules and regulations of governmental authorities. Operator agrees to assume the defense of, indemnify and hold City harmless from any and all claims, costs and expenses related to environmental liabilities resulting from Operator's operations on the Project after the Effective Date of this Amendment, including, but not limited to, costs of environmental assessments, costs of remediation and removal, any necessary response costs, damage for injury to natural resources or the public, and costs of any health assessment or health effect studies. In no event, however, shall Operator be responsible for, or obligated to indemnify the City against, any release of hazardous substances or any environmental liabilities or remediation costs: (a) to the extent the same are caused by City or City's employees, agents, contractors, sublessees or licensees (other than Operator or sublessees or licensees of Operator), and City shall indemnify, protect, hold harmless and defend Operator and its partners, contractors, sublessees and licensees, and their respective officers, directors, employees and agent, from and against the same; or (b) arising from a release occurring prior to the term of this Sublease or from any underground storage tanks located on or under the Site prior to the term of this Sublease.

If Operator knows or has reasonable cause to believe, that any hazardous substance has been released on or beneath the Project, Operator shall give written notice to the City Manager within ten (10) days after receipt of such knowledge or cause for belief. Provided however, if Operator knows, or has reasonable cause to believe that such substance is an imminent and substantial danger to public health and safety, Operator shall notify the City Manager immediately upon receipt of this knowledge or belief and, if such release is caused by Operator, shall take all actions necessary to alleviate such danger. Operator shall notify the City Manager immediately of any notice of violation received or initiation of environmental actions or private suits relative to the Project. In addition, Operator and Operator's sublessees shall not utilize or sell any hazardous substance on the Project without the prior written consent of the City. The foregoing restrictions shall not prohibit the use within the Project of small quantities of hazardous substances normally utilized in offices or operations similar to the Project, such as office supplies, paint and cleaning products, or the production and use of ice in connection with hockey games or other materials reasonably required to operate or maintain a sports arena comparable to the Project. Anything to the contrary above notwithstanding, the provisions of this Section 19 shall not affect City's rights and remedies under applicable law as a result of any release of hazardous materials in, on, under or from the Project prior to the Effective Date of this Amendment.

Section 20. Equal Opportunity.
Operator shall comply with the City's "Equal Opportunity and Minority and Women Business Enterprise Contracting Programs", approved by the City Council, and filed with the City Clerk as Document RR - 262633. The objectives of the programs are twofold: (a) to encourage equity in contracting opportunities for Minority (MBE) and Women (WBE) Business Enterprises; and (b) to assure that Operators doing business with the City are Equal Opportunity Employers who achieve, or attempt to achieve, parity in the representation of women and minorities in

their workforce. Operator agrees to submit a Work Force Analysis and quarterly summaries of contracting activity in the format specified by the City. The statistical report shall be accompanied by a narrative report which details the status of the Operator's progress with respect to the program. The report shall be submitted to the Equal Opportunity Contracting Program Manager no later than thirty (30) days after the end of each calendar quarter. Operator shall comply with Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practices Act, and any other applicable federal and state laws hereinafter enacted. Notwithstanding the provisions of Section 16 of the Sublease: (a) failure to comply with the above requirements and/or submitting false information in response to these requirements shall not constitute a default under this Sublease unless the City has given Operator written notice of default specifying the grounds therefor in reasonable detail and a commercially reasonable time period, but not less than two hundred seventy (270) days after receipt of such notice, to cure the default; and (b) such a default shall not entitle the City to terminate this Sublease as a remedy therefor unless the City determines that there has been no good faith effort by Operator to cure the default.

Section 21. Nondiscrimination. Operator agrees not to discriminate in any manner against any person or persons on account of race, color, religion, gender, sexual orientation, medical status, national origin, age, marital status, or physical disability in Operator's use of the Project, including but not limited to the providing of goods, services, facilities, privileges, advantages, and accommodations, and the obtaining and holding of employment.

Section 22. Attorneys' Fees. If either party commences legal proceedings for any relief against the other party arising out of this Sublease, the losing party shall pay the prevailing party's legal costs and expenses, including but not limited to, reasonable attorneys' fees, as determined by the court. The prevailing party shall be that party receiving substantially the relief sought in

the proceeding, whether brought to final judgment or not.

Section 23. Force Majeure. If either party is delayed in performing any act required hereunder by reason of strikes, lock-outs, labor problems, inability to procure materials, failure of power or other utilities, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature (excluding economic conditions or financial inability) outside the reasonable control of the party so affected, then the time for performance of such act shall be extended to the extent necessary as a result of such event; however, this Section shall not excuse a party's obligation to pay monetary amounts payable hereunder in the manner and by the time deadlines specified herein."

12. Restated Lease. At the request of Operator, the City Manager is authorized to execute a restatement of the Sublease in its entirety (incorporating all amendments) as a lease.

13. Effective Date. This Amendment was approved by the City Council on MAR 29 1993, 1993 pursuant to Resolution No. 2-281708, and executed by The City Manager, on behalf of City, and Operator as of the Effective Date first set forth above. This Amendment shall be effective as of the Effective Date.

14. No Other Changes. In all other respects, the Sublease shall remain unchanged, in full force and effect.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Second Amendment to Operating Sublease is executed to be effective as of the Effective Date first set forth above.

SAN DIEGO ENTERTAINMENT, INC., a
California corporation

By: [Signature]

Title: President

By: C. Samuel Mann

Title: V.P.

CITY OF SAN DIEGO, a municipal
corporation

BY: CITY MANAGER

By: [Signature]

Title: Supervising Property Agent

[SIGNATURE PAGE TO SECOND AMENDMENT TO OPERATING SUBLEASE]

I hereby approve the form and legality of the foregoing
Second Amendment to Operating Sublease this 8 day of
April, 1993.

JOHN W. WITT, CITY ATTORNEY

By: 
Harold O. Valderhaug,
Chief Deputy City Attorney

[SIGNATURE PAGE TO SECOND AMENDMENT TO OPERATING SUBLEASE]

(R-93-1469)

RESOLUTION NUMBER R- 281708

ADOPTED ON MAR 29 1993

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized to execute, for and on behalf of The City of San Diego, a revised Second Amendment to Operating Sublease with SAN DIEGO ENTERTAINMENT, INC., to update the terms of the lease documents of the present sports arena, under the terms and conditions set forth in that revised Second Amendment to Sublease on file in the office of the City Clerk as Document No. RR- 281708.

APPROVED: JOHN W. WITT, City Attorney

BY

Frederick M. Ordish FOR
Harold O. Valderhaug
Chief Deputy City Attorney

HOV:ps
03/15/93
Or.Dept:Prop.
Job:220807
R-93-1469
Form=r-t

MAR 29 1993

Passed and adopted by the Council of The City of San Diego on _____ by the following vote:

YEAS: WOLFSHEIMER, ROBERTS, HARTLEY, STEVENS, BEHR, STALLINGS, MCCARTY,
MAYOR GOLDING.

NAYS: NONE.

NOT PRESENT: VARGAS.

AUTHENTICATED BY:

SUSAN GOLDING
Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: MARY CEPEDA, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION
NO. R- 281708, passed and adopted by the Council of The City of San Diego, California
on MAR 29 1993

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: *Mary Cepeda*, Deputy

Mary Louise Groarke
51-A

(R-93-1469)

RESOLUTION NUMBER R- 281708

ADOPTED ON MAR 29 1993

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the terms of the lease documents of the present sports arena,
under the terms and conditions set forth in that revised Second
Amendment to Sublease on file in the office of the City Clerk as
Document No. RR- 281708.

APPROVED: JOHN W. WITT, City Attorney

By *Frederick M. Ordick* FCR
Harold O. Valderhaug
Chief Deputy City Attorney

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Or.Dept:Prop.
Job:220807
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CITY CLERKS OFFICE
SAN DIEGO, CA

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DUPLICATE

DOCUMENT NO. RR-269856

FILED NOV 30 1987

AMENDMENT TO OPERATING SUBLEASE

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

THIS AMENDMENT TO OPERATING SUBLEASE is executed by and between THE CITY OF SAN DIEGO, a municipal corporation, hereafter called "City," SAN DIEGO ENTERTAINMENT, INC., a private corporation organized under the General Corporation Law of the State of California, hereafter called "Operator," and the SAN DIEGO ARENA LEASE COMPANY, a nonprofit corporation organized under the laws of the State of California.

WHEREAS, by Lease Agreement executed August 10, 1967, filed as Document No. 714702 in the Office of the City Clerk, City leased to San Diego Arena Lease Company certain real property in Pueblo Lots 242, 259 and 311 in the City of San Diego, more particularly described in the Lease Agreement; and

WHEREAS, by First Amendment to Lease Agreement executed May 10, 1971, but dated January 27, 1971, filed as Document No. 736120 in the Office of the City Clerk, the parties amended the Lease Agreement to revise the description of the leased area; and

WHEREAS, by Second Amendment to Lease Agreement executed August 6, 1971, filed as Document No. 203241 in the Office of the City Clerk, the Lease Agreement was further amended to further revise the description of the leased area; and

WHEREAS, on August 6, 1971, the parties hereto entered into an Operating Sublease commencing August 6, 1971, and expiring November 7, 2015, recorded as File/Page No. 174413, Book 1971, of Official Records of the County of San Diego, State of California, on August 6, 1971, pursuant to which the Operator subleased from the San Diego Arena Lease Company the premises known as an indoor sports arena, parking facility and related facilities, more particularly described in said Operating Sublease; and

WHEREAS, the parties hereto now desire to amend the Operating Sublease of August 6, 1971, to provide for rental applicable to swap meets, to modify other uses and rentals, and to delete or add certain other conditions.

