

City of Philadelphia



(Bill No. 240966)

AN ORDINANCE

To grant the necessary authorizations for the City to help facilitate development, construction, and operation of a new arena for the Philadelphia 76ers professional basketball team and for other uses, including authorizing the Commissioner of Public Property and such other City officials as may be appropriate, on behalf of the City, to enter into the following agreements and take the following actions: (1) acquire fee simple title to all or portions of 1001-1025 Filbert Street, 1001-1019 Market Street, and 1025 Market Street (together, the “Market and Filbert Street Properties”); (2) acquire fee simple title to other parcels of land, aerial areas and subsurface areas in the vicinity of the Market and Filbert Street Properties including, without limitation, those areas reverting to the City or other parties in connection with the striking of certain aerial portions of Tenth Street between Market Street and Filbert Street (the “Additional Properties”) and certain other nearby parcels and areas; (3) enter into a ground lease agreement (the “Lease”) with the Philadelphia Authority for Industrial Development (“PAID”) under which the City would lease to PAID all or a portion of the Market and Filbert Street Properties and the Additional Properties, if any, and other parcels and subsurface areas the City now owns in the vicinity of those properties, all of which collectively would constitute the “Arena Site”; (4) join in or consent to a sublease and development agreement (the “Sublease”) between PAID and either CBL Arena LLC (“ArenaCo”), an entity affiliated with the Philadelphia 76ers, L.P. (the “76ers”), or another entity affiliated with the 76ers, under which ArenaCo or other 76ers related entity would sublease the Arena Site and cause an arena to be constructed on it, including a multi-purpose sports and entertainment facility and ancillary, accessory, and related amenities, improvements, and infrastructure (the “Arena”) and agree to other related conditions; (5) upon the expiration or termination of the Sublease or other circumstances set forth in the Sublease, convey fee simple title to the Arena Site to PAID for disposition to ArenaCo; (6) grant, accept, amend, relocate and extinguish easements, agreements, conditions, covenants and restrictions encumbering or benefitting the Arena Site and any City owned property adjacent to the Arena Site for the benefit of the Arena Site to facilitate construction and operation of the Arena; (7) enter into a direct operating covenants agreement among the 76ers, PAID and the City, under which the 76ers agree to play substantially all of their regular season and playoff home games in the Arena; and (8) take all actions necessary and appropriate to accomplish the intent and purpose of this Ordinance; all under certain terms and conditions.

BACKGROUND

A. The attraction and retention of professional sports franchises in the City of Philadelphia encourages the City’s and Commonwealth of Pennsylvania’s economic development and prosperity and the growth of the City’s tourism, convention, and retail and commercial businesses, and provides recreational and entertainment opportunities for the people of the City and Commonwealth, all in furtherance of the greater health, safety and general welfare of the people of the City and the Commonwealth.

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B. A new indoor arena will serve the public interest by providing a modern facility for the Philadelphia 76ers, L.P., a professional basketball team of the National Basketball Association, which will help secure the team's presence in the City and will also provide a venue for college and high school basketball games, potential future expansion plans for the WNBA and other sporting, musical, educational, ceremonial, convention, and entertainment and civic events.

C. A new arena on east Market Street will revitalize one of the City's important commercial corridors and increase activity in retail stores, restaurants, and other businesses in the surrounding neighborhoods.

D. Construction of a new arena will create thousands of construction jobs and hundreds of permanent family sustaining jobs and stimulate the creation of permanent jobs in businesses that serve the arena's needs and that serve the arena's patrons.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Public Property and such other officials of the City of Philadelphia (the "City"), as may be appropriate, are authorized, on behalf of the City, to help facilitate the development, construction, and operation of a new multi-purpose sports and entertainment facility and ancillary, accessory, and related amenities, improvements, and infrastructure (the "Arena Project") on east Market Street in an area generally bounded by Market, Cuthbert, 10th and 11th Streets, designated as the "Arena Site", which facility will include an arena (the "Arena") to be used by the Philadelphia 76ers, L.P., a Delaware limited partnership and professional basketball team of the National Basketball Association (the "76ers"), and for other uses, and to enter into the following agreements and take the following actions, whether by agreement, deed, lease, easement, purchase, conveyance, condemnation, deed in lieu of condemnation, donation, dedication or otherwise:

A. Acquire fee simple title to all or portions of 1001-25 Filbert Street, 1001-19 Market Street, and 1025 Market Street (together, the "Market and Filbert Street Properties").

B. Acquire fee simple title to other parcels, aerial areas and/or subsurface areas in the vicinity of the Market and Filbert Street Properties including, without limitation, those areas reverting to the City or other parties in connection with the striking of certain aerial portions of Tenth Street between Market Street and Filbert Street (the "Additional Properties"). Once acquired and consolidated, the Market Street and Filbert Street Properties together with the Additional Properties, if any, and certain real property owned by the City, including subsurface and air rights parcels,

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will be the Arena Site, the boundaries of which may be adjusted from time to time, as necessary.

C. Acquire fee simple title to other parcels and/or subsurface areas in the vicinity of the Arena Site.

D. Enter into a ground lease agreement (the “Lease”) with the Philadelphia Authority for Industrial Development (“PAID”) substantially in the form of Exhibit “A” attached hereto and made a part hereof, under which the City would lease to PAID all or portions of the Market and Filbert Street Properties and the Additional Properties and other parcels and subsurface areas the City now owns in the vicinity of those properties, all of which collectively would be the Arena Site as well as entry into the non-disturbance agreement substantially in the form of Exhibit B to the Lease.

E. Join in or consent to a sublease and development agreement (the “Sublease”) between PAID and either CBL Arena LLC (“ArenaCo”), an entity affiliated with the 76ers, or another entity affiliated with the 76ers, under which ArenaCo or other 76ers related entity would sublease the Arena Site from PAID, cause the Arena Project to be constructed and operated on the Arena Site, which Sublease shall conform in all material respects to the terms and conditions set forth on Exhibit “B”, attached hereto and made a part hereof (the “Sublease Terms”), which Sublease Terms are hereby approved, including the City entering into a community benefits agreement with ArenaCo or its affiliate.

F. Upon the expiration or termination of the Sublease or other circumstances set forth in the Sublease, convey fee simple title to the Arena Site to PAID for disposition to ArenaCo.

G. Grant, accept, amend, relocate and extinguish various easements, agreements, conditions, covenants and restrictions encumbering or benefitting the Arena Site and City owned property adjacent to the Arena Site for the benefit of construction and operation of the Arena Project and development of any air rights parcels above the Arena Site.

H. Enter into a direct operating agreement among n the City, the 76ers and PAID, under which the 76ers covenant to play substantially all of their regular season and playoff home games in the new Arena for not less than 30 years.

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I. Execute all other instruments and documents and take all actions necessary and appropriate to accomplish the intent and purpose of this Ordinance.

SECTION 2. The City Solicitor is authorized to draft, review, negotiate, and approve all instruments and documents necessary and desirable to accomplish the transactions this Ordinance authorizes, including, without limitation, the Lease and the Sublease, to include in those instruments and documents all provisions the City Solicitor deems necessary or desirable to protect the interests of the City and/or carry out the purposes of this Ordinance, and to make any other changes thereto, including by amendment, in any manner consistent with this Ordinance.

SECTION 3. The Chief Clerk is directed to keep on file in the Chief Clerk's office all exhibits to this Ordinance and to make them available for public inspection.

SECTION 4. This Ordinance is effective immediately.

Exhibit A

GROUND LEASE AGREEMENT

By and between

THE CITY OF PHILADELPHIA, as landlord

and

THE PHILADELPHIA AUTHORITY
FOR INDUSTRIAL DEVELOPMENT,

as tenant

(Arena Site)

DATED AS OF [_____, 202__]

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C	City Standard Provisions

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (“Lease”) is made on [____], 202[___], to be effective as of _____, 202_ (the “Effective Date”), by and between THE CITY OF PHILADELPHIA, a City of the First Class of the Commonwealth of Pennsylvania, acting through its Department of Public Property (the “City”), as landlord, and the PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT, a public instrumentality of the Commonwealth of Pennsylvania and a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania (the “Authority”), as tenant.

BACKGROUND:

A. The City is a City of the First Class of the Commonwealth of Pennsylvania (the “Commonwealth”); and

B. The Authority is a public instrumentality of the Commonwealth, organized pursuant to the Economic Development Financing Law, Act No. 102 of the General Assembly of the Commonwealth of Pennsylvania, approved August 23, 1967 (P.L. 251), as amended and supplemented (“Act”), for the purpose of acquiring, constructing, improving and maintaining projects authorized under the Act, including industrial facilities, commercial facilities and public facilities, in the City of Philadelphia, Pennsylvania; and

C. CBL Arena LLC, a Delaware limited liability company (“Tenant”) (or its affiliate) is fee owner of real property comprised of portions of certain parcels commonly known as (a) 1001-1025 Filbert Street, Philadelphia, Pennsylvania, (b) 1001-1019 Market Street, Philadelphia, Pennsylvania, and (c) 1025 Market Street, Philadelphia, Pennsylvania (each as more particularly described on Exhibit A-1 attached to this Lease and collectively, the “Existing Tenant Arena Site”); and

D. During the Pre-Development Period (as defined in the Arena Lease (defined below)), Tenant intends to subdivide from the Existing Tenant Arena Site certain subsurface and street-level parcel(s) for future ownership by the City and use by SEPTA (as hereinafter defined) as part of the SEPTA Premises (as hereinafter defined) (the “New SEPTA Parcel(s)”); and

E. During the Pre-Development Period, Tenant (or its affiliate) may acquire certain other real property from one or more third parties located adjacent to the Existing Tenant Arena Site, the City Area (as hereinafter defined) and/or the City Street Area (as hereinafter defined), including, without limitation, subsurface parcels and certain aerial parcels reverting to the City and other parties in connection with the striking of certain aerial portions of Tenth Street between Market Street and Filbert Street (collectively, the “Additional Property”); and

F. Following the satisfaction of the Preliminary Term Conditions Precedent (as defined in the Arena Lease) and subject to the terms of the Arena Lease, Tenant shall convey or cause its affiliates to convey fee title to the Existing Tenant Arena Site, the New SEPTA Parcel(s), and, at Tenant’s election, the Additional Property, to the Authority; whereupon; the Authority shall immediately convey such Existing Tenant Arena Site, New SEPTA Parcel(s) and any Additional Property to the City pursuant to the terms of the Arena Lease and this Lease; and

G. The City is the fee owner of (a) that certain parcel or parcels as more particularly described or depicted on Exhibit A-2 attached to this Lease (the “City Area”) and (b) that certain portion of Filbert Street depicted and designated on Exhibit A-3 attached to this Lease (the “City Street Area”), and

H. Upon the vesting of the Existing Tenant Arena Site, the New SEPTA Parcel(s) and any Additional Property in the City, the Existing Arena Site (less any New SEPTA Parcels), the City Area, the City Street Area and any Additional Property (if applicable) will be consolidated into one single parcel, which parcel will exclude any New SEPTA Parcels and the SEPTA Premises (as defined below) (such consolidated parcel generally in the bounds of Market, Cuthbert, 10th and 11th Streets shall be referred to as the “Arena Site” and shall be depicted and designated on Exhibit A-4 attached to this Lease); and

I. The City desires to ground lease the Arena Site to the Authority pursuant to the terms and conditions of this Lease; and

J. Concurrently with the execution and delivery of this Lease, the Authority and Tenant have entered into a Sublease and Development Agreement (the “Arena Lease”), pursuant to which the Authority will sublease the Arena Site to Tenant and Tenant covenants to construct and operate a multipurpose sports and entertainment complex on the Arena Site which shall include the Arena (as defined below), street level restaurants and/or retail space and may include an aerial pedestrian bridge for ingress and egress to portions thereof, as more particularly set forth and defined below as the “Arena Facility”; and

K. The City has executed an Acknowledgment and Joinder (the “Joinder”) to the Arena Lease for the limited and sole purpose of acknowledging and agreeing to certain specified provisions therein which contain specific rights or obligations of the City, which Acknowledgment and Joinder will automatically terminate immediately prior to the fourth (4th) anniversary of its execution by the City (it being acknowledged and agreed that no such termination shall affect the City’s obligations under this Lease nor the Authority’s or Tenant’s right to enforce the terms of this Lease (in the case of Tenant, solely with respect to the third-party beneficiary rights of Tenant set forth herein)); and

L. It is the intention that upon substantial completion of the Arena Facility and the Arena therein by Tenant, the Philadelphia 76ers, L.P., the holder of the NBA (as defined below) franchise known as the “Philadelphia 76ers” (the “Team”) will play their Team Home Games (as defined below) in the Arena for an agreed upon time period as set forth in the Arena Lease; and

M. The City and the Authority believe that the health, safety and general welfare and economic development, stability and prosperity of the people of the City is an essential governmental purpose, and is directly dependent upon the continual encouragement, promotion, attraction, development, stimulation, growth and expansion of business, commerce and tourism; and

N. The City and the Authority also believe that the development and promotion of a multipurpose sports and entertainment complex on public property in the City, with substantial private funds, will provide significant benefits to the general public and the City; and

O. The City and the Authority also believe that the attraction and retention of professional sports franchises encourages, fosters and stimulates such health, safety and general welfare and economic development, stability and prosperity for the people of the City, keeps the City competitive and viable in terms of tourism and convention business, provides recreational and other opportunities for the people of the City, and generally serves as a valuable asset to the City and its people, merchants, business interests and sports fans; and

P. The City and the Authority also believe that the development of the Arena Facility in the East Market Street section of the City will further the goal of revitalizing that area of the City; and

Q. The City and the Authority also believe that the interests of the public will be best served by securing the agreement and commitment of Team to remain in the City and continue to play its Team Home Game(s) in the new Arena Facility to be constructed on the Arena Site in the City; and

R. The City Council of Philadelphia by an ordinance (Bill [_____] passed [_____] [____], 202[____], and approved by the Mayor on [_____] [____], 202[____]), approved the form of this Lease, and authorized the Commissioner of Public Property and such other officials of the City of Philadelphia as may be appropriate to execute this Lease by and on behalf of the City; and

S. The Authority, by resolution adopted on [_____] [____], 202[____], approved the form, and authorized the execution, of this Lease by the Authority.

NOW, THEREFORE, in consideration of the premises and covenants contained in this Lease and intending to be legally bound hereby, the City and Authority hereby agree as follows:

ARTICLE I DEFINITION OF TERMS

Section 1.1 Definitions. Wherever used in this Lease, the following terms shall have the following meanings:

“Access Agreement” shall have the meaning set forth in Section 4.1 of this Lease.

“Access and Purchase Rights” shall have the meaning set forth in Section 2.3 of this Lease.

“Act” shall have the meaning set forth in Recital B above.

“Act of Bankruptcy” shall mean that (i) a party shall have commenced a voluntary case under any bankruptcy law, applied for or consented to the appointment of, or taking of possession by, a receiver, trustee, assignee, custodian or liquidator of all or a substantial part of its assets; (ii) a party shall have failed, or admitted in writing its inability generally, to pay its debts as such debts become due; (iii) a party shall have made a general assignment for the benefit of creditors; (iv) a party shall have been adjudicated a bankrupt, or shall have filed a petition or an

answer seeking an arrangement with creditors; (v) a party shall have taken advantage of any insolvency law, or shall have submitted an answer admitting the material allegations of a petition in bankruptcy or insolvency proceeding; (vi) an order, judgment or decree for relief shall have been entered in an involuntary case against a party, without the application, approval or consent of such party, by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator, for the party or for a substantial part of any of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days; or (vii) an involuntary petition in bankruptcy against a party shall have continued undismissed for ninety (90) days after the filing thereof.

“Act 2” shall mean the Pennsylvania Land Recycling and Environmental Remediation Standards Act (“Act 2”) (35 P. S. §§ 6026.101 et seq.) and its implementing regulations.