NOW, THEREFORE, the parties hereto agree to amend the Operating Sublease of August 6, 1971, as follows:

1. The following is hereby added to Section 2, Sublease of the Project:

It is acknowledged by the parties that one of the uses of the parking lot premises to be permitted is for swap meet purposes. Operator shall at all times in the construction, maintenance, occupancy and operation of the premises comply with all applicable laws, statutes, ordinances and regulations of City, County, State and Federal Governments, including, but not limited to, zoning laws and conditional use permits, at Operator's sole cost and expense. In addition, Operator shall comply with any and all notices issued by the City Manager or his authorized representative under the authority of any such law, statute, ordinance or regulations.

2. The following is hereby added to Section 5, Duties of Operator:

The parking lot portion of the premises shall be maintained in a clean manner subject to the reasonable satisfaction of the City Manager, including, but not limited to, litter control, landscaping and parking stalls and striping.

3. Subparagraphs (1) through (5) of Paragraph (e) of Section 9, Rent, are hereby deleted and the following is substituted therefor:

- (1) Commencing on the effective date as defined herein, the annual minimum rent for the use of the leased premises for a parking lot shall be \$125,000. In addition, the annual minimum rent established for the use of the leased premises for a parking lot swap meet by Kobey Corporation (Kobey) shall be \$100,000. Both annual minimum rents shall be payable in 12 equal monthly installments, in arrears, with the first installment due on the 6th day of the first month following the effective date of this Amendment to Operating Sublease, and an installment due on the 6th day of every month thereafter throughout the term of the Operating Sublease, so long as the Kobey swap meet use continues. If the use of the leased premises by Kobey Corporation for a swap meet shall terminate, the annual minimum rent for the swap meet use shall likewise terminate concurrently. If the use of the leased premises for a swap meet by Kobey terminates on a date other than the last day of a month the last installment of minimum annual rent shall be prorated in proportion to the number of days in that month that the Kobey swap meet agreement to use the premises was in effect.

If Operator shall propose to enter into any agreements with any swap meet operator other than Kobey or to operate a swap meet itself, the rental to be paid to City by Operator for any such operations shall be subject to determination by the City Manager as provided in Subparagraph (3) (v), below.

- (2) Minimum Rent Adjustment. Effective the 6th day of August 1991 and at the beginning of each three-year period thereafter during the term the annual minimum rent shall be eighty percent of the annual average of actual rents paid or accrued for the parking lot operations and for the swap meet operations, including percentage rents, during the two years preceding the adjustment date. The annual minimum rent shall then be divided by 12 to establish the new minimum monthly rent. It is recognized that such adjustments shall be calculated by City upon completion of payments due for the preceding rental period in order to determine the amount of the adjustment to be effective on the dates stated herein. Until such calculations are complete, Operator shall continue paying monthly minimum rents at the prior rate. Any additional rents determined by the adjustment to be due for the months previously paid at the prior rate shall be paid to City or Operator within 30 days of

receipt of written notice. In no event shall any such minimum rent adjustment result in a decrease in the minimum rent requirements for the use of the premises for a parking lot below \$125,000 per year, and \$80,000 for the Kobey use.

- (3) Percentage Rents. In addition to the minimum rents, percentage rents shall be paid to City, but only to the extent that such percentage rents exceed monthly minimum rents. Percentage rents will be calculated on a calendar month basis and will consist of the following percentages of the gross income to Operator, as defined herein, resulting from the use of the premises:
- (i) Fifteen percent of the gross income derived from parking lot usage for strictly motor vehicle parking purposes.
 - (ii) Fifteen percent of the gross income derived from swap meet usage for the period ending August 5, 1992, and twenty percent thereafter.
 - (iii) Percentage rents shall be paid to City in arrears on or before the 6th day of the month following the month in which income is received by Operator.
 - (iv) Operator shall pay City twenty percent of the gross income for any service or use of the parking lot that is not described in this agreement, and as to which a rental has not previously been agreed upon between City and Operator. This payment is subject to the due date provided in this agreement for rental payments, and the provision for delinquent rent. The existence of the twenty percent charge in this clause and the payment of this charge, or any part of it, does not constitute an authorization for a particular service or use, and does not waive any City rights to terminate a service or use or to default Operator for participating in or allowing any unauthorized use of the premises.
 - (v) The City Manager, in his reasonable discretion, may approve another percentage rate or flat rate of rent for any other incidental service or operations permitted under Section 2, Sublease of the Project, as amended. Any activity conducted on the premises without prior approval by the City Manager shall be subject to the requirements of Section 9(e) (3) (iv), Rent.
 - (vi) If the minimum rent is greater than the percentage rent on a calendar month basis, one-twelfth of the annual minimum rent is required to be paid for that month. Any overpayment or underpayment for a lease year shall be adjusted at the end of the lease year, and shall be paid or credited against future rents on or before the 10th day of the month following the end of the lease year.

4. Subparagraph (e) (6) of Section 9, Rent, is amended by deleting the first sentence and adding the following:

The term "gross income" as used in this Section 9, shall include, in the case of parking lot operations, all income resulting from motor vehicle parking operations; in the case of swap meet operations, all income to Operating Sublessor resulting from swap meet operations; and in the case of other operations in or on the parking lot as to which a percentage rent is fixed by the City Manager pursuant to Section 9 (e) (3) (v), all income resulting from those operations.

5. A new Subparagraph (4) is hereby added to Section 9 (e), Rent, as follows:

- (4) For purposes of computing the gross income derived annually from the operation of the parking lot for parking lot purposes, swap meet purposes, or other purposes for which a rental is due to City pursuant to the terms of this Operating Sublease, as amended, the annual year shall commence on August 6 and extend from that date to August 5 of the following year. The rent determination for the first partial lease year shall be prorated in accordance with normal accounting standards.

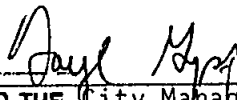
By the execution of this Amendment to Operating Sublease, neither party admits that any prior or existing use of the parking lot for swap meet purposes was either permissible or impermissible under the existing Ground Lease and Operating Sublease for the premises, or under applicable zoning laws and regulations pertinent to the property. Likewise, the execution of this Amendment to Operating Sublease shall be without prejudice to any rights or claims Operator may have to assert by legal or administrative proceedings that the rezoning of the premises from M1 zoning to CR zoning in 1978 was and is invalid and unenforceable, and to seek appropriate legal or equitable redress, or both, for such rezoning.

This Amendment to Operating Sublease shall be effective on the first day of the calendar month following execution by the City Manager.

The terms of this agreement shall be binding on, and shall inure to the benefit of the successors, transferees, assigns and representatives of the parties.

THE CITY OF SAN DIEGO

Executed on NOV 30 1987, 1987,
at San Diego, California

By 
ASSISTANT TO THE City Manager

SAN DIEGO ENTERTAINMENT, INC.,
a corporation

Executed on 11-2, 1987
at San Diego, California

By Vincent R. Fung

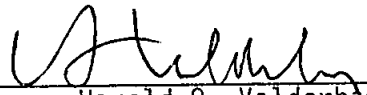
SAN DIEGO ARENA LEASE COMPANY,
a nonprofit corporation

Executed on 11-6, 1987

By Edward J. Nuss

I HEREBY APPROVE THE FORM AND LEGALITY OF THE FOREGOING AGREEMENT THIS 28 DAY
OF December, 1987.

JOHN W. WITT, City Attorney

By 
Harold O. Valderhaug
Deputy City Attorney

LDL:jw(62-2)
10-27-87

(R-88-976)

RESOLUTION NUMBER R- 269856

ADOPTED ON NOV 30 1987

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized and empowered to execute, for and on behalf of The City of San Diego, an amendment to agreement with SAN DIEGO ENTERTAINMENT, INC. to provide for the operation of swap meets at the Sports Arena and for the payment of additional rents to the City, under the terms and conditions set forth in that amendment to agreement on file in the office of the City Clerk as Document No. RR- 269856.

APPROVED: JOHN W. WITT, City Attorney

By


Harold O. Valderhaug
Deputy City Attorney

HOV:ps
11/10/87
Or.Dept:Prop.
Job:219245
R-88-976
Form=r.none

Passed and adopted by the Council of The City of San Diego on

NOV 30 1987

by the following vote: .

YEAS: Cleator, McCall, Struiksma, Gotch, McCarty, Ballesteros,

O'Connor.

NAYS: None.

NOT PRESENT: Wolfsheimer.