“Act 2 Screening Standards” shall mean the Act 2 non-residential Medium-Specific

“ADA” shall mean the Americans with Disabilities Act of 1990 and the regulations promulgated thereunder, as the same has been amended or as the same may be amended from time to time hereafter, and, to the extent that a court of competent jurisdiction would enforce the same, all applicable provisions of the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, Standards for Accessible Design, 28 C.F.R. Part 36 Appendix A and the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, 36 C.F.R. Part 1191 Appendix A, respectively, as the same may have been amended or as the same may be amended from time to time hereafter.

“Additional Property” shall have the meaning set forth in in Recital E above.

“Affiliate” shall mean any Person Controlling, Controlled By or Under Common Control With any other Person.

“Air Rights Parcel” shall mean the air rights tax parcel above all or a portion of the Arena Premises which has been or may be created by Tenant or Tenant’s Affiliate by subdivision.

“Applicable Law(s)” shall mean all generally applicable present and future laws (including applicable constitutions), ordinances, codes, rules, regulations, statutes, orders and requirements of all Governmental Authorities, and the requirements of all insurance underwriters and of any board of fire underwriters having jurisdiction, including without limitation, the City of Philadelphia Home Rule Charter, the Philadelphia Code, the ADA and the Environmental Laws, in each case to the extent validly adopted and within their respective powers and jurisdictions, all to the extent applicable, directly or indirectly, to the lease, use, occupancy and operation of the Arena Premises (or applicable portion thereof), including but not limited to the rights and powers of Tenant, Authority and City to enter into and perform their respective obligations under this Lease and the Arena Lease.

“Approvals” shall mean all permits, certificates, licenses, authorizations, variances, consents and approvals required by any Governmental Authority having jurisdiction.

“Arena” shall mean that portion of the Arena Facility, access to which requires an Admission Ticket (defined in the Arena Lease) for an Arena Event (defined in the Arena Lease), approved by the NBA for hosting NBA basketball games, and which may be used for hosting concerts, high school and college sporting events, family entertainment, community and other events consistent with the Permitted Uses (defined in the Arena Lease), which is anticipated to include (a) a minimum number of seats for basketball and Private Suites (defined in the Arena Lease) as required by the Arena Lease; and (b) high-quality amenities and facilities which may include, among other things, retail spaces, restaurants, video scoreboards and other interactive media, meeting and club spaces, production and broadcasting facilities, exterior message boards and video displays, and walkways, all to the extent permitted by Applicable Law.

“Arena Facility” shall mean a multipurpose sports and entertainment facility which shall include the Arena, the Public Retail Space and the Public Access Space and may include, without limitation, other ground level restaurant and/or retail space and aerial pedestrian bridges for ingress and egress to portions of the Arena Facility, and in addition thereto, the Arena Facility shall include the Tenant Parking Area (if any as defined in the Arena Lease), utilities, Arena Information System(s) (as defined in the Arena Lease), and other infrastructure related to the Arena Facility, installations, additions, partitions, hardware, equipment, facilities, surfaces, structures, components, light fixtures, nontrade fixtures and improvements, whether temporary or permanent from time to time constructed, installed and situated on the Arena Site (exclusive of those structures and other improvements now on the Existing Arena Site to be demolished as contemplated by the Arena Lease) and relating to the Arena Facility. The Arena Facility expressly excludes (i) Tenant’s Property (as defined in the Arena Lease) and (ii) the Air Rights Parcel and any improvements (including structures and utilities) either therein constructed or solely serving the Air Rights Parcel.

“Arena Lease” shall have the meaning set forth in Recital J above.

“Arena Premises” shall mean the Arena Site and the Arena Facility, and any and all appurtenances, easements, rights, licenses, hereditaments and privileges as may in any way belong to or appertain thereto or inure to the benefit thereof.

“Arena Premises Construction” shall mean all construction and development work on the Arena Site (including, but not limited to, labor, materials and supplies) necessary to construct, develop and complete the Arena Facility, and all activities on the Arena Site directly related thereto, but excluding the interiors of the Public Retail Space.

“Arena Site” shall have the same meaning set forth in Recital H above.

“Authority” shall have the meaning given to it in the Preamble hereto.

“Authority Contractual Financial Obligations” shall mean the Authority’s express obligations under the Arena Lease to (i) make the payments of Excess Taxes to the extent required by the provisions of Section 5.1.7 of the Arena Lease, (ii) fund any liability of the Authority under Section 8.3 of the Arena Lease, (iii) fund any liability of the Authority under Sections 18.6 and 18.7 of the Arena Lease, and (iv) fund any liability of the Authority under Section 24.20 of the Arena Lease.

“Authority Indemnified Party” and “Authority Indemnified Parties” shall have the meaning set forth in Section 9.13 of this Lease.

“Authority’s Put Option” shall have the meaning set forth in Section 22.1 of the Arena Lease.

“Award” shall have the meaning set forth in Section 14.5 of the Arena Lease.

“Background” shall mean, collectively, the lettered paragraphs A through S above, under the heading “Background,” which are true and correct and are hereby incorporated into this Lease by this reference.

“Casualty” shall have the meaning set forth in Section 10.1 of the Arena Lease.

“Casualty Untenantability Period” shall have the meaning set forth in Section 10.3 of the Arena Lease.

“CCIP” shall have the meaning set forth in Section 15.1.1 of the Arena Lease.

“City” shall have the meaning set forth in the Preamble to this Lease.

“City Area” shall have the meaning set forth in Recital G above.

“City Event Permitted Use(s)” shall mean any event or activity which is charitable or civic in nature, and is not a City Event Prohibited Use or conducted for commercial or “for-profit” purposes, except that as used in this Lease, the term “Civic Use” shall include any event which is conducted for commercial or “for profit” purposes provided such commercial or “for profit” event is sponsored by or on behalf of, and the proceeds from such event benefit a recognized charitable or civic cause, purpose or organization.

“City Event Prohibited Use(s)” shall have the meaning set forth in Section 7.3.2 of the Arena Lease.

“City Event Specific Concessions” shall have the meaning set forth in Section 7.16 of the Arena Lease.

“City Event Use(s)” shall mean, collectively, the City Event Permitted Use(s) conducted, displayed or exhibited in, at or upon the Arena Premises on behalf of or at the request or direction of the City on City Event Use Days.

“City Event Use Day(s)” shall have the meaning set forth in Section 7.3.1 of the Arena Lease.

“City Event Use Day Sub-User” shall have the meaning set forth in Section 7.4.5 of the Arena Lease.

“City Plan Modifications” shall have the meaning set forth in Section 4.2.2 of the Arena Lease.

“City Private Suite” shall have the meaning set forth in Section 7.13.3 of the Arena Lease.

“City Reserved Date(s)” shall have the meaning set forth in Section 7.11.2.2 of the Arena Lease.

“City Street Area” shall have the meaning set forth in Recital G above.

“Claims” shall have the meaning set forth in Section 9.13 of this Lease.

“Commonwealth” shall have the meaning set forth in Recital A above.

“Control”, “Controlled By”, “Controlling” or “Under Common Control With” shall mean, as applied to any Person, (a) the legal or beneficial ownership of more than fifty percent (50%) (or, if a company’s stock or other ownership interests are publicly traded, then more than ten percent (10%)) of the voting stock, limited liability company membership interests or partnership interests of the Person in question; or (b) the power, directly or indirectly (whether through the ownership of voting securities, voting interests or voting rights, by contract or otherwise) to direct or cause the direction of the management and policies of the Person in question.

“Direct Operating Covenants Agreement” shall mean that certain Direct Operating Covenants Agreement by and among the Team, City and Authority, which shall include the Play Covenants (defined in the Arena Lease).

“Environmental Document(s)” shall have the meaning set forth in Section 13.1 of this Lease.

“Environmental Investigation Work Plan” shall have the meaning set forth in Article XVI of the Arena Lease.

“Environmental Laws” shall mean, to the extent applicable during the Term of this Lease, any and all laws, statutes, codes, rules, regulations, ordinances, orders, promulgated standards, permits or permit conditions, licenses, orders or legal directives addressing environmental, health, or safety issues of or by any Governmental Authority (including, but not limited to, consent decrees applicable to the parties, and reported judicial decisions and administrative orders applicable to the parties) and any amendments, implementing regulations and reauthorizations thereto regulating, dealing with, pertaining to or imposing liability or standards of conduct concerning the use, exposure, generation, manufacture, transportation, treatment, storage, presence, disposal, emission, release, discharge, remediation or abatement of Hazardous Substances, or the preservation, conservation or regulation of the environment, including, without limitation and each as amended, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; the Clean Air Act, 42 U.S.C. Section 7401, et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Clean Water Act, 33 U.S.C. 1251, et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300 et seq.; the Pennsylvania Clean Streams Law, Pa. Stat. Ann., Tit. 35 § 691.1 et seq.; the Pennsylvania Solid Waste Management Act, Pa. Stat. Ann.

Tit. 35 § 6018.101 et seq.; the Pennsylvania Safe Drinking Water Act, Pa. Stat. Ann. Tit. 35 § 721.1 et seq.; the Pennsylvania Land Recycling and Environmental Remediation Standards Act, Pa. Stat. Ann. Tit. 35, § 6026.101, et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; the Pennsylvania Hazardous Sites Cleanup Act, Pa. Stat. Ann. Tit. 35, § 6020.101 et seq.; the Pennsylvania Underground Storage Tank and Spill Prevention Act, Pa. Stat. Ann. Tit. 35, § 6021.10, et seq.; the Pennsylvania Hazardous Material Emergency Planning and Response Act, Pa. Stat. Ann. Tit. 35, § 6022.101 et seq.; the Pennsylvania Sewage Facilities Act, Pa. Stat. Ann. Tit. 35, § 750.1 et seq., and any applicable local or other counterpart to any of the foregoing.

“Event of Default” shall have the meaning set forth in Section 11.2 of this Lease.

“Excess Taxes” shall have the meaning set forth in Section 5.1.6 of the Arena Lease.

“Exhibition Game” shall mean any game in which an NBA Team participates other than an NBA Regular Season Game, NBA Event or a Playoff Game, including, without limitation, any preseason, exhibition tournament or other game or event that is sponsored or sanctioned by the NBA, as to which, the Team has been designated by the NBA as the home or hosting team.

“Existing Tenant Arena Site” shall have the meaning set forth in Recital C above.

“First Conveyance” shall have the meaning set forth in Section 2.2 of this Lease.

“Force Majeure Event” shall mean any act, event or condition (except, in each case, for the payment of money) which is beyond the reasonable control of the party asserting the Force Majeure, which wholly or partially prevents or delays the performance of any of the duties, responsibilities or obligations of the party asserting the Force Majeure. The term “Force Majeure” shall include, but not be limited to, an act of God; an act of the public enemy; civil disturbance or unrest; lawsuits; injunctions; lightning, fire, explosion or other serious casualty; strike, lock-out or labor dispute; accident or sabotage; unusually severe weather (including, but not limited to, hurricane, earthquake, tornado, landslide or flood); war (whether declared or not); condemnation or other taking by the action of any Governmental Authority on behalf of any public, quasi-governmental or private entity; epidemics, pandemics and related governmental shut-downs or quarantines; other governmental action or change in law; after proper submissions have been made by or on behalf of Tenant, the failure of a Governmental Authority to issue an Approval in accordance with the time periods required by Applicable Law, if any, or, if no time periods are required, the failure to issue an Approval in a timely manner under the circumstances; or shortages or failures of sources of labor, material, energy, fuel, equipment or transportation; provided, however, that any Force Majeure Event involving or relating to governmental actions or change in law by the Commonwealth or the City shall not relieve the City or the Authority of its obligations under this Lease.

“Franchise” shall mean the rights granted to Team by the NBA to own and operate a team and to play NBA Games in a defined geographic territory which includes the City.

“Guarantor” shall mean Sixers Intermediate Holdco LLC, a Delaware limited liability company or its successors and permitted assigns.

“Guaranty” shall have the meaning set forth in Section 4.6 of the Arena Lease.

“Governmental Authority/Authorities” shall mean any and all jurisdictions, entities, governments, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, county, district, municipality, city, or otherwise) whether now or hereafter in existence.

“Governmental Liens” shall mean any judgment, lien, encumbrance, attachment, levy, claim or other adverse charge that is caused or created by the Authority or the City in its or their capacity as and in the exercise of its or their rights or powers as a governmental or quasi-governmental or public agency, authority or entity.

“Hazardous Substances” shall mean any of the following: “hazardous material,” “hazardous waste,” “hazardous substance,” “regulated substance,” “toxic substance,” “extremely hazardous substance,” “oil,” “petroleum,” “petroleum product,” “pollutant” and “contaminant” as such terms are defined in and regulated under any applicable Environmental Law and in such concentration(s) or amount(s) which require any response activity or other obligations under any Environmental Law, including but not limited to monitoring, reporting, clean-up, removal, remediation or treatment, and asbestos, PCBs, metals such as lead, radioactive substances, methane, volatile hydrocarbons, petroleum or petroleum-derived substances or wastes, radon, industrial solvents, so-called emerging contaminants, including, but not limited to, per- and polyfluoroalkyl substances (PFAS), perfluorooctanoic acid (PFOA), perfluorooctanesulfonic acid (PFOS), GenX chemicals, 1,2,3-trichloropropane (1,2,3-TCP), 1,4-dioxane, or any other material listed or characterized as a hazardous material or as may otherwise be specified by Applicable Law.

“Impositions” shall have the meaning set forth in Section 5.1.2 of the Arena Lease.

“Insured(s)” shall have the meaning set forth in Section 9.1.1 of this Lease.

“Interest Rate” shall mean the “prime rate” of interest announced, reported or published from time to time in The Wall Street Journal on the Money Rates page (or a similar publication if The Wall Street Journal is no longer published or no longer announces, reports or publishes such rate), changing as and when said “prime rate” changes, unless a lesser rate is then the maximum rate permitted by Applicable Law with respect thereto, in which event said lesser rate shall be the Interest Rate.

“Lease” shall have the meaning set forth in the Preamble hereto.

“Leasehold Mortgage” shall mean any mortgage, deed of trust or similar security interest created upon all or any portion of the leasehold interest of Tenant in the Arena Premises under the Arena Lease.

“Leasehold Mortgagee” shall mean the holder of a Leasehold Mortgage (including any trustee, servicer or agent acting on behalf of the holders or beneficiaries of a Leasehold Mortgage).

“NBA” shall mean the organization presently known as the National Basketball Association as now constituted or as it may hereafter be constituted or organized and its successors or assigns.

“NBA Arena Standards” shall mean all applicable NBA requirements, regulations and standards for design, construction and operation of the Arena Premises.

“NBA Commissioner” shall mean the Commissioner of the NBA.

“NBA Event” shall mean any basketball game, dunk contest, skill competition, three-point contest, player draft, “in-season tournament” or any similar event (including any event designated by the NBA as an “NBA Event” and/or part of the so-called “All-Star Weekend” activities), which is sponsored, produced, scheduled, authorized, required or permitted to be played or conducted by the NBA or any of its Affiliates at the Arena Facility.

“NBA Games” shall mean professional basketball games between NBA Teams and designated as such by NBA Rules, including, without limitation, Exhibition Games, NBA Regular Season Games, Playoff Games and NBA Events authorized by NBA Rules.

“NBA Regular Season Game” shall mean, with respect to any NBA Season, the NBA Games played after NBA training camp and before any post-season Playoff Game.

“NBA Rules” shall mean (a) the Constitution and By-Laws of the NBA, (b) the NBA Arena Standards, and (c) all present and future (i) rules, regulations, memoranda, resolutions, directives and policies of the NBA and the NBA Commissioner and (ii) agreements of the NBA or the NBA Teams collectively which are applicable to arenas hosting NBA Games (e.g., collective bargaining agreements and broadcasting agreements).

“NBA Season” shall mean the period beginning on the first day of NBA training camp and ending immediately after the last game included in the NBA’s schedule of playoff games during an NBA Season, including the final NBA championship game.

“New SEPTA Parcel(s)” shall have the meaning set forth in Recital D above.

“OCIP” shall have the meaning set forth in Section 9.1.1 of this Lease.

“Option Closing” shall have the meaning set forth in Section 22.3 of the Arena Lease.

“Option Damages Payment” shall have the meaning set forth in Section 22.1 of the Arena Lease.

“PADEP” shall mean the Pennsylvania Department of Environmental Protection.

“Partial Taking” shall have the meaning set forth in Section 12.2 of this Lease.

“PCBs” shall mean polychlorinated biphenyls.

“Permitted Encumbrances” shall have the meaning set forth in Section 2.2 of the Arena Lease.

“Person” shall mean an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, estate, unincorporated association, joint venture or any other entity, the United States, or a federal, state or political subdivision thereof or any agency, department or court of such state or subdivision.

“PIDC” shall mean Philadelphia Industrial Development Corporation.

“PILOT Agreement” shall mean the PILOT Agreement dated _____, 202_ among City, Tenant and the School District of Philadelphia

“PILOT Payment(s)” shall have the meaning set forth in the PILOT Agreement.

“PILOT Terms” shall mean the terms set forth in Section 5.1.1 of the Arena Lease.

“Playoff Game” shall mean any game included in the NBA’s schedule of playoff games during an NBA Season, including the final NBA championship games.

“Pre-Development Period” shall have the meaning set forth in Section 3.1 of this Lease.

“Preliminary Term” shall have the meaning set forth in Section 3.1 of this Lease.

“Preliminary Term Commencement Date” shall have the meaning set forth in Section 2.2 of this Lease.

“Public Access Space” shall have the meaning set forth in Section 7.20.2 of the Arena Lease.

“Public Retail Space” shall have the meaning set forth in Section 7.20.1 of the Arena Lease.

“Real Estate Taxes” shall have the meaning set forth in Article I of the Arena Lease.

“Release” shall mean any spill, leak, emission, pumping, pouring, discharging, leaching, dumping, pulverizing, causing to become airborne, percolation or disposing into or on the environment at any property including the Arena Premises.

“Release of Liability” shall mean a no further action letter, certificate, final certification, or equivalent including, for Act 2, PADEP approval or deemed approval of a Final Report conferring liability protections pursuant to Section 501 of Act 2 and, for cleanup of PCB Remediation Waste as defined in 40 C.F.R. § 761.3, either the completion of a TSCA Performance Based Cleanup, a Self-Implementing TSCA Cleanup Plan or EPA-approval of a TSCA Risk-Based Cleanup Plan, all pursuant to 40 C.F.R. § 761.61.

“Remediate,” “Remediation,” and “Remedy” shall mean the necessary actions to comply with applicable Environmental Law with respect to the unlawful presence of, or suspected discharge of, a Hazardous Substance. Remediation may include, without limitation: environmental investigation, monitoring and sampling; maintenance or installation of engineering controls; adoption of use restrictions or institutional controls; removal, repair, cleanup, detoxification, installation, maintenance and removal of monitoring wells; removal, treatment, neutralization or containment of any Hazardous Substance; storage of excavated materials; and installation, maintenance, storage and removal of machinery and equipment used in connection with the Remediation.

“Renewal Term” shall have the meaning set forth in Section 3.3 of this Lease.

“Rent” shall have the meaning set forth in Section 4.1 of this Lease.

“Sale Property” shall have the meaning set forth in Section 16.1 of this Lease.

“Secondary Term” shall have the meaning set forth in Section 3.2 of this Lease.

“Secondary Term Commencement Date” shall have the meaning set forth in Section 2.5.3.1 of the Arena Lease.

“SEPTA” shall mean the Southeastern Pennsylvania Transportation Authority.

“SEPTA Master Lease” shall mean the City Transit Division Properties Lease Agreement by and between the City and SEPTA dated July 15, 2014 and effective July 1, 2014, as is or may be amended.

“SEPTA Premises” shall mean the areas owned by the City and leased to SEPTA pursuant to the SEPTA Master Lease, portions of which are situated under and/or adjacent to the Arena Premises.

“Service Agreement” shall mean that certain Service Agreement dated of even date hereof between the Authority and the City.

“Special District Assessments” shall mean assessments, fees or similar charges made by a municipal authority or nonprofit corporation given the power under Pennsylvania law to assess property owners in a specified district within the City of Philadelphia for the cost of improvements made or services rendered by the municipal authority or nonprofit corporation to or for the benefit of the residents and/or businesses of the district.

“Substantial Completion” shall have the meaning set forth in Section 6.9.1 of the Arena Lease.

“Taking” shall have the meaning set forth in Section 12.1 of this Lease.

“Team” shall mean Philadelphia 76ers, L.P., a Delaware limited partnership, and the entity that is the holder of the NBA Franchise known as the “Philadelphia 76ers”, or its successors and assigns.

“Team Home Game(s)” shall mean each NBA Regular Season Game and Playoff Game in which the Team is designated as the “home team” by the NBA (expressly excluding any Team Road Home Game and Exhibition Games).

“Team Road Home Game(s)” shall mean an NBA Regular Season Game or Playoff Game in which the Team is designated as the “home team” by the NBA which (i) the NBA requires to be played at a location other than (x) the Arena or (y) in the geographic territory of the Franchise (e.g., international games, “in-season tournament” games and “hub” location games), but only to the extent such requirement is not imposed by the NBA at the behest of the Team, Tenant or any of their Affiliates, or (ii) the NBA permits to be played at a location other than the Arena; provided that the number of NBA Regular Season Games and Playoff Games deemed Team Road Home Games pursuant to this clause (ii) shall not exceed two (2) games in any given NBA Season.

“Team Road Home Game(s)” shall mean a Team Home Game which the NBA requires to be played at a location other than the Arena (e.g., international games).

“Tenant” shall mean CBL Arena LLC, a Delaware limited liability company, or any successor thereto or any permitted assignee thereof under the Arena Lease.

“Tenant Indemnified Parties” shall mean Tenant and its members, partners, officers, directors, employees and agents.

“Tenant’s Purchase Option” shall have the meaning set forth in Section 22.2 of the Arena Lease.

“Term” shall mean the Pre-Development Period, the Preliminary Term, the Secondary Term and the Renewal Term, collectively, as applicable.

“Taking” shall have the meaning set forth in Section 12.1 of this Lease.

“Transfer” shall have the meaning set forth in Section 9.1.1 of the Arena Lease.

“TSCA Screening Standard” shall mean any soil sample with PCBs at a level exceeding 1 part per million (“ppm”) or a building component or equipment constituting TSCA Waste.

“Uniform Environmental Covenants Act” or “UECA” shall mean the Pennsylvania Uniform Environmental Covenants Act, Pa. Stat. Ann. Tit. 27 §§ 6501, *et seq.*, as amended, and regulations issued pursuant thereto, 25 Pa. Code Chapter 253, as amended.

“U&O Tax Payment(s)” shall have the meaning set forth in the Use and Occupancy Tax Settlement Agreement.

“Use and Occupancy Tax(es)” shall mean the tax imposed by the School District of Philadelphia pursuant to the authority granted under Section 19-1806 of the Philadelphia Code, or any successor thereto, on the use or occupancy of the Arena Premises or any tax imposed in substitution in whole or in part therefor.

“Use and Occupancy Tax Settlement Agreement” shall mean the Use and Occupancy Tax Settlement Agreement dated _____, 202_ among the City, Tenant and School District of Philadelphia.

“Users” shall have the meaning set forth in Section 9.3 of the Arena Lease.

Section 1.2 Other Defined Terms. Capitalized terms that are not otherwise defined in this Lease shall have the meanings ascribed to them in the Arena Lease.

ARTICLE II FORMATION AND DEMISE OF ARENA SITE

Section 2.1 Effectiveness of Lease. This Lease shall be effective and binding upon the Effective Date set forth above.

Section 2.2 Formation of the Arena Site. Following the date upon which: (i) the Tenant Preliminary Term Conditions Precedent set forth in Section 4.2 of the Arena Lease have been satisfied (or waived in writing by the Tenant); and (ii) the Authority Preliminary Term Conditions Precedent set forth in Section 4.3 of the Arena Lease have been satisfied (or waived in writing by the Authority), Tenant or its Affiliate shall convey to Authority, and the Authority shall accept conveyance of, good and marketable, fee simple title to the Tenant Arena Site, the New SEPTA Parcel(s) and, at the election of Tenant, the Additional Property (the “First Conveyance”), free and clear of all covenants, restrictions, easements, liens, charges, tenancies, occupancies (or claims to occupancies), encumbrances except for the Permitted Encumbrances, provided, however, at Tenant’s option, in its sole discretion, Tenant may exclude the Air Rights Parcel from the First Conveyance. Immediately following such First Conveyance, the Authority shall convey to the City, and the City hereby agrees to accept the conveyance of, good and marketable fee simple title (subject to Permitted Encumbrances) to the Tenant Arena Site, the New SEPTA Parcel(s) and any Additional Property that City receives from the Authority. Thereafter, provided that Tenant has complied with its covenants and obligations set forth in Section 3.8 of the Arena Lease to effectuate the Arena Site Consolidation and paid City the costs and fees for recording all the deeds described in this Section 2.2, including, without limitation, the deed of consolidation (hereinafter described), the City hereby agrees that it shall prepare and record a deed of consolidation to consolidate the Tenant Arena Site, the City Area, the City Street Area and any Additional Property received from the Authority into one single parcel (generally in the bounds of Market, Cuthbert, 10th and 11th Streets that excludes the New SEPTA Parcels and the SEPTA Premises), which shall hereinafter be referred to as the “Arena Site”. The date on which the foregoing conveyances from Tenant to the Authority and from the Authority to the City occur and the aforesaid deed of consolidation is recorded shall be the “Preliminary Term Commencement Date”. The Tenant shall be a third party beneficiary for the limited purpose of exercising the rights of the Authority to enforce the obligations of the City to the Authority set forth in this Section 2.2 and such rights shall not terminate upon the expiration or earlier termination of this Lease.

Section 2.3 Demise of Arena Site. Commencing on the Preliminary Term Commencement Date, in consideration of the Rent hereinafter reserved and other good and valuable consideration and the terms, covenants, conditions and agreements set forth in this Lease, the City demises and lets unto the Authority, and the Authority hires and leases from the City,

subject to the Permitted Encumbrances, the Arena Site and any and all appurtenances, easements, rights, licenses, hereditaments and privileges as may in any way belong to or appertain thereto, for the Term and upon and subject to the conditions, terms, agreements and covenants set forth in this Lease. Subject to the provisions of Article XVI of this Lease, ownership of and title to the Arena Site shall be and remain in the City at all times. The City hereby agrees that commencing on the Preliminary Term Commencement Date and continuing thereafter for the balance of the Term, the Authority shall have and may grant to Tenant (A) the sole and exclusive right to bring onto the Arena Premises (and permit Tenant and any of Tenant's Users, licensees, sublicensees or invitees to bring onto the Arena Premises), and retain ownership and control of, items of Tenant's Property (as defined in the Arena Lease), (B) uninterrupted access to and from the Arena Premises including ingress and egress to and from the Arena Premises, subject to Force Majeure, Casualty, condemnation, closures resulting from police powers or required pursuant to Applicable Law, Permitted Encumbrances and the SEPTA Master Lease, (C) such rights of entry, ingress, egress, uninterrupted access to and from all areas within the Arena Premises, on a twenty-four (24) hour per day, year-round basis, necessary or desirable to permit the Tenant to exercise its rights under the Arena Lease (including during the Arena Premises Construction (as defined in the Arena Lease) and the performance of any Alterations (as defined in the Arena Lease) of the Arena Premises by or on behalf of Tenant) and to perform Tenants obligations under the Arena Lease, subject to Force Majeure, Casualty, condemnation, closures resulting from police powers or required pursuant to Applicable Law, Permitted Encumbrances and the SEPTA Master Lease and (D) Tenant's Purchase Option (collectively, "Access and Purchase Rights"). The City shall not grant, permit or knowingly suffer to exist any right, claim or other lien or knowingly take any other action that interferes (or could reasonably be expected to interfere) with the Access and Purchase Rights, shall promptly discharge or terminate any such right, claim or other lien created by, on behalf of or with the consent of the City and shall provide reasonable cooperation as requested by Authority with the Authority's and/or Tenant's efforts to discharge or terminate any other right, claim or other lien that interferes (or could reasonably be expected to interfere) with the Access and Purchase Rights.

Section 2.4 Condition of Arena Site. The Authority hereby acknowledges and agrees to lease and accept the Arena Site, without recourse to the City, in its "AS IS", "WHERE IS" condition, as the same may be modified, altered, improved, constructed or reconfigured from time to time in accordance with this Lease and the Arena Lease.

Section 2.5 Title. The Authority acknowledges and agrees that this Lease and the Authority's leasehold estate hereunder, are and shall be under and subject to matters of record as of the Preliminary Term Commencement Date and any condition which a then current accurate survey of the Arena Site would disclose.

ARTICLE III LEASE TERM

Section 3.1 Pre-Development Period and Preliminary Term. The "Pre-Development Period" shall have the meaning set forth in the Arena Lease. The "Preliminary Term" shall commence on the Preliminary Term Commencement Date and shall expire on the day immediately preceding the Secondary Term Commencement Date (as defined in Section 2.5.3 of the Arena Lease). When the Preliminary Term Commencement Date is established, the City and

the Authority shall promptly execute a memorandum evidencing such Preliminary Term Commencement Date.

Section 3.2 Secondary Term. The “Secondary Term” shall commence on the Secondary Term Commencement Date (defined in Section 2.5.3 of the Arena Lease) and shall end on the last day of the thirtieth (30th) NBA Season following the Secondary Term Commencement Date. When the Secondary Term Commencement Date is established, the City and the Authority shall promptly execute a memorandum evidencing such Secondary Term Commencement Date and the anticipated expiration date of the Secondary Term.

Section 3.3 Renewal Term(s). Subject to the rights of the City and the Authority under Article XVI of this Lease, following the last day of the Secondary Term, the Term shall automatically extend for thirteen (13) consecutive terms of five (5) years each, followed by one (1) term of three (3) years (each, a “Renewal Term”) unless the Authority notifies the City in writing no later than ten (10) days prior to the expiration of the Secondary Term or the then-current Renewal Term that Tenant has notified the Authority that Tenant has elected to not renew the Term, in which event the Term will expire at the end of the Secondary Term or then-current Renewal Term, as the case may be. The first Renewal Term shall commence on the day immediately succeeding the last day of the Secondary Term and each subsequent Renewal Term shall commence on the day immediately succeeding the last day of the prior Renewal Term. Unless sooner terminated pursuant to the terms of this Lease, each Renewal Term shall end on the last day of the calendar month in which the five (5) year anniversary (or the three (3) year anniversary in case of the last Renewal Term) of the date of commencement of such Renewal Term occurs; provided, however, in the event of the natural expiration of the Term of this Lease or the Renewal Term has not been extended (i.e., Tenant has notified Authority of its election not to renew the Term as set forth in Section 2.5.4.1 of the Arena Lease), if the Team Use Agreement or the Direct Operating Covenant Agreement is in full force and effect and Team is playing its Team Home Games at the Arena, such Renewal Term shall be extended, as necessary, to expire concurrent with expiration of the then-current NBA Season. Notwithstanding anything to the contrary contained in this Section, to the extent the Term of the Arena Lease is extended pursuant to the terms therein, this Lease shall automatically renew and extend concurrently with any such Renewal Term under the Arena Lease.

Section 3.4 Termination Rights. Either party hereto may terminate this Lease on ten (10) business days prior written notice to the other party and to Tenant if (a) the Arena Lease is validly terminated, (b) the Put Option and Tenant’s Purchase Option have each expired and (c) there is no ongoing judicial proceeding disputing the validity of either of the foregoing (a) or (b).