VACANT: District 4

AUTHENTICATED BY:

MAUREEN O'CONNOR

Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR

City Clerk of The City of San Deigo, California

By

JUNE A. BLACKNELL

Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true
and correct copy of RESOLUTION NO. R- 269856 passed and
adopted by the Council of The City of San Deigo, California, on

NOV 30 1987

CHARLES G. ABDELNOUR

City Clerk of The City of San Deigo, California

(SEAL)

By

June A. Blacknell

Deputy

ORIGINAL

SECOND AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING

This Second Amended and Restated Memorandum of Understanding ("Second Amended MOU"), effective as of July 24, 1995 ("Effective Date"), is executed by the CITY OF SAN DIEGO, a municipal corporation ("City"), and ARENA GROUP 2000, L.P., a California limited partnership ("Arena 2000").

RECITALS

A. The City, San Diego Arena Corporation, a California corporation ("SDAC") and Harry Cooper ("Cooper") executed a Memorandum of Understanding ("Original MOU"), dated June 25, 1990. The original MOU was amended, restated, and superseded in its entirety by an Amended and Restated Memorandum of Understanding ("First Amended MOU"), effective as of March 29, 1993, executed by the City, Ronald E. Hahn ("Hahn") and C. Samuel Marasco ("Marasco"). Effective as of October 12, 1993, Hahn and Marasco assigned all of their right, title and interest in the First Amended MOU to Arena 2000.

B. The City owns: (i) the existing building and certain related facilities comprising the San Diego Sports Arena ("Sports Arena") located on Sports Arena Boulevard in the Midway area of the

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RR-286158
DOCUMENT NO. 286158
FILED JUL 13 1995
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

City of San Diego; and (ii) the land underlying the Sports Arena ("Midway Site").

C. The Sports Arena and the Midway Site have been leased by the City to San Diego Entertainment, Inc., a California corporation ("SDE"), pursuant to the following (collectively, "City Lease"):

- (i) an Operating Sublease between the City (as successor-in-interest to San Diego Arena Lease Company, a nonprofit California corporation) and SDE, recorded on August 6, 1971, as File/Page No. 174413, Book 1971 of the Official Records of San Diego County, as amended by an Amendment to Operating Sublease effective December 1, 1987, filed as Document No. RR-269856 in the Office of the City Clerk, and by a Second Amendment to Operating Sublease effective March 29, 1993, filed as Document No. R-281708 in the Office of the City Clerk; and
- (ii) an Agreement to Sublease dated April 1, 1976, between the City, (as successor-in-interest to Union Oil Company of California, a California corporation) and SDE.

D. Arena 2000 owns all of the outstanding stock of SDAC. SDAC owns all of the outstanding stock of SDE. In addition, Arena 2000 holds a subleasehold interest in the Sports Arena and the Midway Site and the right to manage the Sports Arena operations pursuant to a Sublease between SDE and Arena 2000,, effective on October 12, 1993. The City has approved the Sublease.

E. The managing general partner of Arena 2000 is Arena Founders, L.P., a California limited partnership. The general partner of such managing general partner is Founders of Arena Group 2000 Corporation, a California corporation principally owned and controlled by Hahn.

F. The City and Arena 2000 have agreed to amend and restate the First Amended MOU on the terms and conditions set forth in this Second Amended MOU. This Second Amended MOU is intended to supersede the First Amended MOU in its entirety.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Arena 2000 hereby agree as follows:

1. Definitions. As used in this Second Amended MOU, the following terms shall have the meanings specified below:

a. A "sports arena" means any facility to be designed and constructed so as to accommodate the presentation of (i) sporting or entertainment events of a type similar to or which may compete with events presented at the Sports Arena, or (ii) sporting events related to an NHL and/or NBA franchise; provided that, "sports arena" shall not include an amphitheater.

b. The "Site" means the downtown location more specifically described on Exhibit A attached hereto.

c. "Amphitheater" means an outdoor facility that is generally open to the public and designed to accommodate on a stage the presentation of non-sports, entertainment events.

2. Site Development.

a. The Downtown Phase described in the First Amended MOU terminates on the Effective Date.

b. The City and Arena 2000 shall continue to review all assessments, analyses, feasibility studies, and additional information that becomes available to confirm the appropriateness of the Site for the development of the new sports arena. The City shall make appropriate members of the staffs of the City and the Redevelopment Agency of the City ("RA") available to timely process any necessary City or RA review for these purposes. Neither the City nor Arena 2000 shall have any obligation with respect to assessing the feasibility of any location other than the Site. Notwithstanding the foregoing, the City and Arena 2000 shall determine, individually and in their sole and absolute discretion, the extent to which they will commit funds and staff to the continued assessment and processing of the Site.

c. If the City and Arena 2000 execute a definitive agreement for the development of a new sports arena on the Site, they shall use their best efforts to cooperate in developing the new sports arena on the Site and shall expedite the processing of all other documents, agreements, land use entitlements and permits in connection with development or construction, including but not limited, to general plan amendments, a specific plan, rezoning, conditional use permits, tentative and final subdivision maps, an environmental impact report and other environmental certifications, grading and building permits, and other land use permits and entitlements. In such event, the City and Arena 2000 shall similarly cooperate in the processing of any necessary or appropriate reviews by other governmental authorities.

d. During any period Arena 2000 holds a leasehold or subleasehold interest in, and is also operating, the Sports Arena, upon the City's written request, Arena 2000 shall negotiate in good faith, for a period of ninety(90) days after Arena 2000's receipt of such request, with any NBA and/or NHL franchise owner designated in such request to make the Sports Arena available for use by such NBA and/or NHL franchise until the new sports arena is completed. Arena 2000 shall use commercially reasonable efforts to reschedule other Sports Arena events for this purpose; provided it is reimbursed for any resulting losses (including, but not limited to, cancellation fees or penalties and lost profits) not offset by such NBA and/or NHL uses, in an amount and on terms and conditions

reasonably acceptable to Arena 2000. Arena 2000 shall not charge an amount that exceeds comparable industry standards for such interim use, taking into account all relevant circumstances. The parties acknowledge that common ownership of a sports arena and an NBA and/or NHL team may affect the costs paid by such team for use of the sports arena. Therefore, the degree of common ownership shall be considered in determining comparable industry standards. If Arena 2000 and an NBA and/or NHL franchise owner cannot reach agreement on the terms and conditions for the interim use of the Sports Arena during the ninety(90)-day negotiating period provided for in this Section, any unresolved terms and conditions shall be resolved by arbitration, provided that the arbitrator shall resolve the dispute consistent with the provisions of this Section 2.d.

3. Limited Exclusive Rights to Negotiate.

a. During the term of this Second Amended MOU, except as expressly set forth in this Second Amended MOU, Arena 2000 shall have the exclusive right to negotiate with the City regarding the assessment and development of a new sports arena in the City of San Diego; and except as expressly set forth in this Second Amended MOU, the City shall not negotiate with respect to, finance, aid in the financing of, construct or operate any new sports arena within San Diego County (other than a sports arena proposed by Arena 2000).

b. During the term of this Second Amended MOU, Arena 2000 shall negotiate exclusively with the City of San Diego, and not with any other jurisdiction or person, with respect to the

development of a sports arena located within San Diego County; and Arena 2000 shall not undertake any activities to further the planning, negotiation, financing, construction or operation of a sports arena within San Diego County other than a sports arena to be located on the Site.

c. Arena 2000 may solicit, or entertain solicitations from, current or prospective NBA and/or NHL owners to locate a franchise in San Diego.

d. Notwithstanding any provisions herein to the contrary, the City may solicit, or entertain solicitations from, current or prospective NBA and/or NHL owners to locate a franchise in San Diego. The City may conduct such negotiations independently of Arena 2000 and may conclude a sports arena development agreement and a sports arena operating agreement solely with such prospects or their affiliates without Arena 2000's participation.

e. Notwithstanding any provisions herein to the contrary, the City may develop a new sports arena without any participation by Arena 2000 provided that, during the term of this Second Amended MOU, the City must act alone as developer (or with an NBA and/or NHL team or affiliate) and alone as operator (or with an NBA or NHL team and/or affiliate). After the termination of the MOU, during any period that Arena 2000 holds a leasehold or subleasehold interest in, and is also operating, the Sports Arena,

the City may enter into an agreement to operate the new sports arena with an operator other than Arena 2000 or an NBA and/or NHL franchisee or affiliate only after first complying with the following requirements:

- i. The City shall give Arena 2000 at least fifteen(15) days prior written notice of its intent to contract for an operator of the new sports arena. Such notice shall include a summary of the principal economic terms the City proposes.
- ii. The City shall negotiate exclusively with Arena 2000 in good faith for a period of at least ninety(90) days after the date of such notice.
- iii. If the City and Arena 2000 have not entered into an operating agreement for the new sports arena at the end of the foregoing ninety(90)-day period, within fifteen(15) days, the City shall present to Arena 2000, in writing, its final operating agreement offer. That offer shall set forth the length of the proposed agreement and all material economic terms of the agreement.

iv. Arena 2000 shall have ten(10) days after receipt of the City's final offer to accept or reject it in writing.