ARTICLE IV PRE-DEVELOPMENT PERIOD AND CONDITIONS PRECEDENT

Section 4.1 Access to City Area and City Street Area. The Authority shall promptly notify the City upon receipt by the Authority of any of any request from Tenant during the Pre-Development Period for access to the City Area and City Street Area for the purpose of performing inspections, testing and investigations (including, but not limited to, environmental, geotechnical and surveying). Following such request from the Authority (or from the Tenant

directly), City shall provide Tenant and its employees, contractors and agents access to the City Area and City Street Area for the sole purpose of performing the inspections and investigations specified in such notice; provided that (i) Tenant shall have provided Authority and City at least five (5) business days' prior written notice of the particular location or area in the City Area or City Street Area and type of testing, investigation or inspections it requires, and (ii) Tenant and/or its contractors or agents shall have delivered to the City an executed access license substantially in the form attached to the Arena Lease, or such other access license or agreement acceptable to City in its sole discretion (an "Access Agreement") and if the specific location of such testing, investigations or inspections that Tenant requests is on SEPTA Premises and is required by SEPTA, Tenant and/or its contractors or agents shall have delivered to SEPTA an executed access license in form and substance reasonably acceptable to SEPTA.

Section 4.2 Authority's Preliminary Term Conditions Precedent. Notwithstanding anything in the Arena Lease to the contrary, the Authority shall not (i) waive any of the Authority's Preliminary Term Conditions Precedent (defined in the Arena Lease), (ii) enter into any agreement with Tenant to extend the Outside Pre-Development Term Expiration Date (defined in the Arena Lease) or (iii) elect to terminate the Arena Lease in the event that the Authority's Preliminary Term Conditions Precedent have not been fulfilled or satisfied by the Outside Pre-Development Term Expiration Date without, in each instance, obtaining the prior written approval to do so from the City.

Section 4.3 Pre-Development Termination Payment. In the event that the Authority receives and is entitled to retain the Liquidated Damages Amount from Tenant pursuant to Section 4.5 of the Arena Lease or from Guarantor or a replacement guarantor pursuant to the Guaranty and Section 4.6 of the Arena Lease, the Authority shall promptly deliver such Liquidated Damages Amount to the City.

ARTICLE V RENT, TAXES AND OTHER CHARGES

Section 5.1 Rent. The City hereby acknowledges receipt from the Authority of the amount of Ten Dollars (\$10.00) representing rent ("Rent") paid in advance for the entire Term of this Lease.

Section 5.2 Net Lease. The Authority acknowledges and agrees that, except as otherwise expressly provided elsewhere in this Lease (including, without limitation, in Section 5.3 of this Lease with respect to Real Estate Taxes and Article IX of this Lease with respect to insurance costs and indemnity) and except as set forth in that certain Service Agreement, this Lease is a net lease to the City and the City shall not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Arena Premises, including without limitation, the Arena Site and the Arena Facility, or the use and occupancy of the Arena Premises or the contents thereof or the business carried on therein.

Section 5.3 Taxes and Other Charges.

(a) Except as may be expressly set forth in the Arena Lease, the Authority shall not be liable or responsible, directly or indirectly, during the Term of this Lease

for the payment of any taxes or any payment or other charge in lieu thereof or any Impositions accruing with respect to the Arena Premises if and to the extent that any such taxes, payments or charges are permitted by Applicable Laws to be assessed with respect to the Arena Premises. The City and the Authority acknowledge that pursuant to the terms of Article V of the Arena Lease, the Tenant is required to pay to the City (i) PILOT Payments in lieu of Real Estate Taxes in accordance with the terms of the PILOT Agreement and (ii) U&O Tax Payments in lieu of any Use and Occupancy Taxes in accordance with the terms of the Use and Occupancy Tax Settlement Agreement. Nothing in this Lease shall be construed to alter, amend, or in any way affect the liability of Tenant for the payment of any taxes or payments or other charges in lieu thereof accruing or payable with respect to the Arena Premises, as may be required by the Arena Lease or Applicable Law.

(b) The City and the Authority acknowledge that pursuant to Sections 5.1.7 and 5.1.8 of the Arena Lease, if, during the Term of this Arena Lease, Tenant (or any Affiliate of Tenant involved in the ownership, management or operation of the Arena Premises) is required to and does pay any Excess Taxes attributable to the Arena Premises, Tenant shall first have the right to reduce the PILOT Payment(s) by the amount of any payment of Excess Taxes and if Tenant cannot recover any Excess Taxes through such PILOT Payment(s) reduction, then the Authority shall be required to make payments in amount equal to such balance of Excess Taxes within sixty (60) days of Tenant's submission of a statement from Tenant showing (i) the total amount of Excess Taxes, (ii) the amount of Excess Taxes offset from the PILOT Payment(s) and (iii) the balance of Excess Taxes for which Tenant is seeking reimbursement from the Authority. Notwithstanding the foregoing, the Authority shall only be required to submit such reimbursement to Tenant as and when the Authority receives payment of such amounts from the City pursuant to the Service Agreement. If the City fails to make such payment in accordance with the Service Agreement, at the written request of Tenant, the Authority is obligated pursuant to Section 5.1.7 of the Arena Lease to commence and diligently pursue legal and equitable proceedings against the City to compel the City to pay the amount of the Excess Taxes paid by Tenant (that were not offset against the PILOT Payment(s)) and to enforce the City's obligations in the Service Agreement. The Authority's obligation to pay, when due, each amount (if any) of Excess Taxes shall not be subject to offset, reduction, claim, refund or mitigation for any reason, including, but not limited, any Force Majeure Event. In connection with the foregoing, the City acknowledges that pursuant to Section 5.17 of the Arena Lease, Authority shall not settle, compromise or discontinue any such proceedings without the prior written consent of Tenant. The Authority shall promptly remit to Tenant any amounts for Excess Taxes received from the City pursuant to the Service Agreement or recovered in any proceedings against the City. The Tenant shall have the right to enforce the remedies set forth in this Section 5.3(b). The Tenant shall be a third party beneficiary for the limited purpose of exercising the rights set forth in the preceding sentence and such rights shall not terminate upon the expiration or earlier termination of this Lease.

(c) The Authority, to the extent it is otherwise able to do so, shall cause the Tenant to pay or cause to be paid all other taxes, Impositions, utilities and other charges which the Tenant is obligated to pay which obligations are more particularly set forth in Article V of the Arena Lease. Nothing contained in this Section shall be deemed to impose on the Authority any of the obligations of the City with respect to the collection of the foregoing taxes or the commencement of any proceedings necessary to enforce payment of such taxes.

ARTICLE VI
CONSTRUCTION, REPAIRS, MAINTENANCE, ALTERATIONS

Section 6.1 Construction. The Authority shall cause Tenant to comply with all of the terms and conditions set forth in Article VI of the Arena Lease concerning obligations with respect to the Arena Premises Construction as more particularly set forth therein. In instances when the Authority has been granted the rights under the Arena Lease to review and/or approve or is provided with copies of Critical Path Schedules, Budgets, Schematic Drawings, Design Development Plans, Final Plan (as such terms are defined in the Arena Lease) and any progress reports or other items provided by Tenant to Authority with respect to the Arena Premises Construction, upon receipt by the Authority of any of the foregoing items, the Authority shall provide copies of such item to the Director of the Department of Planning and Development and the Commissioner of Public Property for the City, or their designees, at the addresses set forth in Article XIV of this Lease. To the extent that the Authority has review or approval rights over any of the aforesaid documents or plans provided by Tenant, the Authority shall notify the City of the Authority's recommendations and decisions with respect to such items. To the extent the Authority is granted the right to inspect the Arena Site, the Arena Premises Construction and the Arena Facility, the City shall be granted the same rights with respect to such inspections as are granted to the Authority, as set forth in the Arena Lease. In the event that the City exercises its right to inspect pursuant to the terms of this Section 6.1, the City hereby releases and agrees to indemnify and hold harmless the Authority from any liability arising out of the City's, or its agents' employees' or representatives' entry on the Arena Site or the Arena Facility unless and to the extent such liability arises from the gross negligence or intentionally willful misconduct of the Authority, its agents, employees or representatives. The provisions of the foregoing sentence shall survive the expiration or earlier termination of this Lease. Notwithstanding anything contained herein to the contrary and notwithstanding a Force Majeure Event, in the event the Arena Premises Construction is not Substantially Complete (as defined in the Arena lease) in accordance with Article VI of the Arena Lease on or before the Scheduled Completion Date (as defined in the Arena Lease), as such date may be extended pursuant to the terms of the Arena Lease, the Authority shall consult with City and obtain City's approval prior to exercising any of Authority's rights and remedies under the Arena Lease with respect to such event of default by Tenant under the Arena Lease.

Section 6.2 Repairs, Maintenance and Alterations. The Authority shall cause the Tenant to comply with all of its repair, maintenance and other obligations set forth in Article VIII of the Arena Lease. Neither the City nor the Authority shall be required to maintain, alter, repair, build, rebuild or replace any improvements on the Arena Site or any part thereof, including the Arena Facility, now or hereafter located in or on the Arena Site (whether such work be interior or exterior, structural or nonstructural, ordinary or extraordinary, foreseen or unforeseen), and the Authority shall cause the Tenant to expressly waive any and all rights (if such rights are provided for by any Applicable Law) to make repairs to the Arena Site, the Arena Facility or any improvements thereon or any part of either at the expense of the Authority or the City. The Authority shall cause the Tenant to assume the full and sole responsibility for the condition, operation, repair, replacement and maintenance of the Arena Site, the Arena Facility and the improvements thereon. The City shall not in any event be liable for any injury or damage to any property or to any person happening on, or in or about the Arena Site and its appurtenances, and any improvements thereon, including, without limitation, the Arena Facility nor for any injury or

damage to the Arena Site, the Arena Facility and the improvements thereon, nor to any property, whether belonging to the Tenant or any other person, caused by any fire, breakage, leakage, defect or bad condition in any part of the Arena Site, the Arena Facility and the improvements thereon, or from water, rain or snow that may leak into, issue or flow from any part of the Arena Site, the Arena Facility and improvements thereon from the drains, pipes, or plumbing work of the same, or from any place or quarter, or due to the use, misuse or abuse of all or any of the openings or installations or any kind whatsoever which may hereafter be erected or constructed in or on the Arena Site, or from any kind of injury which may arise from any other cause whatsoever on the Arena Site or in the Arena Facility, except to the extent caused directly by the City's gross negligence or willful misconduct as determined by entry of a final judgment rendered and unappealable by a court of competent jurisdiction and in such event, the City shall be responsible for and shall reimburse Tenant for the reasonable costs and expenses actually incurred by Tenant in defending such suit. As between the City and the Authority, the Authority shall not in any event be liable for any injury or damage to any property or to any person happening on, or in or about the Arena Site and its appurtenances, and any improvements thereon, including, without limitation, the Arena Facility nor for any injury or damage to the Arena Site, the Arena Facility and the improvements thereon, nor to any property, whether belonging to the Tenant or any other person, caused by any fire, breakage, leakage, defect or bad condition in any part of the Arena Site, the Arena Facility and the improvements thereon, or from water, rain or snow that may leak into, issue or flow from any part of the Arena Site, the Arena Facility and improvements thereon from the drains, pipes, or plumbing work of the same, or from any place or quarter, or due to the use, misuse or abuse of all or any of the openings or installations or any kind whatsoever which may hereafter be erected or constructed in or on the Arena Site, or from any kind of injury which may arise from any other cause whatsoever on the Arena Site or in the Arena Facility, except to the extent caused directly by the Authority's gross negligence or willful misconduct as determined by entry of a final judgment rendered and unappealable by a court of competent jurisdiction and in such event, the Authority shall be responsible for and shall reimburse Tenant for the reasonable costs and expenses actually incurred by Tenant in defending such suit.

ARTICLE VII USE AND OPERATION OF THE ARENA

Section 7.1 Use and Operation of the Arena. The Authority shall cause the Tenant to use and operate the Arena in accordance with Article VII of the Arena Lease. The City shall comply with the terms and conditions set forth in Article VII of the Arena Lease that apply to it with respect to City Use Days and otherwise.

Section 7.2 Agreements Concerning the Team Play Covenants. .

(a) The Authority shall require Tenant to cause the Team to execute and deliver to the Authority and City, on or before the Effective Date, a Direct Operating Covenants Agreement, which agreement shall include the Play Covenants set forth in Section 7.7 of the Arena Lease (the "Play Covenants"). Following receipt of such Direct Operating Covenants Agreement executed by the Team, the Authority and City shall execute said agreement and deliver it to Team.

(b) The Authority shall require Tenant to enter into and provide Authority with a copy of a written agreement with the Team (the "Team Use Agreement"), which

agreement shall contain obligations and of the Team that are no less stringent than the Play Covenants. Authority shall provide City with a copy of the Team Use Agreement promptly following receipt of such agreement from Tenant.

(c) The Authority shall cause the Tenant to agree that the Team Use Agreement shall not be amended or modified in any way that (i) reduces the term of the Team Use Agreement to a period less than the Initial Play Covenant Period, (ii) voids or renders the Play Covenants ineffective or unachievable or impairs the Team's ability to comply with the Play Covenants, or (iii) could reasonably be expected to void or render ineffective or unachievable or impair the Team's ability to comply with the Play Covenants, without, in each instance, the prior written consent of the Authority, which consent the Authority agrees it shall grant or withhold at the direction of the City. In addition, the Authority shall cause the Tenant to agree to use commercially reasonable efforts to enforce the Team's Play Covenants under the Team Use Agreement, including, without limitation, instituting suit against the Team to enforce the Play Covenants. The Authority shall cause Tenant to agree that, upon a breach by the Team of the Play Covenants under the Team Use Agreement, Tenant shall give the Authority and the City a notice of such breach, or a copy of any notice or demand to the Team specifying the default by the Team of the Play Covenants.

(d) The Tenant has acknowledged that the Team's obligation not to move or otherwise relocate (subject to the express provisions of Section 7.7.1 of the Arena Lease) Team Home Games of the Franchise (or cause any of the foregoing to occur) during the Play Covenant Period is the essence of the bargain and consideration of the Arena Lease and is necessary to protect the business and goodwill of the Authority and the City. Based on the foregoing, the parties acknowledge that the damages for a default under the covenants set forth and required in this Section 7.2 cannot be estimated with any degree of certainty and that monetary damages cannot fairly or adequately compensate the Authority or the City for a breach of said covenants; therefore, the Authority shall cause Tenant to agree in the Arena Lease, that the Authority and the City shall have the right, in addition to any other applicable rights or remedies, to compel the Tenant and/or the Team to comply with the Play Covenants by appropriate injunctive or equitable proceedings.

Section 7.3 Arena Premises Naming Rights. The City agrees to exclusively use, the name(s) given to all or any part or parts of the Arena Premises by Tenant in accordance with the terms of Section 7.17 of the Arena Lease in all correspondence, communications advertising and promotion it or its employees, agents or contractors may undertake with respect to the Arena Premises, including, but not limited to, in connection with the promotion of the sale of Admission Tickets (as defined in the Arena Lease) to any City Event Uses (as defined in the Arena Lease) at the Arena Premises, and upon all directional or other signage that is installed by the City or the Authority that refers to or identifies the Arena Premises (or such portion thereof) subsequent to receipt of written notice from Tenant of the determination of such name. If Tenant requests changes in signage due to a change in the Arena name, City shall reasonably cooperate to effectuate such changes, provided such changes shall be at Tenant's sole cost and expense.

Section 7.4 Public Space. If Tenant seeks any approval from Authority with respect to any Public Access Space or Public Retail Space as required pursuant to Section 7.20 of the Arena Lease, the Authority shall notify the City thereof along with its recommended decision

with respect to approval or disapproval of such request. The City shall have the right to approve or disapprove of such request and shall promptly notify Authority of its decision. In the event that the City has not notified the Authority of its decision within ten (10) days following receipt of notification of such request from Authority, the City shall be deemed to have approved such request. The Authority shall provide City a copy of its response to Tenant with respect to the Public Access Space and/or Public Retail Space approval request.

ARTICLE VIII ASSIGNMENT; SUBLETTING AND EASEMENTS

Section 8.1 Assignment under the Arena Lease and Subletting of Arena Site.