If Arena 2000 fails to accept the City's final offer within the ten(10)-day period described in subsection (iv) above, or if the City and Arena 2000 fail to enter into an operating agreement within thirty(30) days after Arena 2000's acceptance of the City's final offer presented pursuant to subsection (iii) above; despite the City's good faith efforts to do so, the City shall be free to enter into an operating agreement with an operator other than Arena 2000 within one hundred eighty(180) days after Arena 2000's receipt of the City's final offer pursuant to subsection (iii) above; provided such agreement does not contain economic terms materially more favorable to the operator than those contained in the City's final offer to Arena 2000. If the City does not enter into an operating agreement with an operator other than Arena 2000 within the one hundred eighty(180)-day period as described above, or if the City wishes to enter into a new operating agreement for the new sports arena at any time prior to the second(2nd) anniversary of the issuance of a certificate of occupancy for the new sports arena, the City shall continue to be subject to the requirements of this subsection e. The requirements of this subsection e shall not apply to any extension, renewal, or new operating agreement entered into after the second(2nd) anniversary of the issuance of

a certificate of occupancy for the new sports arena. Any dispute under this Section shall be resolved by arbitration.

f. In the event, the City authorizes economic support (in addition to economic support related to the provision of standard City services) for the development, financing, construction, or operation of an Amphitheater, the City shall not enter into an operating agreement for such Amphitheater without first complying with the procedures (applicable to a sports arena operating agreement) set forth in subsection e above.

4. Redevelopment of the Midway Site.

a. Arena 2000 shall have the exclusive right to make proposals for the redevelopment of the Midway Site, independently of plans to develop a new sports arena, for a period ending on the later of (i) the date this Second Amended MOU terminates, or (ii) the third(3rd) anniversary of the commencement of construction of a new sports arena pursuant to a definitive agreement (executed before termination of the MOU) for its development (with or without Arena 2000's participation). The City and Arena 2000 shall negotiate in good faith regarding the redevelopment of the Midway Site by Arena 2000 or its permitted assigns during the period Arena 2000's exclusive rights are in effect pursuant to the preceding sentence.

b. Prior to the exercise of a put or option pursuant to subsection c below, as part of any redevelopment agreement for the Midway Site, the City shall cause Arena 2000 to receive lease payment credits over at least fifteen(15) years at not more than \$800,000 per year until Arena 2000 receives an aggregate amount equal to the fair market value of the leasehold or subleasehold interest in the Midway Site (and the interest of any affiliate of Arena 2000 in the Midway Site) as of the execution of such redevelopment agreement. All relevant factors shall be considered in determining fair market value, including but not limited to, the length of Arena 2000's remaining leasehold or subleasehold interest in the Sports Arena; provided, however, that Arena 2000's Net Investment (as hereinafter defined) shall be the principal factor in determining fair market value. Arena 2000's Net Investment shall be the amount equal to the cash payments made by Arena 2000, its partners, or affiliates, plus the amount of debt (consisting of principal plus interest thereon which accrued prior to the closing of the capital stock acquisition described below) paid or incurred by Arena 2000, its partners, or affiliates, to acquire its leasehold or subleasehold interest (or the acquisition of the capital stock of SDAC or SDE), plus reasonable costs incurred in connection with such acquisition, less the aggregate amount of all distributions to or for the benefit of Arena 2000, its partners or affiliates, to the extent the aggregate amount of such distribution exceeds the aggregate amount of cash paid or debt incurred by Arena 2000, its partners and affiliates to fund Sports Arena operating

losses or capital expenditures. Management fees not in excess of \$125,000 per year shall not be treated as distributions. Arena 2000 represents and warrants to the City (i) that no part of the consideration paid to acquire the capital stock of SDAC or SDE was attributable to the acquisition of any asset of SDAC or SDE other than their respective direct or indirect interests in the leasehold or subleasehold of the Midway Site; and (ii) that no part of such consideration was paid to or for the benefit of Arena 2000, its partners, or affiliates for any purpose, excluding (A) amounts paid to discharge pre-existing debts arising out of licenses or other agreements between SDAC or SDE and such partners or affiliates in connection with the sports arena business; and (B) the \$250,000 organizational fee paid to the Managing General Partner of SD Arena Associates, L.P. If the City and Arena 2000 cannot agree on fair market value, it shall be determined by arbitration.

c. At any time after completion of construction of a new sports arena and prior to the termination of Arena 2000's existing leasehold or subleasehold interest in the Midway Site, Arena 2000 may require the City to purchase its leasehold or subleasehold interest in the Midway Site (including the interest of any affiliate of Arena 2000 in the Midway Site) for its fair market value. During that same period, the City may purchase Arena 2000's leasehold or subleasehold interest in the Midway Site (including the interest of any affiliate of Arena 2000 in the Midway Site) for its fair market value. Exercise of such option by Arena 2000 or by

the City shall be effective upon delivery of written notice to the other party, and the date of receipt of such notice shall be the "Exercise Date." Fair market value shall be determined as of the Exercise Date on the same basis as described in subsection b above. The purchase shall close on a date specified by Arena 2000 that is within the first thirty(30) days following the first anniversary of the Exercise Date. The fair market value shall be paid in cash at the closing.

d. The purchase shall close through an escrow with Chicago Title Company, or other title company reasonably approved by the parties. Such title company shall first distribute such portion of the cash as is required to transfer good and marketable title to any leasehold, subleasehold, or any other interest of any kind of Arena 2000, in the Midway Site (together with the interest of any affiliate of Arena 2000 in the Midway Site), free and clear of any easements, public streets and other public use rights, mortgages, deeds of trust, security interests, taxes, assessments, leases and licenses, or any other lien, encumbrance, or other title exception, except: (i) easements, public streets and other public use rights of record prior to the date hereof; (ii) taxes and assessments which are not due and payable as of the closing; (iii) Conditional Use Permit No. 26-0974 issued to the Kobey Corporation; (iv) any lease or license executed prior to the Exercise Date; (v) any other matters caused, created or approved by the City, which approval shall not be unreasonably withheld. Taxes,

assessments, rent under the City Lease, and rent under leases and licenses which survive the closing, and all other items of income and expense (if any) shall be prorated between the parties as of the closing date on an accrual basis pursuant to generally accepted accounting principles consistently applied.

5. Term. Subject to the survival provisions set forth in Section 6 below, the term of this Second Amended MOU shall commence on the Effective Date and shall continue for a period ending at 5:00 p.m., Pacific Standard Time, on March 28, 1997; provided, however, that this Second Amended MOU may be terminated sooner by either party, upon the material failure of the other party to perform its obligations hereunder, provided the non-defaulting party has delivered written notice to the defaulting party specifying the default in reasonable detail and the actions necessary to cure such default and avoid such termination, and the defaulting party has failed to cure such default within a thirty(30)-day period after receipt of the notice of default.

6. Survival. Notwithstanding the term and termination rights set forth in Section 5 above:

a. Section 2.d (relating to the obligation of Arena 2000 to negotiate with an NBA and/or NHL franchise owner) and Section 3.c (relating to Arena 2000's negotiating rights with respect to the operating agreement for the new sports arena) shall

remain in full force and effect during any period that Arena 2000 (or a permitted assignee of such rights pursuant to Section 9) holds a leasehold or subleasehold interest in, and is operating, the Sports Arena;

b. Section 4.a (relating to redevelopment of the Midway Site) shall remain in full force and effect for the period set forth therein; and

c. Section 4.b (relating to the right to receive lease credits and the determination of fair market value) and Section 4.c (relating to the put-call option) shall remain in full force and effect during any period that Arena 2000 (or a permitted assignee of such rights pursuant to Section 9) holds a leasehold or subleasehold interest in the Sports Arena.

7. Reserved Rights. Any document or action requiring discretionary approval by the City will be reviewed objectively in accordance with all laws and regulations for public hearings and in accordance with all laws and regulations necessary to meet environmental and other legal requirements. The City nevertheless reserves the right in its sole and absolute discretion to reject any proposed new sports arena development plan or agreement or operating agreement and any proposed Midway Site redevelopment plan or agreement. Notwithstanding any other provision of this Second Amended MOU, neither execution nor termination of this Second

Amended MOU shall affect any rights or remedies of the lessee under the Sublease pursuant to the Sublease or otherwise at law or in equity.

8. City Council Approval. This Second Amended MOU was approved by the City Council on July 24, 1995, pursuant to Resolution No. R-286158 and executed by the City Manager, on behalf of the City, and by Arena 2000 as of the Effective Date and supersedes the First Amended MOU in its entirety as of the Effective Date.

9. Assignment.

a. Arena 2000 shall have the right to assign its entire right, title and interest under this Second Amended MOU, including but not limited to, the rights specified in Sections 4.b and 6 above that survive expiration of the term described in Section 5, to: (i) any party to whom the lessee's interest under the City Lease has been assigned pursuant to the provisions of the City Lease; or (ii) an affiliate of Arena 2000, provided that Ronald E. Hahn holds, directly or indirectly, individually or jointly, the right to represent such assignee in all of its negotiations with the City and its performance of Arena 2000's obligations hereunder; and provided further that the City Manager has first approved in writing (x) any such assignee pursuant to (i) or (ii) above, which approval shall not be unreasonably withheld, and (y) the

composition and formation documents of such assignee and the controlling owner or owners thereof. Any such permitted assignee shall assume in writing all of Arena 2000's obligations hereunder by instrument satisfactory to the City Attorney and the City Manager. Any subsequent assignment shall be permitted if it satisfies the requirements set forth above. In addition, Arena 2000 shall have the right to assign its right to receive lease payment credits pursuant to Section 4.b to any lessee of the property covered by the redevelopment site.

b. Except as permitted under Section 9.a above, no voluntary or involuntary assignment of the right, title and interest of Arena 2000 under this Second Amended MOU shall be made, by operation of law or otherwise, without the specific consent of the City Manager who may withhold his consent for any reason without exception. Any assignment in violation of this Section shall be null and void.

10. Compliance with Amendment to City Charter. The Charter of the City of San Diego ("City Charter") was amended in November, 1992 to add a new Section 225. Arena 2000 and any successor-in-interest shall comply fully with such Section 225 of the City Charter, as it may be amended and as applied by the City.

11. Arbitration of Disputes. Any dispute between the parties arising out of the interpretation or performance of this Second

Amended MOU, including, but not limited to, any disagreement over fair market value, shall be resolved pursuant to this Section 11.

a. Voluntary Settlement. At any time after a dispute has arisen, a party may deliver written notice to the other party describing the dispute in reasonable detail and invoking the voluntary settlement procedures of this Section 11.a. The parties shall meet and negotiate in good faith in an effort to resolve the dispute by mutual agreement for a period of thirty(30) days after receipt of such notice by the other party, as such period may be extended by mutual agreement of the parties.

b. Binding Arbitration. If the parties are unable to resolve the dispute by voluntary settlement within the period described in Section 11.a, the dispute shall be resolved by binding arbitration pursuant to this Section. Either party may commence arbitration by delivering a written demand for arbitration to the other party within sixty(60) days after the period (as it may be extended) for voluntary settlement provided for in subsection a above.

c. Governing Rules. Arbitration shall be conducted in San Diego County, California, accordance with California Code of Civil Procedure Sections 1280-1284.2, as amended as of the date of submission of the dispute ("Rules"), and as modified by this Section. To the extent there is any conflict between the

provisions of this Section and the Rules, however, the provisions of this Section shall govern. By mutual written agreement, the parties may vary any of the provisions of this Section and the Rules, including modifications which designate an alternative dispute resolution procedure.

d. Selection of Arbitrator. As used herein, a "qualified arbitrator" means a party with at least ten(10) years' experience in resolving disputes. Within ten(10) days after either party delivers a written demand for arbitration, the parties shall meet and attempt to select, by mutual agreement, one(1) qualified arbitrator to act as the sole arbitrator of the dispute. If the parties cannot agree on an arbitrator within such ten(10)-day period, as such period may be extended by mutual agreement of the parties, then, within an additional ten(10) days, each party shall designate up to three(3) qualified arbitrators and notify the other party in writing of the designations. The qualified arbitrators so designated within such ten(10)-day period shall constitute the "List of Arbitrators." If either party fails to designate any qualified arbitrators within such ten(10)-day period, then the qualified arbitrators designated by the other party shall constitute the List of Arbitrators. Within ten(10) days after the List of Arbitrators has been constituted, the parties shall meet and negotiate in good faith to select one(1) arbitrator from the List of Arbitrators to act as the sole arbitrator of the dispute. If the parties fail to select an arbitrator within such ten(10)-day

period, such sole arbitrator shall be appointed from the List of Arbitrators by the Presiding Judge of the Superior Court of San Diego County, California, upon written application of either party.

e. Discovery. Discovery for the arbitration proceedings shall be conducted by the arbitrator in accordance with the Rules, except to the extent otherwise provided in this Section. The parties desire to provide for the expeditious resolution of disputes. Therefore, notwithstanding anything to the contrary set forth in the Rules, discovery conducted under the arbitration shall be limited as follows: (a) within twenty(20) days after selection of the arbitrator, the parties shall meet at a mutually-agreeable place and conduct a mutual exchange of documents relating to the dispute; and (b) at such meeting, the arbitrator shall have the right to order the production of any relevant additional documents from any party and to specify the nature and extent of other discovery which the arbitrator determines is reasonably required, including, but not limited to, the taking of depositions or the obtaining of expert reports. If the arbitrator reasonably determines that expert witnesses are required, each party shall be entitled to designate such an expert and the arbitrator may designate a third expert, as the arbitrator deems appropriate. The arbitrator shall have authority to set further discover deadlines in order to facilitate the efficient conduct of the arbitration.

f. Proceedings. A hearing shall be conducted by the arbitrator within sixty(60) days after selection of the arbitrator, unless the arbitrator determines that additional time is reasonably required. The parties shall submit such legal briefing or other statements of position as the arbitrator may request.

g. Findings; Conclusions; Decision. Within thirty(30) days after completion of the hearing, the arbitrator shall reach a written decision regarding the dispute and deliver the same to the parties. Upon the request of either party, the arbitrator shall issue a written opinion of findings of fact and conclusions of law. The decision of the arbitrator shall become final ten(10) days after it is delivered to the parties and shall be binding on the parties, conclusive and non-appealable.

h. Powers of Arbitrator. The arbitrator shall have the power and jurisdiction to resolve all disputes and order all remedies available under applicable law or equity, consistent with the provisions of this Second Amended MOU, including, without limitation, ordering specific performance; provided, however, that the arbitrator shall not have the power to award punitive damages. The arbitrator shall resolve the dispute in accordance with applicable substantive laws of the State of California..

i. Fees and Costs. The parties shall share equally the arbitrator's fees and costs, but each party shall bear its own

attorneys' fees and other costs related to the presentation of its case.

j. Enforcement. Judgment upon the arbitration award may be entered in, confirmed and enforced by the Superior Court of the County of San Diego, California. The parties specifically covenant to one another that they will not commence litigation against one another for any reason with respect to any dispute arising under this Second Amended MOU, except as may be necessary to enforce this provision or any arbitrator's decision or award.

NOTICE: BY INITIALLING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALLING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

INITIAL:

TH City
AE Arena 2000

12. Attorneys' Fees; Legal Proceedings. If either party commences legal proceedings to enforce the provisions of Section 11 above, the losing party shall pay the prevailing party's reasonable costs and expenses, including but not limited to, reasonable attorneys' fees and costs as determined by the court. The prevailing party shall be that party receiving substantially the relief sought in the proceeding, whether brought to final judgment or not. Each party shall act in good faith and use its best efforts to defend the enforceability of this Second Amended MOU against any legal challenge raised by any third party.

13. Notice. Any notice to any party under this Second Amended MOU shall be in writing, shall be effective on the earlier of the date when received or the third day following mailing, and shall be given by personal service, or by certified or registered mail, return receipt requested, to the addresses set forth below, or to such other addresses as may be specified in writing to all parties hereto.

If to Arena 2000:

Ronald E. Hahn
3500 Sports Arena Boulevard
San Diego, CA 92110

With a copy to:

Ellen Spellman
Brobeck Phleger & Harrison
550 West C Street
San Diego, CA 92101-3532

If to City of San Diego:

Jack McGrory
City Manager
202 "C" Street, 9th Floor
San Diego, CA 92101

With a copy to:

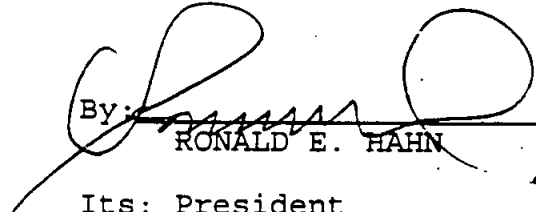
Curtis M. Fitzpatrick
Assistant City Attorney
The City of San Diego
Litigation Division
1200 Third Avenue, Suite 1200
San Diego, CA 92101-4184

IN WITNESS WHEREOF, this Second Amended and Restated Memorandum of Understanding is executed to be effective as of the Effective Date first set forth above by the City of San Diego, acting by and through its City Manager, pursuant to Resolution No. R-286158 authorizing such execution, and by Arena Group 2000, L.P., a California limited partnership, by and through Ronald E. Hahn, President, of Founders of Arena Group 2000 Corporation, a California corporation and Managing General Partner of Arena Founders, L.P., a California limited partnership and Managing General Partner of Arena Group 2000, L.P.

ARENA GROUP 2000, L.P., a
California limited partnership

By ARENA FOUNDERS, L.P., a
California limited partnership
(Managing General Partner of Arena
Group 2000, L.P.)

By FOUNDERS OF ARENA GROUP 2000
CORPORATION,
a California corporation
(Managing General Partner of Arena
Founders, L.P.)

By: 
RONALD E. HAHN

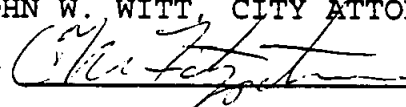
Its: President

CITY OF SAN DIEGO, a municipal
corporation

By 
~~Property Director~~
Real Estate Assets Director

I hereby approve the form and legality of the foregoing Second
Amended and Restated Memorandum of Understanding this 24th day of
July, 1995.