(a) The Authority shall sublet the Arena Site to Tenant pursuant to the Arena Lease. In the event the Arena Lease is terminated pursuant to any right thereunder to do so, and (i) Tenant has not exercised Tenant's Purchase Option pursuant to the terms of the Arena Lease on or prior to the date Tenant's Purchase Option expires and (ii) Authority has not exercised its Put Option pursuant to the terms of the Arena Lease on or prior to the date such Purchase Option expires, the Authority shall (following the date all the foregoing conditions have been satisfied) have the right to sublet the Arena Site to such other parties as the Authority deems appropriate, with the prior approval of the City, which consent may be withheld for any reason or for no reason.

(b) Where the Tenant: (i) is required to obtain the prior consent of the Authority for a Transfer (as such term is defined in Section 9.1 of the Arena Lease), including, without limitation an assignment of its interest in the Arena Lease, and (ii) notifies the Authority of such proposed Transfer in accordance with the terms of the Arena Lease, the Authority shall notify the City of such proposed Transfer and its recommended decision with respect to approval or disapproval of such Transfer. The City shall have the right to approve such Transfer, which approval shall not to be unreasonably withheld. In the event that the City has not notified the Authority of its decision with respect to such Transfer within five (5) days prior to the time when the Authority is required to notify the Tenant of the Authority's decision with respect to such Transfer, the City shall be deemed to have approved such Transfer. The Authority shall provide City a copy of its response to Tenant with respect to such proposed Transfer.

(c) Upon the Authority's receipt of notice, evidence or information from the Tenant with respect to any sublessee, concessionaires or other Users of the Arena Premises, the Authority shall provide a copy of such notice, evidence or information to the City.

Section 8.2 Assignment of Ground Lease. Neither the City nor the Authority shall, assign, transfer or convey this Lease or any interest in or under this Lease or in or to the Arena Site (or any part thereof) without the prior written consent of the other party and the Tenant. The Tenant shall be a third party beneficiary of this Section 8.2 for the limited purpose of enforcing its right to consent as set forth in this Section 8.2. Notwithstanding the foregoing, the Authority shall be permitted to assign, transfer or convey this Lease or any interest in or under this Lease or in or to the Arena Site and/or the Arena Facility to any other governmental or quasi-governmental or public agency, authority, body or entity with the requisite powers to satisfy the Authority's

obligations under this Lease, provided that (a) such assignment, transfer or conveyance does not affect the validity or enforceability of this Lease, the Non-Disturbance Agreement, the PILOT Agreement, the Use and Occupancy Tax Settlement Agreement and the Direct Operating Covenants Agreement or any of the terms hereunder or thereunder, and (b) the Authority shall provide City and Tenant with notice of any such assignment, transfer or conveyance. Notwithstanding anything contained in this Lease to the contrary, any assignment, subletting, use, occupancy or transfer hereunder (whether with or without the consent of Tenant and the Authority) shall not operate to relieve the City from any covenant or obligation under this Lease, or be deemed to be a consent to or relieve the City or any assignee, subtenant or sublicensee permitted pursuant to this Lease from obtaining Tenant's or the Authority's prior written consent to any subsequent assignment, transfer, lien, charge, subletting, use or occupancy (which may be withheld by the Authority in its sole discretion), and City shall continue to remain primarily, jointly and severally liable and obligated for any and all covenants and obligations of the City under this Lease.

Section 8.3 Easements. To the extent the Tenant is permitted to grant easements pursuant to Sections 17.4 and 24.4 or any other provision of the Arena Lease, and the Authority approves of such easements, the City agrees to join in such easements if so required by the Tenant or the Authority. In addition, subject to the obligations of Tenant in Section 17.4 of the Arena Lease and provided Tenant or its Affiliate is the owner of the Air Rights Parcel, the Authority (as leasehold owner of the Arena Site and owner of the Arena Facility) may reasonably cooperate in the execution of appropriate easements or other agreements (including declarations) as are reasonably necessary for the construction, development and operation of real estate within such Air Rights Parcel, including facilitation of access, utilities, structural support (including accommodation of vertical penetrations through the Arena Premises), provided such easements or agreements shall not adversely affect the building systems or structural integrity of the Arena Facility or the SEPTA facilities, as modified by the Arena Premises Construction, and if such easements or agreements have an adverse impact upon the Arena Facility or the SEPTA facilities, Authority shall cause such impacts upon the Arena Facility and/or the SEPTA facilities to be mitigated by Tenant, at Tenant's sole cost and expense, to the reasonable satisfaction of the Authority, City and/or SEPTA, as applicable.

ARTICLE IX INSURANCE AND INDEMNITY

Section 9.1 Insurance Coverage Requirements. Subject to the terms of this Article IX, the Authority shall cause Tenant, at its sole cost and expense, to obtain, maintain, and keep (or cause to be obtained, maintained or kept), in full force and effect with insurance companies having an AM Best Rating of A- or better and licensed and authorized to do business in the Commonwealth of Pennsylvania or otherwise reasonably satisfactory to the Authority and the City, the insurance coverage described in this Article IX. In all such insurance policies (other than Workers Compensation insurance and professional liability coverages) the City, the Authority and PIDC, shall each be named as an additional insured and/or as a loss payee in accordance with Section 9.5 of this Lease and such insurance shall provide that the insurance provided in each policy shall not limit or void the coverage of any one named insured with respect to claims made against the same named insured by any other named insured or by the directors, officers, employees, agents, boards, or commissions of such other named insured. All of the foregoing policies shall be considered primary to any other coverages that the Authority, PIDC or the City

might carry and shall be provided on an occurrence basis (except for professional liability insurance coverage, which may be written on a claims made basis). Each policy shall provide that the coverage may not be canceled, permitted to expire, or materially changed without at least thirty (30) days prior written notice to the Authority, PIDC and the City.

Section 9.1.1. Insurance Coverage During Preliminary Term; Wrap-up Insurance Program. Commencing on the earlier of the Preliminary Term Commencement Date or Tenant's (or its agents', representatives', contractor(s)', concessionaire(s)', licensees' or employees') entry upon all or any part of the Arena Site and/or the Arena Premises and continuing through the entire Preliminary Term, the Authority shall cause Tenant to carry or cause to be carried insurance coverage as described below. As to any work performed following Substantial Completion (as such term is defined in the Arena Lease), the Authority shall cause Tenant to be responsible for ensuring that any contractors and subcontractors maintain appropriate insurance, consistent with the requirements (other than any requirement to participate in the "Wrap-Up" Insurance Program described below) of this Section 9.1, in amounts appropriate for the tasks they are performing until completed. A Wrap-up Insurance Program (also known as an Owner Controlled Insurance Program or Contractor Controlled Insurance Program) may be obtained, maintained and administered by Tenant or Construction Manager (as such term is defined in the Arena Lease). Authority shall require Tenant to have this "Wrap-up" Insurance Program administered as an Owner Controlled Insurance Program ("OCIP") or a Contractor Controlled Insurance Program ("CCIP") and be created and managed by Tenant with input from the Construction Manager. Authority shall require that this Wrap-up Insurance Program/OCIP/CCIP be with an insurance company or companies meeting the requirements of Section 9.1 of this Lease and in a form approved by the Risk Management Division of the City, such approval not to be unreasonably withheld, conditioned or delayed. The Authority shall cause Tenant to be responsible to ensure that the insurance coverages to be included in such Wrap-up Insurance Program/ OCIP/CCIP shall jointly and severally cover Tenant, the Authority, the City, PIDC and all contractors and subcontractors of all tiers whose on-site payroll will exceed \$15,000, whose contract value will exceed \$50,000 or who will be on-site for more than two weeks performing work on the Arena Site and/or the Arena Premises during the Preliminary Term of this Lease (the "Material Contractors" and, collectively with Tenant, the Authority, the City and PIDC, the "Insureds"), and shall not cover demolition contractors or subcontractors, contractors or subcontractors with workers compensation experience modifications in excess of 1.50 (unless acceptable worker safety programs are in place) vendors, suppliers, material dealers, or others who merely transport, pick up, deliver or carry materials to or from the job site and any contractor or subcontractor who is not a Material Contractor. Independent truckers/haulers will not be insured under this program unless 100% dedicated to the Arena Premises Construction project. The Authority shall cause Tenant to be responsible to ensure that the Wrap-up Insurance Program/OCIP/CCIP shall only be required to include the following:

Section 9.1.1.1. Commercial general liability insurance containing standard form provisions and covering the Arena Premises and the use thereof written on an occurrence basis and insuring against claims for personal injury, bodily injury, death or property damage occurring on, in or about or arising from activities at the Arena Premises, with a combined single limit for each occurrence of not less than \$1,000,000 per occurrence and \$2,000,000 in the annual policy aggregate. Such liability insurance shall contain a broad-form endorsement and include, without limitation, coverage for premises and operations, collapse,

explosion and underground hazard, elevators, rigger's liability, products/completed operations, personal and advertising injury (including but not limited to nuisance, trespass and interference with rights of private occupancy), broad-form property damage, personal injury (employee exclusion deleted), independent contractors liability, owners and contractors protective liability coverage, contractual liability, employees as additional insureds, insured vs. insured, and employee cross-liability coverage. Tenant shall obtain extended reporting or Tail Liability coverage for the completed operations aspect of its work providing coverage for three (3) years after Substantial Completion of the Arena Premises Construction. Tenant shall also obtain and maintain, by separate policy or by endorsement to Tenant's commercial general liability insurance policy, Contractors Pollution liability coverage in an amount not less than \$10,000,000 in limits.

Section 9.1.1.2. Workers Compensation insurance affording statutory coverage and statutory limits required under Pennsylvania law and Employer's Liability Insurance covering persons employed in connection with any work done in, on or about the Arena Premises. The Authority shall cause Tenant to be responsible to ensure that the policy must evidence a minimum of \$500,000/\$500,000/\$500,000 in Employer Liability Limits for Each Accident / Disease - Policy Limit / Disease - Each Employee, respectively.

Section 9.1.1.3. Builder's Risk Insurance on an all-risk basis (including earthquake and flood, boiler and machinery and collapse) covering the interests of each of the Insureds as their interest may appear, which shall insure against physical loss or damage to all property incorporated or to be incorporated in the Arena Premises or any portion or phase thereof being constructed including, but not limited to, temporary buildings used for storage of property to be incorporated into the Arena Premises (excluding trailers of contractors and subcontractors, which must be insured by the contractor or subcontractor) and coverage for glass breakage. The Authority shall cause Tenant to be responsible to ensure that this insurance coverage shall cover reasonable compensation for contractor's or subcontractor's services and expenses required as a result of such insured loss. The Authority shall cause Tenant to be responsible to ensure that such insurance shall be in an amount equal to the value of the Arena Facility on a replacement cost basis. The Authority shall cause Tenant to be responsible to ensure that such insurance shall also cover property to be incorporated into the Arena Premises stored off-site and in transit. The Authority shall cause Tenant to be responsible to ensure that this insurance shall not include any coverage for contractor's or subcontractor's machinery, tools, equipment, trailers, appliances or other personal property owned, rented, or used by the contractor or subcontractor or anyone employed by either of them in the performance of the work. The Authority shall cause Tenant to be responsible for obtaining and maintaining this policy and ensuring the payment of all costs, including deductibles, as well as any self-insured aspects of such policy. This insurance may contain sublimits for flood in an amount not less than \$50,000,000 and earthquake coverage in an amount not less than \$100,000,000, and a deductible not greater than \$500,000. The Authority shall cause Tenant to be responsible to ensure that all contractors and subcontractors shall waive in writing all rights against each other and the Authority, the City and Tenant and against each of their respective agents and employees, for damages caused by fire or other perils to the extent covered by insurance obtained pursuant to the aforesaid All Risk Builder's Risk Insurance or any other property insurance applicable to the work under the Arena Lease, except such rights as they may have to the proceeds of such insurance held by Tenant as trustee. The Authority shall cause Tenant to require all of its separate contractors and subcontractors of all tiers, by appropriate agreements, in writing, to give similar waivers, each in

favor of all the Insureds and to waive their rights of recovery as provided above against each of the Insureds, as well as to obtain waivers of subrogation in all property insurance policies obtained by such contractors and subcontractors that may be applicable to the work insured under this builder's risk policy.

Section 9.1.1.4. Umbrella liability insurance providing coverage solely for the risks associated with the Arena Premises and this Lease, following form, to and scheduling all liability policies required under Section 9.1.1 of this Lease, including, but not limited to, the general liability and employers' liability portion of the workers compensation policies required by this Section 9.1, with said umbrella limits amounting to \$50,000,000 in excess of the underlying limits and containing an aggregate limit of \$50,000,000.

Section 9.1.1.5. The Authority shall cause Tenant to expressly assume the risk of loss to the extent of any deductibles and be responsible for payment of any deductibles included in the Wrap-Up Insurance Program/OCIP/CCIP. The amount of any deductibles, if over \$100,000, shall be subject to the approval of the Authority and the City, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 9.1.1.6. The Authority shall cause Tenant to be responsible to ensure that all Material Contractors shall be eligible for coverage under the Wrap-Up Insurance Program. The Authority shall cause Tenant to be responsible to ensure that upon being awarded a contract, such contractor or subcontractor shall be provided automatic coverage under this program for 30 days, during which period the contractor or subcontractor shall be required to complete the appropriate forms, to be submitted to Tenant, who in turn shall forward them to the broker of record. The Authority shall cause Tenant to be responsible to ensure that failure to complete the forms within the 30 day period will void policy coverage for the contractor or subcontractor under the Wrap-Up Insurance Program, and will subject the contractor or subcontractor to dismissal from the project.

Section 9.1.2. Insurance Coverage During Preliminary Term; Outside of Wrap-Up Insurance Program. Unless otherwise included in the Wrap-Up Insurance Program, commencing on the earlier of the Preliminary Term Commencement Date or Tenant's (or its agents', representatives', contractor(s)', concessionaire(s)', licensees' or employees') entry upon all or any part of the Arena Site and/or the Arena Premises and continuing through the entire Preliminary Term of this Lease, the Authority shall cause Tenant to carry or cause its subcontractors to carry the following insurance coverage:

Section 9.1.2.1. Architects and Engineers Errors and Omissions (project specific professional liability) Insurance with limits, unless otherwise approved in writing by the Authority, of no less than \$5,000,000 in the aggregate, covering negligent acts, errors or omissions of any architect or engineer doing work relating to this Lease, and shall provide extended tail coverage for a minimum of 3 years after Substantial Completion of the Arena Premises Construction.

Section 9.1.2.2. Environmental investigation, testing, consulting, or remediation services errors and omissions project specific professional liability insurance with limits of not less than \$5,000,000 per occurrence, \$5,000,000 aggregate.

Section 9.1.2.3. Errors and omissions professional liability insurance with limits of not less than \$1,000,000 per occurrence, \$1,000,000 aggregate, to be carried by any firm or consultant performing consulting services of any kind on the Arena Premises, other than firms or consultants providing architectural, engineering and environmental consulting, testing and/or remediation services or procedures with respect to work at the Arena Premises subject to the terms of subsections 15.1.2.1 and 15.1.2.2, above

Section 9.1.2.4. Comprehensive automobile liability coverage insuring against liability arising from the maintenance, use, loading and unloading of all owned, non-owned, hired, leased, rented trucks, automobiles and other vehicles arising from bodily injury, death or property damage, with a combined single limit for each occurrence of not less than \$1,000,000.

Section 9.1.2.5. Environmental Impairment/Pollution Liability Insurance. Environmental impairment or pollution liability insurance at a minimum limit of \$5,000,000 per occurrence for bodily injury (including death) and property damage. Coverage shall include, but not be limited to, sudden, accidental and gradual occurrences, cleanup/remediation services and for receiving, dispensing, transporting, removing and/or handling pollutants and may be written on a claims-made basis provided that coverage for occurrences happening during the Term of this Lease shall be maintained in full force and effect under the policy or “tail” coverage for a period of at least four (4) years after completion of the work.