JOHN W. WITT, CITY ATTORNEY

By 

(R-95-1878)

286158

RESOLUTION NUMBER R-

ADOPTED ON

JUL 2 1995

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

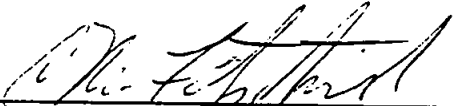
1. That the City Manager be, and he is hereby authorized to execute for and on behalf of said City, an Amended and Restated Memorandum of Understanding between the City and Arena Group 2000 concerning the new San Diego Sports Center, a copy of which is on file in the Office of the City Clerk as Document

RR-286158.

2. That the City Manager and the City Attorney be and they are hereby authorized to negotiate amendments to the existing lease for the San Diego Sports Arena for potential refurbishment of that facility with Arena Group 2000.

APPROVED: JOHN W. WITT, City Attorney

By


C. M. Fitzpatrick
Assistant City Attorney

CMF:cfk
06/13/95
Or.Dept:Atty
Aud.Cert:
R-95-1878
Form=r-t

Passed and adopted by the Council of the City of San Diego on by the following vote:

YEAS: Mathis, Kehoe, Stevens, Warden, Stallings, McCarty, Vargas.

NAYS: None.

NOT PRESENT: Mayor Golding, Harvey.

AUTHENTICATED BY:

SUSAN GOLDING
Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: Esther Woronicz, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION

No. R- 286158, passed and adopted by the Council of The City of San Diego, California

on

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: *Esther Woronicz*, Deputy

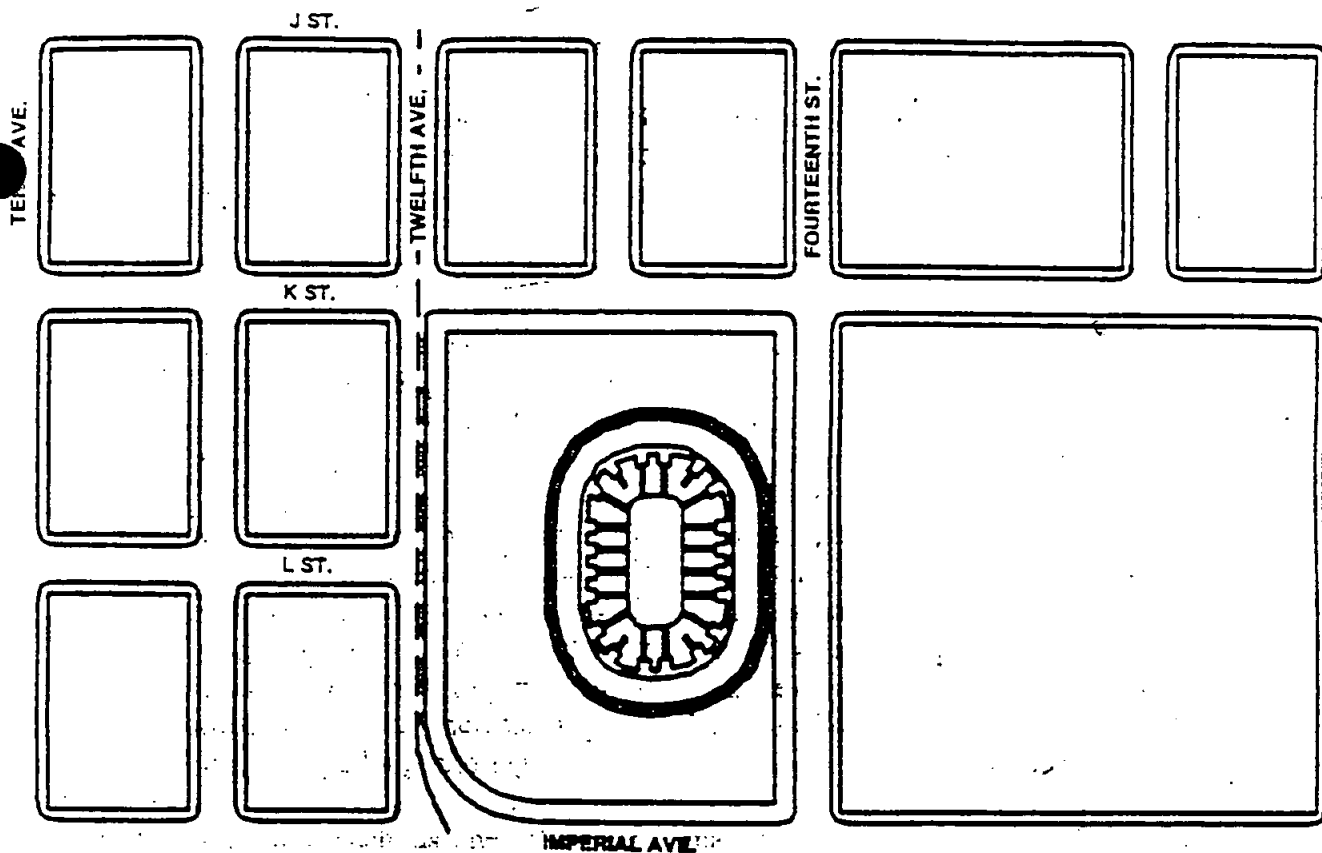
EXHIBIT A

DESCRIPTION OF SITE

On November 30, 1993, the Council of the City of San Diego voted to adopt the "L Street Corridor" as the location for the proposed San Diego Entertainment and Sports Center. The "12 Street East" site is located within the "L Street Corridor" and was approved by the City Council on March 22, 1994 as the optimum site for the Entertainment and Sports Center.

The "12th Street East" site is bordered by K Street on the north, Imperial Avenue on the south, 12 Avenue on the west, and 14th Street on the east.

PROGRAM, SITE



COPY

AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING

This Amended and Restated Memorandum of Understanding ("Amended MOU"), effective as of MAR 29 1993, 1993 ("Effective Date"), is executed by the CITY OF SAN DIEGO, a municipal corporation ("City"), RONALD E. HAHN, an individual, and C. SAMUEL MARASCO, an individual (collectively "Hahn/Marasco"), with reference to the following facts:

RECITALS

A. The City, San Diego Arena Corporation, a California corporation ("SDAC") and Harry Cooper ("Cooper") have executed a Memorandum of Understanding ("Original MOU"), dated June 25, 1990, relating to development of a new sports arena to replace the existing San Diego Sports Arena ("Sports Arena") located on Sports Arena Boulevard in the Midway area of the City of San Diego.

B. SDAC owns all of the outstanding stock of San Diego Entertainment, Inc., a California corporation ("SDE"). The existing Sports Arena site and facilities have been leased by the City to SDE pursuant to the following (collectively, "Sublease"):

- (i) an Operating Sublease recorded on August 6, 1971, as File/Page No. 174413, Book 1971 of the Official Records of San Diego County, as amended by an Amendment to Operating Sublease effective December 1, 1987, filed as Document No. RR-269856 in the Office of the City Clerk, and by a Second Amendment to Operating Sublease effective MAR 29 1993, 1993, filed as Document No. 281708 in the Office of the City Clerk; and
- (ii) an Agreement to Sublease dated April 1, 1976 between City, as successor-in-interest to Union Oil Company of California, a California corporation, and SDE.

C. On November 19, 1992, Hahn/Marasco assigned to Arena Group 2000, L.P., a California limited partnership ("Partnership"), the right to acquire fifty percent (50%) of the outstanding stock of SDAC and an option to purchase the remaining outstanding stock. Immediately thereafter, the Partnership acquired such fifty percent (50%) stock interest, the option and the right to manage the Sports Arena operations. Upon the Partnership's acquisition of all of the outstanding stock of SDAC, SDAC may be merged into SDE. The managing general partner of the Partnership is Arena Founders, L.P., a California limited partnership. The general partner of such managing general partner is Founders of Arena Group 2000 Corporation, a California corporation principally owned and controlled by Hahn/Marasco.

D. The City has, concurrently with approval of this Amended MOU, approved the sublease, at SDE's option, of the Sports Arena facility from SDE to the Partnership; provided that such sublease becomes effective, if at all, within two (2) years from the City's approval thereof.

E. Hahn/Marasco are willing to negotiate exclusively with the City with respect to development of a new sports arena for a specific time period. Such agreement benefits the City by enhancing the possibility of development of a new sports arena within the boundaries of the City and the possibility of the City's receiving the economic and other benefits resulting from such development.

F. Hahn/Marasco are also willing to assess the feasibility of locating the new sports arena in downtown San Diego, in lieu of alternative locations, for a specific time period. The parties acknowledge that development of a sports arena in downtown San Diego may require an investment of capital and effort in excess of that required for alternative locations. Hahn/Marasco's agreement to limit itself to assessment of downtown sites for a specific time period benefits the City by providing to the City an opportunity to evaluate the sports arena project as a method of implementing the Redevelopment Plan for downtown San Diego and an opportunity to encourage such project if determined to be feasible and appropriate.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Hahn/Marasco, with the consent of SDAC and Cooper, hereby agree as follows:

1. Assessment of Sites.

a. Hahn/Marasco shall commence and diligently pursue activities necessary for the City and Hahn/Marasco to assess the feasibility and desirability of development of a new sports arena in downtown San Diego during a period ("Downtown Phase") commencing on the Effective Date hereof and terminating on the earlier of: (i) a mutual, good faith determination by the City and Hahn/Marasco that a downtown site for the sports arena is either not feasible and/or not desirable; or (ii) eighteen (18) months from the Effective Date hereof. After termination of the Downtown Phase as described above, if a downtown site is not identified as the preferred site, Hahn/Marasco shall commence and diligently pursue activities necessary for the City and Hahn/Marasco to assess the feasibility and desirability of development of a new sports arena in other locations within the City serving the San Diego area. Hahn/Marasco shall continue such assessment of other locations until the City Council conceptually approves a preferred site or until the expiration or termination of this Amended MOU.