Section 9.1.2.6. The Authority shall cause Tenant to be responsible to ensure that contractors and subcontractors, including those not included in the Wrap-Up Insurance Program, must maintain at their own expense and provide to Tenant certificates of insurance confirming general liability insurance for ongoing and completed operations, contractor equipment coverage (including mobile equipment), workers’ compensation insurance, insurance for owned or leased equipment, and automobile liability insurance for activities at the Arena Premises and activities off-site of the Arena Site and/or Arena Premises, in amounts reasonably to be required by Tenant and approved by the Authority and the City, such approval not to be unreasonably withheld, conditioned or delayed. The Authority shall cause Tenant to be responsible to ensure that contractors and subcontractors that are included in the Wrap-Up Insurance Program will be responsible for arranging with their respective brokers for the continuation of completed operations coverage after the termination of completed operations coverage under the Wrap-Up Insurance Program. The Authority shall cause Tenant to be responsible to ensure that all such insurance shall be procured from reputable insurers authorized to do business in the Commonwealth of Pennsylvania. The Authority shall cause Tenant to be responsible to ensure that all insurance required in this subparagraph shall be written on an occurrence basis and not a claims-made basis. The Authority shall cause Tenant to be responsible to ensure that in no event shall work be performed until the required evidence of insurance has been furnished. The Authority shall cause Tenant to be responsible to ensure that if the contractor or subcontractor fails to obtain or maintain the required insurance, such failure will subject the contractor or subcontractor to dismissal from the project, after any required notice and opportunity to cure. The Authority shall cause Tenant to be responsible to ensure that the insurance shall provide for at least thirty (30) days prior written notice to be given to Tenant, the Authority, the City and PIDC in the event coverage is materially changed, canceled or non-renewed. The limits

of liability in this subparagraph can be met by combining the contractor's or subcontractor's individual policy limits of liability with its umbrella liability policy limits. The Authority shall cause Tenant to ensure that the insurance policies identified above in this subparagraph, with respect to contractors and subcontractors activities at the Arena Premises and activities off-site of the Arena Premises during the Preliminary Term in connection with the Arena Premises Construction, if applicable, shall include an endorsement naming Tenant, the Authority, the City and PIDC and their officers, employees and agents as additional insureds, including Umbrella Liability Policies if applicable, and must extend coverage to the Authority, the City and PIDC even when the Authority, the City and PIDC are not a party to the contract between Tenant and Contractor or Subcontractor (upstream parties). The Authority shall cause Tenant to be responsible to ensure that the property insurance policies identified in this subparagraph above shall include an endorsement waiving rights of subrogation in favor of the additional insureds and shall include an endorsement stating that the coverage afforded the additional insureds will be primary to any other coverage available to them.

The Authority shall cause Tenant to be responsible to ensure that at least seven (7) days prior to the date on which the contractor or subcontractor commences its part of the work, each shall furnish to Tenant copies of Certificates of Insurance for any insurance it is required to maintain under this Article IX that is not otherwise provided through the Wrap-Up Insurance Program. The Authority shall cause Tenant to be responsible to ensure that under no circumstances shall the contractor or subcontractor actually begin work without providing the required evidence of insurance. The Authority may reserve the right to cause Tenant to require each contractor or subcontractor to furnish certified copies of the original policies of such insurance as soon as possible, but in no event later than ten (10) business days following the date upon which such request is made. The Authority shall cause Tenant to forward a copy of all Certificates of Insurance to the City and/or the broker designated by the Authority. The Authority shall cause Tenant to be responsible to ensure that all Certificates of Insurance shall indicate, in the Special Items Section, that all policies except the Workers Compensation Policy and Architects and Engineers Errors and Omissions (Professional Liability) policy will contain (1) Additional Insured Endorsement, (2) a Waiver of Subrogation Endorsement, where applicable, and (3) Primary/Noncontributory Insurance Endorsement as outlined above. The Authority shall cause Tenant to be responsible to ensure that, such Certificates of Insurance shall also include copies of the aforementioned endorsements. In addition, the Authority shall cause Tenant to be responsible to ensure that all policies of insurance required above shall be endorsed to provide that the insurance company shall notify Tenant, the Authority, PIDC, and the City at least thirty (30) days prior to the effective date of any cancellation or modification that reduces coverage of such policies.

Section 9.2 Insurance Coverage During Secondary Term. During the Secondary Term and each Renewal Term, the Authority shall cause Tenant to carry or cause to be carried insurance coverage as follows:

Section 9.2.1. Commercial general liability insurance containing broad form provisions and insuring against any claims for personal injury, bodily injury, death or property damage occurring on, in or about or arising from operations at the Arena Premises, with a combined single limit for each occurrence of not less than \$1,000,000 per occurrence and \$2,000,000 in the annual policy aggregate. The Authority shall cause Tenant to be responsible to ensure that if Tenant obtains a blanket policy, the general aggregate limits thereunder must apply

separately to the Arena Premises and Tenant's use thereof. The Authority shall cause Tenant to ensure that such liability insurance contain a broad-form endorsement and include, without limitation, coverage for premises and operations, collapse, explosion and underground hazard, products/completed operations, personal and advertising injury, contingent liquor liability, broad-form property damage, personal injury (employee exclusion deleted), independent contractors', contractual liability, employees as additional insureds, insured vs. insured and cross-liability coverage. The Authority shall cause Tenant to also obtain and maintain by separate policy or by endorsement to Tenant's commercial general liability insurance policy, pollution legal liability coverage in an amount not less than \$1,000,000 per occurrence, \$2,000,000 aggregate.

Section 9.2.2. Workers Compensation insurance affording statutory coverage and statutory limits required under Pennsylvania Law and Employer's Liability Insurance. The policy must evidence a minimum of \$500,000/\$500,000/\$500,000 in Employer Liability Limits for Each Accident/ Disease - Policy Limit/ Disease - Each Employee, respectively.

Section 9.2.3. Comprehensive automobile liability coverage insuring against liability arising from the maintenance, use, loading and unloading of all owned, non-owned, hired, leased, rented trucks, automobiles and other vehicles arising from bodily injury, death or property damage, with a combined single limit for each occurrence of not less than \$1,000,000.

Section 9.2.4. Property insurance on the buildings and any other improvements now or hereafter located on the Arena Premises on a non-contributory, All Risk basis, including but not limited to fire, sprinkler leakage, flood, earthquake, vandalism, and malicious mischief, of sufficient amounts to allow full replacement of the Arena Facility with full replacement cost. Such property insurance may contain sub-limits for flood insurance coverage in an amount not less than \$50,000,000 and earthquake insurance coverage in an amount not less than \$100,000,000 and shall also cover loss or damage, including sprinkler leakage, on property (other than personal property), comprising the contents, fixtures, machinery, equipment, improvements and betterments on the Arena Premises, and on the property of others in Tenant's care, custody, and control, located on the Arena Premises, for the full replacement cost of said contents, fixtures, machinery, equipment, inventory, improvements, and betterments. The Authority shall cause Tenant to expressly assume the risk of loss to the extent of any deductibles, and the amount of any deductibles in excess of \$100,000 shall be subject to the approval of the Authority and the City, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 9.2.5. Boiler and machinery insurance insuring against loss or damage from explosion of boilers or pressure vessels to the extent applicable to the Arena Premises or any other improvements now or hereafter located on the Arena Premises.

Section 9.2.6. Insurance coverage for plate glass breakage on the Arena Premises.

Section 9.2.7. Intentionally Deleted.

Section 9.2.8. Liquor Law Liability (Dram-Shop) insurance in an amount not less than Ten Million Dollars (\$10,000,000) each common cause to cover claims arising from the selling, serving or furnishing of alcoholic and/or intoxicating beverages on the Arena Premises, without limitation, i.e. for assault and battery related claims.

Section 9.2.9. During the Arena Premises Construction and any material repairs, capital repairs or alterations, Architects and Engineers Errors and Omissions project specific professional liability insurance with minimum limits of not less than \$5,000,000 per occurrence, \$5,000,000 aggregate with respect to any work at the Arena Premises undertaken from time to time for which the services of an architect or engineer are engaged. Tenant may cause such architect or engineer to carry this insurance coverage on behalf of Tenant.

Section 9.2.10. Errors and omissions professional liability insurance with limits of not less than \$5,000,000 per occurrence, \$5,000,000 aggregate, to be carried by any firm or consultant performing environmental consulting, testing, and/or remediation services or procedures on the Arena Premises.

Section 9.2.11. Errors and omissions professional liability insurance with limits of not less than \$1,000,000 per occurrence, \$1,000,000 aggregate, to be carried by any firm or consultant performing consulting services of any kind on the Arena Premises, other than firms or consultants providing architectural, engineering and environmental consulting, testing and/or remediation services or procedures on the Arena Premises subject to the terms of subsections 9.2.9 and 9.2.10, above.

Section 9.2.12. Umbrella liability insurance providing following form coverage and scheduling Tenant's underlying policies for Commercial General Liability (including Contingent Liquor Liability coverage), Employers' Liability and Automobile Liability coverage, with said umbrella limits amounting to \$100,000,000 in excess of the underlying limits and containing an aggregate limit of \$100,000,000. The Authority shall cause Tenant to be responsible to ensure that if Tenant's Umbrella policy provides excess liability protection for Tenant's operations at the Arena Premises as well as other locations, the Umbrella policy's aggregate limit shall be provided on a per location basis.

Section 9.3 Additional Coverage. The Authority shall cause Tenant to also carry or cause to be carried such other types of insurance in such amounts as the Authority shall reasonably request from time to time for protection against claims, liabilities and losses arising out of or in connection with the operation of the Arena Premises and any improvements thereon. The Authority shall cause Tenant to ensure that all policies of insurance required under Section 9.3 shall be written in form and substance reasonably satisfactory to the Authority. The Authority shall have the right to adjust the amounts of insurance required to be maintained under Sections 9.1 and 9.2, after consultation with the City. Notwithstanding anything to the contrary in this Section 9.3, the types of insurance required under this Lease, and the amounts of insurance required to be maintained under Sections 9.1 and 9.2, shall not be adjusted by the Authority (a) more frequently than once every three years or (b) if Tenant would be obligated to carry a type or amount of insurance not carried by at least 50% of the operators of arenas at which NBA teams play their home games and which are located in comparable urban markets including those that are comprised within the largest fifteen (15) NBA designated market areas. The Authority shall

require that any such adjustments be memorialized in writing and Tenant, the Authority, the City and PIDC shall only be named as additional insureds to the extent not in violation of Applicable Laws and reasonably appropriate in carrying out the obligations of Tenant under the Arena Lease.

Section 9.4 Discussion of Alternatives. The City agrees that upon the written request of Tenant to Authority, the City and the Authority will meet with Tenant and enter into discussions to modify any of the foregoing insurance requirements, if changes in the availability and cost of the required coverage warrant such action. Such discussions may include the consideration of alternative financially equivalent risk financing programs with respect to particular coverages and risks. Any changes made to the insurance required by this Lease and the Arena Lease will be made only with the written approval of the Authority and the City, which approval shall not be unreasonably withheld, delayed or conditioned and shall be binding upon all other Insureds. The Authority shall cause Tenant to be responsible to ensure that the insurance requirements set forth in this Article IX are in no way diminished or reduced as a result of Tenant's use of subcontractors, and that liabilities arising from the activities of subcontractors are insured in accordance with the requirements set forth in this Article IX.

Section 9.5 Certificates of Insurance. The Authority shall cause Tenant to be responsible to ensure that at least twenty (20) days prior to the date on which the foregoing insurance must be in effect, Tenant shall deliver to the Authority, PIDC and the City certificates of insurance for such policies, together with evidence of payment, and Tenant shall deliver the policies to the Authority and the City as soon as possible thereafter, but in no event later than sixty (60) days thereafter. The Authority shall cause Tenant to ensure that, except as expressly set forth in this Lease, insurance certificates must indicate the City, the Authority and PIDC as additional insureds for liability coverages (other than Workers' Compensation insurance and professional liability insurance) and loss payees for property insurance coverage. The Authority shall cause Tenant to be responsible to ensure that all certificates of insurance shall be in a form reasonably acceptable to the Authority, and certificates of property insurance shall confirm the insurer's consent to the waiver by Tenant of the insurer's right of subrogation, as provided for in Section 15.6 of the Arena Lease. The Authority shall cause Tenant to agree that Tenant shall deliver to the Authority and the City a certificate for such policy's renewal at least thirty (30) days prior to the expiration of any policy. The Authority shall cause Tenant to agree that Tenant shall deliver policies thereof to the Authority and the City upon request.

Section 9.6 Indemnification of Authority and City by Tenant. The Authority shall cause Tenant to agree to and indemnify, defend (using counsel selected by Tenant or its insurer and reasonably acceptable to the Authority, PIDC and the City, as the case may be), and hold the Authority, PIDC and the City and their respective officers, agents and employees harmless from and against any and all third-party suits, claims and actions, and all damages, liabilities, losses, costs and expenses (including reasonable attorneys fees of such counsel) in connection therewith, arising from or out of any occurrence in, upon or at the Arena Site and/or the Arena Premises or any part thereof, whether or not caused in whole or in part by the negligence (but not gross negligence or willful misconduct) of the Authority, the City or PIDC:: (a) resulting in loss of life, personal injury, or damage to property; (b) arising out of any work or act or omission, done in, on, or about the Arena Premises or any part thereof at the direction of Tenant, its agents, contractor(s), employees, servants, licensees, or invitees, or in connection with the construction, development, occupancy, use, non-use, possession, condition, operation, maintenance or

management by Tenant, its agents, contractor(s), employees, servants, licensees, invitees and concessionaires of the Arena Premises or any part thereof; (c) occasioned wholly or in part by any negligence or other act or omission of Tenant, its agents, contractor(s), employees, servants, licensees, invitees, or concessionaires; or (d) occasioned wholly or in part by any failure of Tenant to perform or comply, or cause its agents, contractor(s), employees, servants, licensees, invitees and concessionaires to perform or comply, with the covenants of Tenant contained in the Arena Lease, as applicable to them; provided, however, that Tenant shall not be required to indemnify or hold harmless the Authority, the City or PIDC for any liability arising out of the gross negligence or willful misconduct of the Authority, the City or PIDC or its or their respective agents, employees, or representatives, or to defend, indemnify or hold harmless the Authority, the City or PIDC for: (i) any liability expressly excluded from Tenant's obligations under the Arena Lease or as set forth in Sections 10.1, 10.2 and 10.6 of the Arena Lease, (ii) any claim or liability for which the Authority, City or PIDC has agreed to indemnify Tenant pursuant to the Arena Lease or a License Agreement for such claim or liability, (iii) any matter the Authority has expressly agreed to defend under the Arena Lease, or (iv) with respect to loss of or damage to property of the Authority, the City or PIDC, in accordance with the terms and conditions of Section 15.6 of the Arena Lease. In case the Authority, the City or PIDC shall be made a party to any third-party litigation for which indemnification is required under this Section 9.7, if the City is named as a party to such litigation the City shall promptly notify the Authority thereof and the Authority shall promptly notify Tenant thereof and require that Tenant undertake, at its expense, to indemnify, defend (with counsel selected by Tenant or its insurer and reasonably acceptable to the Authority, the City, or PIDC, as applicable) and hold harmless the Authority, the City and PIDC, and that Tenant shall pay all reasonable costs, damages, liabilities and reasonable expenses incurred or paid by the Authority, the City or PIDC in connection with such litigation. The Authority shall cause Tenant to agree that notwithstanding the fact that Tenant is not obligated under the Section 9.7 to indemnify the Authority, the City or PIDC for liability arising out of their own gross negligence or willful misconduct, if Tenant would otherwise have been obligated to indemnify the Authority, City or PIDC pursuant to Section 15.7 of the Arena Lease, but for they or any of them having acted with gross negligence or willful misconduct, Tenant shall in any event still be obligated to defend claims against the Authority, the City and PIDC in which it is alleged that they or any of them acted with gross negligence or willful misconduct. If, and to the extent, in any such third-party action the City is found by final adjudication to be liable to a third party because of its gross negligence or willful misconduct, the City shall pay Tenant such amount that would cause Tenant to be reimbursed in proportion to the City's relative liability for the reasonable attorneys fees and costs incurred by Tenant for Tenant's defense of the Authority, the City or PIDC in such action. If, and to the extent, in any such third-party action the Authority or PIDC is found by final adjudication to be liable to a third party because of its gross negligence or willful misconduct, the Authority shall pay Tenant such amount that would cause Tenant to be reimbursed in proportion to the Authority's and PIDC's relative liability for the reasonable attorneys fees and costs incurred by Tenant for Tenant's defense of the Authority, the City or PIDC in such action. The Authority shall cause Tenant to agree that the Authority, the City or PIDC, at their sole cost and expense, may select their own counsel to participate in and/or assume the defense of any action to which they are a party, including assumption of the right to settle. Any assumption of the defense or assumption of the right to settle under the preceding sentence shall relieve Tenant of its obligations under Section 15.7 of the Arena Lease with respect to the applicable claim, and any settlement by the Authority, the City or PIDC shall relate solely to itself and not to Tenant. The City and the

Authority agree that Tenant shall otherwise have the sole authority to settle all claims for which it is obligated to indemnify the City, the Authority or PIDC under the Arena Lease, provided it obtains a full release of the City, the Authority or PIDC, as applicable, from all liability arising from such claim. Nothing in this Section 9.7 or in Section 9.8 below shall be deemed to diminish the obligations of the City under Section 7.4 of the Arena Lease and License Agreements entered into pursuant thereto with respect to City Event Use Days (as defined in the Arena Lease), including, but not limited to, any obligation to carry insurance in connection with the use by the City of all or part of the Arena Premises on City Event Use Days or obligate the Authority or Tenant to indemnify the City with respect to the City's use of the Arena Premises on City Event Use Days, it being agreed, however, that notwithstanding the provisions of this Section 9.7 or Section 7.4 of the Arena Lease, the City shall be permitted to self-insure for any required coverages pertaining to its use of the Arena Premises on City Event Use Days, subject to any statutory sovereign immunity limits.

Section 9.7 Liquor Liability Indemnification of the Authority and the City. In addition to and without in any way limiting the provisions of Section 9.6 of this Lease, the Authority shall cause Tenant to agree to indemnify, defend, and hold harmless the Authority, the City and PIDC and their respective officers, agents and employees from and against any and all suits, claims, actions, damages, liabilities, losses, costs and expenses for any loss of life, personal injury, damage to property (subject to the release and waiver of subrogation set forth in Section 15.6 of the Arena Lease) or any other loss or damage resulting from the selling, serving or furnishing of alcoholic and/or intoxicating beverages in, on or upon the Arena Site and/or the Arena Premises, other than with respect to City Event Permitted Uses. In case the Authority, the City or PIDC or any of its officers, agents or employees shall be made a party to any litigation in connection with such matters, then the Authority shall cause Tenant to indemnify, defend (with counsel selected by Tenant or its insurer and reasonably acceptable to the Authority, the City or PIDC, as the case may be), and hold the Authority, the City and PIDC or any of their respective officers, agents or employees harmless and pay all reasonable costs and expenses incurred or paid by the Authority, the City and PIDC or any of their respective officers, agents or employees in connection with such litigation. The Authority, the City or PIDC, at its sole cost and expense, may select its own counsel to participate in the defense of any such action.

Section 9.8 Limitation of Liability. The Authority shall cause Tenant to agree that the Authority, PIDC and the City, their respective successors, assigns, agents, boards, employees and officers, shall not be liable to Tenant, its agents, employees, officers, guests, invitees, contractor(s), directors, shareholders and/or persons claiming by, under or through Tenant, and Tenant on its own behalf and, to the extent it may legally do so, on behalf of such parties, and to release the Authority, the City and PIDC from any suit, claim, demand, cause of action and liability for personal injury, bodily injury, death, or property damage arising in any way whatsoever with respect to the Arena Premises, including, without limitation, (a) any damage to property of Tenant or of others located on the Arena Premises, and the loss of or damage to any property of Tenant or of others by theft or otherwise, (b) any such damage caused by Users or other Persons in the Arena Premises, or the public, or caused by construction of any private, public, or quasi-public work, (c) any latent defect in the Arena Premises, (d) any consequential damages or lost profits, or (e) any other damage or loss of any kind whatsoever, to the extent, with respect to the matters described in (a) through (e) above, such suits, claims, demands, cause of actions or liability are expressly permitted pursuant to the terms of the Arena Lease; provided, however, that

Tenant shall not release the City, the Authority or PIDC for matters resulting from their gross negligence or intentional misconduct. The Authority shall cause Tenant to agree that all property of Tenant kept or stored on the Arena Premises shall be kept or stored at the risk of Tenant only and the Authority or the City, their respective agents, employees and officers shall not be liable for any claims arising out of damage to the same, including subrogation claims by Tenant's insurance carrier.

Section 9.9 Maintenance of Insurance. The Authority shall require Tenant to agree that Tenant shall not do, or suffer or permit to be done, any act, matter or thing whereby, or in consequence thereof, the policy or policies of insurance shall become voided or suspended.

Section 9.10 Other Insurance of Tenant. The Authority shall require Tenant to agree that Tenant shall not carry insurance which relates to all or any part of the Arena Premises (except Workers' Compensation insurance) and is concurrent in form or contributing, in the event of loss, with that required to be maintained by Tenant under this Lease or the Arena Lease, or increase or permit to be increased the amounts of any then existing insurance relating to all or any part of the Arena Premises by securing an additional policy or additional policies, without including the Authority, the City and PIDC as additional insured parties. The Authority shall require Tenant to immediately notify such parties whenever additional or other insurance is obtained by Tenant and deliver to such applicable parties certificates evidencing such policies (as required in this Article XV of the Arena Lease and in accordance with the procedures set forth herein). Notwithstanding anything to the contrary contained in this Article IX, it is specifically agreed that Tenant may obtain and maintain (a) separate property insurance on its personal property, (b) separate business interruption insurance covering its operations at the Arena Premises, and (c) insurance solely for the benefit of its lenders, without, in the case of each of clauses (a), (b) and (c), including the Authority, the City, PIDC or any other party as additional insured parties, provided however, that no such coverage shall decrease the available coverage for the benefit of the Authority, the City and PIDC that Tenant is required to maintain under this Article IX and Article XV of the Arena Lease. The Authority shall require Tenant to ensure that all such policies, however, shall, if applicable, contain a waiver of subrogation consistent with Section 15.6 of the Arena Lease.

Section 9.11 Rights of the Authority. If Tenant shall fail, refuse or neglect to obtain or maintain the insurance required hereunder, or to furnish the Authority with satisfactory evidence of payment of the premium of any policy in accordance with the terms as set forth above, the Authority shall have the right (but not the obligation), at the Authority's option but only after giving Tenant prior notice and an opportunity to cure within not more than thirty (30) days, to purchase such insurance and to pay the premiums thereon or to pay the premiums on insurance which Tenant should have paid, and to require that Tenant shall immediately reimburse the Authority upon demand as Additional Rent. Nothing herein shall be construed as a waiver by the Authority of any other rights or remedies the Authority may have against Tenant as provided in the Arena Lease.

Section 9.12 Uninsured Loss or Underinsured Loss. The Authority shall cause the Tenant to agree that unless expressly provided to the contrary in the Arena Lease (including, but not limited to, Sections 10.1, 10.2 and 10.6 of the Arena Lease), the insurance requirements set forth in Article XV of the Arena Lease shall in no way modify, limit or reduce the

indemnification obligations of Tenant to any party pursuant to the Arena Lease (except to the extent of the proceeds paid to such party) or limit Tenant's liability under the Arena Lease to the proceeds of or premiums due upon the policies of insurance required to be maintained by Tenant under the Arena Lease. The Authority shall cause the Tenant to agree that unless expressly provided to the contrary in the Arena Lease, if Tenant fails to provide and keep in force insurance as required under the Arena Lease or otherwise sustains an uninsured or underinsured loss for which it is liable to the Authority, the City, or PIDC, the Authority, the City, or PIDC shall not be limited in the proof of any damages which the Authority, the City or PIDC may claim against Tenant to the amount of the insurance premium or premiums not paid or incurred and which would have been payable upon such insurance, but the Authority, the City or PIDC, as applicable, shall also be entitled to recover as damages for such breach the uninsured amount of any loss, to the extent of any uninsured loss or underinsured loss, and damages, expenses of suit and costs, including without limitation, reasonable cancellation fees, suffered or incurred by reason of any loss for which Tenant shall have failed or neglected to provide insurance as required by Article XV of the Arena Lease.

Section 9.13 Indemnification of Authority by City. To the extent (i) Tenant fails to provide reasonable and timely indemnification against Claims or Losses (as defined below) pursuant to the Arena Lease and that Claims or Losses are not covered by an insurance policy maintained by a third party (other than PIDC) for the benefit of the Authority pursuant to the terms of the Arena Lease, or (ii) -the Authority is required to indemnify, defend and hold harmless any Person pursuant to the Arena Lease, the City agrees, to the extent permitted by Applicable Laws, to indemnify, defend and hold harmless the Authority, PIDC and their respective directors, members, officials, officers, employees, agents and representatives (each an "Authority Indemnified Party", and collectively, the "Authority Indemnified Parties"), from and against all suits, claims or causes of action (collectively, "Claims"), and all liabilities, losses, obligations, damages, penalties, costs, charges, expense, judgments and amounts paid in settlement (including, without limitation, reasonable attorneys' fees) of every kind (collectively, "Losses"), which may be imposed upon, incurred by or asserted against an Authority Indemnified Party arising out of or relating to or arising in connection with the Authority's entering into this Lease, the performance of the Authority's obligations hereunder or under the Arena Lease, or any acts or omissions relating to the Authority's involvement hereunder or under the Arena Lease; provided that if a court determines that an Authority Indemnified Party has been grossly negligent or acted with willful misconduct, the Authority shall reimburse the City for its costs of defending the Claim. The indemnification undertakings of this Section 9.13 and shall survive the expiration or earlier termination of this Lease. In consideration of this undertaking by the City, the Authority shall cooperate with the City to enforce the rights of the Authority under any insurance policy maintained by any third party (other than PIDC) under which the Authority is an additional or named insured, and to enforce any indemnification rights to which the Authority may be entitled under the Arena Lease (including any rights against Tenant or any third party) and the City and Authority agree to pursue all such third party insurance policies and indemnitors diligently with respect to all Claims or Losses which may be properly asserted in good faith against them. The City shall be subrogated to the rights of the Authority under such insurance policies and indemnification rights; provided, however, it is expressly agreed that the City shall not have, and expressly waives, any right of subrogation under any insurance policies maintained by Authority.

Section 9.14 Indemnification of City By Authority. To the extent authorized by Applicable Law, the Authority agrees to indemnify, defend, and hold harmless the City and its officers, agents and employees from and against any and all claims, actions, damages, liabilities, losses, costs and expenses (including reasonable attorneys' fees) arising from the Arena Project Facility Documents (as defined in the Service Agreement), the Arena Premises or any related transactions which are due to the gross negligence or willful misconduct of the Authority (including its officers, agents and employees).

Section 9.15 Survival. The indemnification undertakings of this Article IX shall survive the expiration or earlier termination of this Lease.

Section 9.16 Future Changes. If there are changes in the insurance industry that would make any of the provisions of this Article IX or Article XV of the Arena Lease impracticable or commercially unreasonable to fulfill, the Authority and the City shall in good faith negotiate a reasonable amendment to this Lease, modifying such provisions.

ARTICLE X MORTGAGES, ESTOPPEL CERTIFICATE, NON-DISTURBANCE

Section 10.1 Leasehold Mortgages. The City and the Authority hereby acknowledge that Tenant has the right to place a Leasehold Mortgage on the Arena Site and/or the Arena Facility in accordance with the terms of the Arena Lease. The Authority shall cause Tenant to comply with all its obligations set forth in Article XII of the Arena Lease. The Authority shall notify the City when a Leasehold Mortgage has been placed on the Arena Site and/or the Arena Facility in accordance with the terms of the Arena Lease. The City and the Authority hereby agree to comply with the notice and cure provisions set forth in Section 12.4 of the Arena Lease and the other requirements of Authority set forth in Section 12.8 of the Arena Lease.

Section 10.2 Authority's or the City's Right to Mortgage. Neither the City nor the Authority shall have the right to mortgage all or any portion of the Arena Site and/or the Arena Facility or the City's or the Authority's interest in this Lease.

Section 10.3 Estoppel Certificate. The Authority and the City shall, at any time and from time to time, within twenty (20) days after written request by the other party, Tenant or any permitted subtenant of the Authority, or any Leasehold Mortgagee or prospective Leasehold Mortgagee of Tenant or any permitted subtenant, execute, acknowledge and deliver to the requesting party or to any Leasehold Mortgagee or prospective Leasehold Mortgagee a certificate in recordable form stating (a) if true, that this Lease is unmodified and is in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and identifying the modification instrument or instruments, or if this Lease is not in full force and effect, the certificate shall so state); (b) confirmation of the commencement and expiration dates of the Term of this Lease; (c) the date to which Rent has been paid under this Lease; (d) to its knowledge whether there is an existing default by the Authority in the payment of Rent or other sum of money under this Lease and, if so, specifying the nature and extent thereof; (e) to its knowledge whether there is any other existing default by either party under this Lease and if there is any such default, specifying the nature and extent thereof; (f) whether there are any counterclaims against the enforcement of the obligations of the City or the Authority hereunder

known to it; and (g) to its knowledge such other information regarding this Lease as may be reasonably requested.

Section 10.4 Non-Disturbance Agreement. Concurrently with the execution and delivery of the Arena Lease, the City and the Authority shall enter into a non-disturbance agreement whereby the City and the Authority agree not to disturb the rights of Tenant under the Arena Lease in substantially the same form and upon substantially the same terms as are set forth in Exhibit “B,” attached hereto and made a part hereof.

ARTICLE XI DEFAULTS AND REMEDIES

Section 11.1 Defaults.

(a) Subject to Section 11.2, each of the following shall constitute a default by the Authority hereunder:

(i) Any failure by the Authority to pay when due any sum required to be paid by the Authority under this Lease;

(ii) Any failure by the Authority to observe or perform any of the terms, covenants, agreements, provisions, conditions or limitations contained in this Lease; provided, however, that where the Authority is obligated to cause the Tenant to comply with its obligations under the Arena Lease, the Authority shall be obligated to use its good faith efforts to cause such compliance by Tenant, and the Authority shall only be in default hereunder where it has failed to observe or perform its duties under this Lease and such failure is caused by the Authority’s gross negligence or intentionally willful misconduct; and

(iii) Any Act of Bankruptcy by the Authority.

(b) Each of the following shall constitute a default by the City, subject to Section 11.2;

(i) a failure by the City to pay when due any sum required to be paid by City under this Lease;

(ii) any failure by the City to observe or perform any of the terms, covenants, agreements, provisions, conditions or limitations contained in this Lease; and

(iii) any Act of Bankruptcy by the City.

Section 11.2 Notice of Default. Upon the occurrence of a default under this Lease, the non-defaulting party shall provide written notice thereof to the defaulting party. The defaulting party shall proceed immediately to cure or remedy such default within thirty (30) days after receipt of such notice. If the defaulting party fails to remedy the default within said thirty (30) day period (or such longer period as may be necessary to cure the default if the defaulting

party commences to cure the default within said thirty (30) day period and diligently proceeds to cure the same), or if such default is such that it cannot be cured or remedied, such a default will constitute an “Event of Default” hereunder.

Section 11.3 Force Majeure Event. Neither the Authority nor the City shall be deemed in default of their respective obligations, covenants or agreements by a Force Majeure Event. In the event that either party intends to avail itself of the provisions of this Section 11.3, the City or the Authority shall give written notice to the other of such intent, such notice to be given not more than ten (10) business days after the date on which the Authority or the City, as the case may be, obtains notice or knowledge of the commencement of such Force Majeure Event.

Section 11.4 City Remedies.