F/C
ii) expired
of Downtown
Phase
9/28/93

b. The City shall use reasonable best efforts and diligence to cooperate with Hahn/Marasco in assessing the downtown and other potential sites (during the applicable periods referred to in Section 1.a above) and in making its determinations regarding the feasibility and desirability of such site(s) and the nature and extent of the City's involvement

therein. The City shall make appropriate members of City and Redevelopment Agency staffs available to assist Hahn/Marasco and to timely process the City's review and response.

c. In addition, to the extent feasible, in the City's determination, the City agrees to provide support and encouragement to Hahn/Marasco in connection with Hahn/Marasco's efforts to secure a National Hockey League ("NHL") and/or National Basketball Association ("NBA") franchise for San Diego.

2. Development of Preferred Site.

a. Upon mutual conceptual approval of a preferred site for the new sports arena by the City and Hahn/Marasco, Hahn/Marasco shall use reasonable best efforts and diligence to develop a new sports arena on the preferred site.

b. The City shall use reasonable best efforts and diligence to cooperate with Hahn/Marasco in developing the sports arena on the preferred site and shall expedite the processing of all documents, agreements, land use entitlements and permits in connection with development or construction of such sports arena, which require City review and approval, including, but not limited to general plan amendments, a specific plan, rezoning, conditional use permits, tentative and final subdivision maps, a development agreement, an environmental impact report and other environmental certifications, grading and building permits, and other land use permits and entitlements. The City shall similarly cooperate in the processing of any necessary or appropriate reviews by other governmental authorities.

3. Mutually Exclusive Rights to Negotiate.

a. During the term of this Amended MOU, Hahn/Marasco shall have the exclusive right to negotiate with the City regarding the assessment and development of a new sports arena within the City and serving the San Diego area, and the City shall not negotiate with respect to, encourage, finance, aid in the financing of, construct or operate any new proposed sports arena serving the San Diego area (other than a sports arena proposed by Hahn/Marasco); and, during the period commencing on the effective date hereof and terminating six (6) months after termination of the Downtown Phase, the City shall not process applications for land use permits, approvals and entitlements for development of such a sports arena, unless a court of competent jurisdiction determines that the City is required to take such action under applicable law. As used in the preceding sentence, a "sports arena" shall include any facility to be designed and constructed so as to accommodate the presentation of sporting or entertainment events of a type similar to or which may compete with events presented at the Sports Arena or sporting events related to an NHL or NBA franchise except any outdoor facility that has no more than 10,000 fixed, permanent seats and is outside of an eight-mile radius from 202 "C" Street, San Diego.

15
3/29/95

The foregoing obligations of the City are undertaken specifically in consideration of the specific benefits accruing to the City as a result of Hahn/Marasco's commitments described in Sections 1.a, 2.a and 3.c, the exclusivity agreement of Hahn/Marasco set forth in Section 3.b, and the limitations on Hahn/Marasco's right to terminate such obligations and this Agreement pursuant to Section 4.a, as further described in Recitals F and G.

b. During the term of this Amended MOU, Hahn/Marasco shall negotiate exclusively with the City of San Diego, and not with any other jurisdiction, with respect to development of a sports arena located within San Diego County, and Hahn/Marasco shall not undertake any activities to further the planning, negotiation, financing, construction or operation of a sports arena within San Diego County other than a sports arena within the City of San Diego.

c. During the term of this Amended MOU, the City and Hahn/Marasco shall negotiate in good faith regarding the redevelopment of the site of the existing Sports Arena by Hahn/Marasco or others, if and as such redevelopment can contribute in a material and financially significant fashion to the feasibility of developing and/or financing a new sports arena to be developed by Hahn/Marasco as contemplated by this Amended MOU. Without limiting the nature of the contribution, one example of the type contemplated here would be the dedication of a portion of increased revenues from the redeveloped existing site to offset the cost of public improvements related to a new sports arena.

4. Term.

a. The term of this Amended MOU shall commence on the Effective Date hereof and shall continue for a period ending four (4) years from the Effective Date hereof; provided, however, this Amended MOU may be terminated sooner: (i) by Hahn/Marasco, at any time after six (6) months after termination of the Downtown Phase, by delivering written notice to the City; or (ii) by either party, upon the failure of the other party to perform its obligations hereunder, provided the non-defaulting party has delivered written notice to the defaulting party specifying the default in reasonable detail and the actions necessary to cure such default and avoid such termination and the defaulting party has failed to cure such default within a thirty (30)-day period after receipt of the notice of default.

b. Notwithstanding the foregoing, the City may, at its option, terminate this Amended MOU and all rights, duties and obligations of the parties hereunder if Hahn/Marasco, despite its reasonable best efforts and diligence, has failed:

- 2/28/93
- (i) Within six (6) months after the Effective Date of this Amended MOU to enter into an agreement with at least one viable potential NHL or NBA franchise holder giving Hahn/Marasco the right to provide the sports arena for its team; or
 - (ii) Within six (6) months after another entity not in agreement with Hahn/Marasco under (i) above has secured an NHL or NBA franchise and has committed to play in San Diego, to enter into an agreement with that NHL or NBA franchise holder giving Hahn/Marasco the right to provide the sports arena for its team.

5. Reserved Rights.

By entering into this Amended MOU, the City is not committing itself to grant any approval, it being understood by Hahn/Marasco that any document or action requiring discretionary approval by the City will be reviewed objectively in accordance with all laws and regulations for public hearings and environmental consideration. Notwithstanding any other provision of this Agreement, neither execution nor termination of this Agreement shall affect any rights or remedies of the lessee under the Sublease pursuant to the Sublease or otherwise at law or in equity.

6. Effective Date.

This Amended MOU was approved by the City Council on MAR 29 1993, 1993 pursuant to Resolution No. 281707 and executed by the City Manager, on behalf of City, and by Hahn/Marasco as of the Effective Date first set forth above. The Amended MOU is effective as of such Effective Date.

7. Assignment.

a. The City hereby approves the assignment of the entire right, title and interest of SDAC and Cooper under the Original MOU to Hahn/Marasco, and the City hereby modifies the Original MOU on the terms and conditions set forth herein, in order to facilitate development by Hahn/Marasco of a new sports arena in the City of San Diego. This Amended MOU amends, restates and supersedes the Original MOU in its entirety.

b. Hahn/Marasco may assign its entire right, title and interest under this Amended MOU to the Partnership described in Recital C, provided: (i) Hahn/Marasco hold, directly or indirectly, individually or in the aggregate, a general partnership interest in the managing general partner of the Partnership and the right to represent the Partnership in its negotiations with the City and its performance of Hahn/Marasco's

obligations hereunder; (ii) the City Manager has first approved in writing, which approval shall not be unreasonably withheld, the composition and formation documents of the Partnership, the managing general partner of the Partnership, and the general partner of the managing general partner; and (iii) the Partnership assumes in writing all of Hahn/Marasco's obligations hereunder by instrument satisfactory to the City Attorney and the City Manager. Any subsequent assignment shall be permitted if it satisfies the requirements set forth in (i), (ii) and (iii) above.

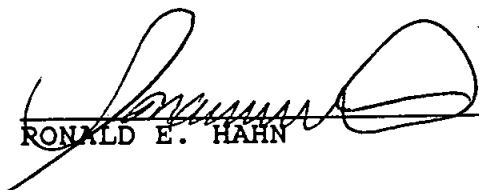
c. Except as permitted under Section 7.b, no voluntary or involuntary assignment of the right, title and interest of Hahn/Marasco under this Amended MOU shall be made, by operation of law or otherwise, without the specific consent of the City Manager who may withhold his consent for any reason without exception.

8. Compliance with Amendment to City Charter. The Charter of the City of San Diego ("City Charter") was amended in November 1992 to add a new Section 225. Hahn/Marasco and any successor-in-interest shall comply fully with such Section 225 of the City Charter, as it may be amended and as applied by the City.

9. Attorneys' Fees; Legal Proceedings. If either party commences legal proceedings for any relief against the other party arising out of this Amended MOU, the losing party shall pay the prevailing party's reasonable costs and expenses, including, but not limited to, reasonable attorneys' fees and costs as determined by the court. The prevailing party shall be that party receiving substantially the relief sought in the proceeding, whether brought to final judgment or not. Each party shall act in good faith and use its best efforts to defend the enforceability of this Amended MOU against any legal challenge raised by any third party.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Amended and Restated Memorandum of Understanding is executed to be effective as of the Effective Date first set forth above by the City of San Diego, acting by and through its City Manager, pursuant to Resolution No. R- 281707 authorizing such execution, and by Hahn/Marasco, SDAC and Cooper.


RONALD E. HAHN


C. SAMUEL MARASCO

[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURE PAGE TO AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING]

CITY OF SAN DIEGO, a municipal
corporation

By: *J. T. Gust*

City Manager
Property Director

I hereby approve the form and legality of the foregoing
Amended and Restated Memorandum of Understanding this 8 day of
April, 1993.

JOHN W. WITT, CITY ATTORNEY

By: *J. W. Witt*

Chief Deputy

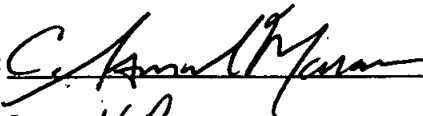
[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURE PAGE TO AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING]

APPROVED, ACKNOWLEDGED AND AGREED:

SDAC hereby acknowledges its consent to the transfer of all of its right, title and interest under the Original MOU to Ronald E. Hahn and C. Samuel Marasco and the execution of the foregoing Amended and Restated Memorandum of Understanding which supersedes and replaces the Original MOU in its entirety.

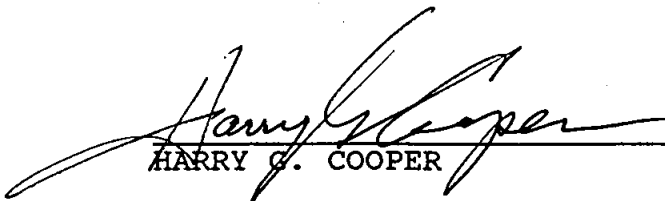
SAN DIEGO ARENA CORPORATION,
a California corporation

By: 
Title: V.P.

[SIGNATURE PAGE TO AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING]

APPROVED, ACKNOWLEDGED AND AGREED:

Cooper hereby acknowledges his consent to the transfer of all of his right, title and interest under the Original MOU to Ronald E. Hahn and C. Samuel Marasco and the execution of the foregoing Amended and Restated Memorandum of Understanding which supersedes and replaces the Original MOU in its entirety.


HARRY C. COOPER

[SIGNATURE PAGE TO AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING]

RESOLUTION NUMBER R- 281707

ADOPTED ON MAR 29 1993

BE IT RESOLVED, by the Council of The City of San Diego,
that the City Manager is hereby authorized to execute, for and on
behalf of The City of San Diego, a revised Memorandum of
Understanding with RONALD E. HAHN and C. SAMUEL MARASCO,
regarding the potential development of a new sports arena, under
the terms and conditions set forth in that revised Memorandum of
Understanding on file in the office of the City Clerk as Document
No. RR- 281707.

APPROVED: JOHN W. WITT, City Attorney

By *Harold O. Valderhaug* FOR
Harold O. Valderhaug
Chief Deputy City Attorney

HOV:ps
03/15/93
Or.Dept:Prop.
Job:220807
R-93-1468
Form=r-t

Passed and adopted by the Council of The City of San Diego on MAR 29 1993 by the following vote:

YEAS: WOLFSHEIMER, ROBERTS, HARTLEY, STEVENS, BEHR, STALLINGS, MCCARTY,
MAYOR GOLDING.

NAYS: NONE.

NOT PRESENT: VARGAS.

AUTHENTICATED BY:

SUSAN GOLDING
Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: MARY CEPEDA, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION
NO. R- 281707, passed and adopted by the Council of The City of San Diego, California
on MAR 29 1993.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: Mary Cepeda, Deputy

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement ("Assignment"), effective as of March 29, 1993 ("Effective Date") (see Section 3), is executed by and between RONALD E. HAHN, an individual, and C. SAMUEL MARASCO, an individual (collectively, "Hahn/Marasco") and ARENA GROUP 2000, L.P., a California limited partnership ("Arena Group"), with reference to the following facts:

RECITALS

A. Hahn/Marasco and the City of San Diego, a municipal corporation ("City"), have executed an Amended and Restated Memorandum of Understanding ("Amended MOU"), effective concurrently with the Effective Date of this Assignment. The Amended MOU provides for certain obligations of the parties in connection with the assessment of the feasibility of, and the development of, a new sports arena to replace the existing San Diego Sports Arena ("Sports Arena") located on Sports Arena Boulevard in the Midway area of the City of San Diego.

B. Hahn/Marasco have the right to assign their interest under the Amended MOU to the Arena Group, pursuant to Section 7.b of the Amended MOU, provided: (i) Hahn/Marasco hold, directly or indirectly, individually or in the aggregate, a general partnership interest in the managing general partner of the Arena Group and the right to represent the Arena Group in its negotiations with the City and its performance of Hahn/Marasco's obligations under the Amended MOU; (ii) the City Manager has first approved in writing, which approval shall not be unreasonably withheld, the composition and formation documents of the Arena Group partnership, the managing general partner of the Arena Group, and the general partner of the managing general partner; and (iii) the Arena Group assumes in writing all of Hahn/Marasco's obligations under the Amended MOU by instrument satisfactory to the City Attorney and the City Manager.

C. Hahn/Marasco wishes to assign their interest under the Amended MOU to the Arena Group; the City Manager has approved such assignment pursuant to the Amended MOU; and the Arena Group wishes to assume Hahn/Marasco's obligations thereunder.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby

acknowledged, Hahn/Marasco and the Arena Group hereby agree as follows:

1. Assignment. Hahn/Marasco hereby assigns their entire right, title and interest under the Amended MOU to the Arena Group.

2. Assumption. The Arena Group hereby accepts such assignment and assumes all of Hahn/Marasco's obligations under the Amended MOU. Hahn/Marasco and the Arena Group acknowledge that: (a) Hahn/Marasco hold, indirectly, in the aggregate, a general partnership interest in Arena Founders, L.P., a California limited partnership ("Arena Founders"), the managing general partner of the Arena Group, as a result of Hahn/Marasco's ownership interest in Founders of Arena Group 2000 Corporation, a California corporation, the general partner of Arena Founders; and (b) Hahn/Marasco have the right to represent the Arena Group in its negotiations with the City and its performance of Hahn/Marasco's obligations under the Amended MOU.

3. Effective Date. This Assignment shall take effect on the Effective Date of the Amended MOU, as set forth above.

4. Indemnity. The Arena Group shall indemnify, protect, hold harmless and defend Hahn/Marasco from and against any and all losses, liabilities, claims, demands, damages, costs or other expenses, including attorneys' fees and court costs, arising from or relating to any breach, default or obligation under the Amended MOU occurring on or after the Effective Date.

5. Consent of City. This Assignment is contingent upon the consent of the City, which shall be evidenced by the City's execution of the form immediately following this Assignment.

6. General Provisions.

(a) Attorneys' Fees. In the event of any legal action or proceeding between the parties in connection with this Assignment, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees.

(b) Governing Law. This Assignment shall be governed, construed and enforced in accordance with the laws of the State of California.

(c) Notice. Notice to either party shall be in writing and either personally delivered or sent by certified mail, postage prepaid, return receipt requested, addressed to the party to be notified at the address specified herein. Any such notice shall be deemed received on the date of personal delivery to the party (or such party's authorized representative) or three (3) business days after deposit in the U.S. mail, as the case may be.

CONSENT

The City of San Diego hereby acknowledges that it has approved the assignment of Hahn/Marasco's rights under the Amended MOU to Arena Group 2000, L.P., a California limited partnership, pursuant to the foregoing Assignment and Assumption Agreement.

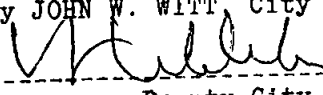
CITY OF SAN DIEGO,
a municipal corporation

By: 

~~City Manager~~

Property Director

APPROVED as
to form by JOHN W. WITT, City Attorney

By: 

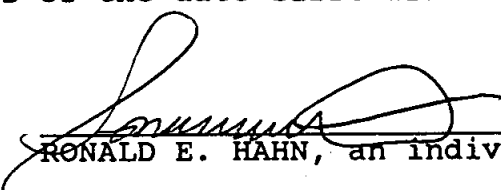
Deputy City Attorney

HAHN/MARASCO: Ronald E. Hahn
c/o LandGrant Development, Inc.
12625 High Bluff Drive
Suite 212
San Diego, California 92130

ARENA GROUP: Arena Group 2000
ATTN: Jeffrey Quinn
3500 Sports Arena Blvd.
San Diego, California 92110

Either party may change its address for notice by delivering written notice to the other party as provided herein.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment to be effective as of the date first written above.


RONALD E. HAHN, an individual

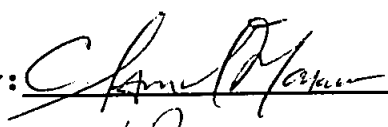

C. SAMUEL MARASCO, an individual

ARENA GROUP 2000, L.P.,
a California limited partnership

By: Arena Founders, L.P.,
a California limited
partnership, General Partner

By: Founders of Arena Group
2000 Corporation, a
California corporation,
General Partner

By: 
Title: President

By: 
Title: V.P.