(a) Upon the occurrence of an Event of Default by the Authority and at any time thereafter, the City may institute any and all proceedings permitted by law or equity including, but not limited to, an action to compel specific performance by the Authority, as the parties to this Lease recognize that monetary damages or termination of this Lease may be inadequate remedies for failure of the Authority to keep its obligations under this Lease and the Authority hereby consents to the entry of, a temporary restraining order, together with such other temporary, preliminary and permanent injunctive or other equitable relief, from any court of competent jurisdiction capable of issuing or granting such relief, to compel the Authority to comply with or refrain or cease from breaching or violating the terms, covenants and conditions of this Lease, and, with respect thereto, the Authority shall waive any requirement that the City post a bond or other security in connection with such injunctive or other equitable relief.

(b) In the event the Authority has been unable to cause the performance by Tenant of its obligations under the Arena Lease, the City shall have the right to require that the Authority commence legal or equitable proceedings against Tenant to compel it to comply with its obligations thereunder. In such event, the City shall reimburse the Authority, as those sums become due, for all reasonable costs incurred by the Authority in commencing and pursuing such legal and equitable proceedings.

(c) Notwithstanding any provision of this Lease to the contrary, under no circumstances shall the City’s remedies include the right to cause a termination of this Lease.

Section 11.5 Authority Remedies(a) . Upon the occurrence of an Event of Default by the City, and at any time thereafter, the Authority may institute any and all proceedings permitted by law or equity including, but not limited to, an action to compel specific performance by the City, as the parties to this Lease recognize that monetary damages or termination of this Lease may be inadequate remedies for failure of the City to keep its obligations under this Lease and the City hereby consents to the entry of, a temporary restraining order, together with such other temporary, preliminary and permanent injunctive or other equitable relief, from any court of competent jurisdiction capable of issuing or granting such relief, to compel the City to comply with or refrain or cease from breaching or violating the terms, covenants and conditions of this Lease, and, with respect thereto, the City shall waive any requirement that the Authority post a bond or other security in connection with such injunctive or other equitable relief.

Notwithstanding any provision of this Lease to the contrary, under no circumstances shall the Authority's remedies include the right to cause a termination of this Lease.

Section 11.6 Curing Defaults. Notwithstanding anything contained herein to the contrary, if the Authority shall be in default in the performance of any of its obligations under this Lease beyond any applicable notice and cure periods, the City may (but shall not be obligated to do so), in addition to any other rights it may have in law or equity, cure such default on behalf of the Authority and the Authority shall reimburse the City within ten (10) days following demand for any sums paid or costs incurred by the City in curing such default, including interest thereon at the Interest Rate, reasonable attorneys' fees and other legal expenses, which sums and costs shall be deemed payable as Rent under this Lease. Notwithstanding anything contained herein to the contrary, if the City shall be in default in the performance of any of its obligations under this Lease beyond any applicable notice and cure periods, the Authority may (but shall not be obligated to do so), in addition to any other rights it may have at law or in equity, cure such default on behalf of the City, and the City shall reimburse the Authority upon demand for any sums paid or costs incurred by the Authority, including interest thereon at the Interest Rate, reasonable attorney's fees and other legal expenses.

Section 11.7 No Waiver. No failure or delay by the Authority or the City to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance by the City of full or partial Rent or any other payment due under this Lease during the continuance of any such breach (with or without knowledge of the breach), shall constitute or be construed to constitute a waiver of any such breach or of such term, covenant, agreement, provision, condition or limitation. No term, covenant, agreement, provision, condition or limitation of this Lease to be kept, observed, or performed by Authority or by the City, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the party to be bound. Any waiver of any breach shall be limited to the breach so waived, and shall not affect or alter this Lease; each and every term, covenant, agreement, provision, condition and limitation of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

Section 11.8 Exclusive Remedies. No right or remedy herein conferred upon or reserved to the City or the Authority is intended to be exclusive of any other right or remedy herein or by law or in equity provided, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity or by statute.

Section 11.9 Termination of this Lease. Notwithstanding anything to the contrary in this Lease, or otherwise, during any period when (a) the term of the Arena Lease shall not have been terminated or expired, (b) the Put Option or Tenant's Purchase Option have not expired, or (c) there is an ongoing judicial proceeding disputing the validity of either of the foregoing (a) or (b), the City covenants, acknowledges and agrees that it shall not terminate or cause the termination of this Lease unless the City has first obtained the written consent of the Authority and the Tenant under the Arena Lease to the termination of this Lease. If pursuant to the terms of the Arena Lease, (i) the Arena Lease is validly terminated, (ii) the Put Option and Tenant's Purchase Option have each expired and (c) there is no ongoing judicial proceeding disputing the validity of either of the foregoing (i) or (ii), then either party hereunder shall have the right to terminate this Lease on ten

(10) business days written notice to the other party and Tenant. The Tenant shall be a third party beneficiary for the limited purpose of enforcing its rights to consent as set forth in this Section 11.9 and such rights shall not terminate upon the expiration or earlier termination of this Lease.

Section 11.10 City Rights with Respect to Tenant Defaults Under the Arena Lease.

(a) Notwithstanding anything in the Arena Lease to the contrary, the Authority shall not declare Tenant under the Arena Lease to be in default thereunder without first obtaining the prior written approval of the City.

(b) If at any time during the term of the Arena Lease, the City, shall determine that Tenant has failed to comply with its obligations under the Arena Lease, the City may provide to the Authority written notice of such determination together with a request that the Authority obtain a cure of such non-compliance. In the event that a cure is not completed by Tenant in accordance with the terms of the Arena Lease and the Authority fails to declare Tenant to be in default under the Arena Lease, the City may direct the Authority to declare such a default and to exercise any or all rights and remedies available against Tenant under the Arena Lease, provided, however, the City shall indemnify, defend, and hold harmless the Authority from and against any and all suits, claims, causes of action, liability, losses, costs and expenses (including without limitation, attorneys' fees) of every kind relating to or arising in connection with such directed declaration of default or exercise of rights and remedies.

ARTICLE XII
CONDEMNATION AND CASUALTY

Section 12.1 Notice of Taking. The City agrees to give the Authority written notice of any taking as a result of, or in lieu of, condemnation or the exercise of the power of eminent domain by any sovereign, municipality or any other public or private authority ("Taking") of all or any part of the Arena Premises or any interest therein promptly after such party receives notice thereof.

Section 12.2 Partial Taking. In the event of a Taking of a portion of the Arena Site or the Arena Premises which is not a Total Taking as defined in the Arena Lease(a "Partial Taking") or in the event of a Major Partial Taking (as defined in the Arena Lease) and Tenant does not elect to exercise Tenant's Purchase Option pursuant to the terms of the Arena Lease, then and in that event, this Lease shall remain in full force and effect as to the portion of the Arena Premises remaining immediately after such Partial Taking with an equitable abatement or reduction of Rent or any other sum payable hereunder. Subject to the provisions of Section 14.4 of the Arena Lease, the Authority shall cause Tenant to diligently prosecute to completion, the restoration of the Arena Premises as nearly as possible to its condition and character existing immediately prior to such Taking, except for any reduction in area caused thereby such that the remaining Arena Premises shall constitute a complete structural unit that can be operated pursuant to the terms of the Arena Lease. Notwithstanding the foregoing, Authority and City acknowledge that Tenant shall not be obligated to expend any amounts in excess of the net proceeds of the Award actually received by Tenant which are specified for or fairly allocable to restoration in order to effectuate such restoration. Authority shall cause Tenant to perform such restoration in a good and workmanlike manner, in accordance with all Applicable Laws, Approvals and the Design Standard and

undertaken in accordance with plans and specifications submitted to and approved by the Authority. Notwithstanding the above, in the event of a Major Partial Taking (as defined in Section 14.3 of the Arena Lease) and Tenant exercises Tenant's Purchase Option pursuant to Section 14.3 of the Arena Lease, this Lease shall automatically terminate upon conveyance of the Arena Premises to Tenant.

Section 12.3 Taking Award. In the event of any Taking, whether a Total Taking or Partial Taking, and whether temporary or permanent, the parties expressly agree that their rights to make claims against the condemning sovereign, municipality, or other authority, and against each other, shall be governed by the terms to be set forth in the Arena Lease regarding condemnation and award. The foregoing notwithstanding, in the event that any claims of the Tenant and any claims of any Leasehold Mortgagee have been satisfied pursuant to the terms to be set forth in the Arena Lease, then any remaining condemnation award, or sums in lieu thereof relating to the Arena Site or the Arena Premises, if any, shall be promptly paid to the City provided that sufficient proceeds are made available to the Authority to provide for a cleared and safe site and provided further that the City is not in payment default under the Service Agreement.

Section 12.4 Casualty. The Authority shall cause Tenant to comply with all of the terms and conditions of Article X of the Arena Lease concerning Casualty as more particularly set forth therein. Upon the Authority's receipt of a written notice of a Casualty from Tenant, the Authority shall promptly deliver a copy of such notice to City. In the event that Tenant does not have an obligation to rebuild the Arena Premises after a Casualty as set forth in Section 10.2 of the Arena Lease, the Authority shall not exercise Authority's Put Option, as permitted under Section 10.2 of the Arena Lease without City's prior written approval. In the event of a Casualty Untenantability Period, the Authority shall use good faith and diligent efforts to assist Tenant in finding an alternative site located in the City on terms reasonably acceptable for Team for the conducting of the Team Home Games during such period.

ARTICLE XIII ENVIRONMENTAL COMPLIANCE

Section 13.1 Delivery of Reports. The Authority shall require that Tenant deliver to the Authority copies of any environmental due diligence reports, including, without limitation, any environmental site assessments, any invasive sampling results or site characterization reports or data, and any work or cleanup plans and other such regulatory filings associated with any environmental remediation or investigation undertaken in connection with acquisition and development of the Arena Premises, including, without limitation, all reports, plans, documents, regulatory filings, any Pre-First Conveyance Buyer Seller Agreement and/or UECA Environmental Covenants (as such terms are defined in Article XVI of the Arena Agreement) that may be required pursuant to Article XVI of the Arena Lease, and any other environmental due diligence reports in Tenant's possession with respect to the Arena Site ("Environmental Document(s)"). Authority shall provide City with a copy of any Environmental Document it receives from Tenant or Tenant's agent promptly following its receipt.

Section 13.2 Pre-Secondary Term Commencement Date Investigation and Remediation. The Authority shall require in the Arena Lease and cause Tenant to undertake

Remediation of the Arena Site consistent with the provisions of Article XVI of the Arena Lease. Any such Remediation shall be performed as required by applicable Environmental Law as applied by Governmental Authorities having jurisdiction over the Arena Site in response to the presence of Hazardous Substances in, on, under, or emanating from the Arena Site that exceed any Act 2 Screening Standard or TSCA Screening Standard. Authority shall require in the Arena Lease that Tenant obtain Releases of Liability for such Hazardous Substances as further provided in the Arena Lease, copies of which Authority shall provide to City promptly following Authority's receipt of same. City agrees and acknowledges that after the effective date of the Arena Lease, to the extent that the Release of Hazardous Substances originates off of the Arena Premises, Tenant's Remediation obligation is limited to the exercise of due care with respect to such Release to ensure the Arena Premises are safe for occupancy and there is no threat to human health within the Arena Premises. In the event that any Remediation must take place on the City Area or City Street Area, the City agrees that it will provide access to such areas to Tenant or its agents reasonably necessary to complete all such Remediation pursuant to a written access agreement the form of which shall be attached to the Arena Lease. The Authority shall require in the Arena Lease that if Tenant requires access to the SEPTA Premises under Article XVI of the Arena Lease, Tenant and/or its contractors or agents shall be required to deliver to SEPTA an executed access license in form and substance reasonably acceptable to SEPTA and Tenant.

Section 13.3 Environmental Compliance Obligations After the Preliminary Term Commencement Date. The Authority shall require in the Arena Lease that commencing on the Preliminary Term Commencement Date and continuing thereafter throughout the term of the Arena Lease, Tenant shall, at its cost and expense: (a) comply with and keep and maintain the Arena Premises and the use, occupation and operation thereof in compliance with, and not cause or permit all or any part of the Arena Premises to be in violation of any Environmental Law; (b) obtain and at all times comply with all permits, licenses, or approvals, if any, applicable to the Arena Premises or Tenant's activities thereon; and (c) make all notifications for the conduct and operation of activities related to the Arena Premises, as required under applicable Environmental Laws or the Arena Lease.

Section 13.4 Releases After the Preliminary Term Commencement Date. City agrees and acknowledges that commencing on the Preliminary Term Commencement Date and continuing thereafter throughout the term of the Arena Lease, except as otherwise provided in Article XVI of the Arena Lease, Tenant pursuant to the Arena Lease (and not the Authority) shall be responsible, at its cost and expense, for (a) the identification, management, control, containment, removal, abatement, clean-up, remediation, monitoring, treatment and prevention of any Hazardous Substances within, on, under, or emanating from the Arena Premises and (b) any breach or violation of any Environmental Law by Tenant or any User at the Arena Premises. Authority shall not, and the Arena Lease shall provide that Tenant shall not, use, generate, manufacture, store, or dispose of on, under or about the Arena Premises or transport to or from the Arena Premises any Hazardous Substances or permit or allow any of the foregoing to occur, except in compliance with applicable Environmental Laws or the terms and conditions of any environmental permit issued pursuant thereto. City agrees and acknowledges and the Arena Lease shall provide that in the event of a Release of Hazardous Substances into the environment relating to or arising out of Tenant's use or occupancy of the Arena Site on or after the Preliminary Term Commencement Date and in violation of Environmental Law, where the event is caused by Tenant or a third party, Tenant, upon discovery, shall immediately make such notifications as required by

Environmental Law. City agrees that unless required by Environmental Law, any such Release into the environment of Hazardous Substances that is less than a reportable quantity and is completely and immediately Remediated or otherwise abated and poses no risk of harm to health, the environment, or irreparable or permanent damage to the Arena Site or surrounding areas need not be reported to the City. The City agrees that the reporting or Remediation of a such a Release of Hazardous Substances by Tenant's contractors or agents may fulfill Tenant's requirements under Section 16.1.4 of the Arena Lease. The Authority shall require in the Arena Lease that for the avoidance of doubt, (i) Tenant is responsible to Remediate or abate such a spill, discharge or emission of Hazardous Substances into the environment caused by Tenant and its sublicensees, sublessees, agents, employees, contractors, or invitees, and (ii) a spill or discharge of Hazardous Substances in violation of Environmental Law entering a storm drain shall be reported to the City.

Section 13.5 Releases Resulting from Authority and City Acts after the Effective Date. City agrees and acknowledges that the Arena Lease provides that commencing on the effective date and continuing thereafter throughout the term of the Arena Lease (i) Tenant shall have no obligation to the Authority or the City with respect to violations of Environmental Law or the presence of Hazardous Substances on the Arena Premises in violation of Environmental Law to the extent the Authority and City are obligated to indemnify the Tenant Indemnified Parties under Section 16.2.2 of the Arena Lease and (ii) the Authority shall take all necessary remedial action(s) required by applicable Environmental Law as applied by Governmental Authorities having jurisdiction in response; except that, notwithstanding Subsections 16.1.5(i) and 16.1.5(ii) of the Arena Lease, only as to the presence of such Hazardous Substances at the Arena Premises, Tenant shall perform or cause to be performed such Remediation at the Arena Premises as required by Environmental Law, and, shall be entitled to reimbursement for those costs from the Authority to the extent Tenant is indemnified for those costs pursuant to Section 16.2.2 of the Arena Lease. The City agrees and acknowledges that notwithstanding Article XVI of the Arena Lease, (i) the City shall take all necessary remedial action(s) required by applicable Environmental Law as applied by Governmental Authorities having jurisdiction in response to the presence of any Hazardous Substances in the Arena Premises in violation of Environmental Law to the extent the Authority or the City is obligated to indemnify the Tenant Indemnified Parties therefore pursuant to Section 16.2.2 of the Arena Lease and (ii) pursuant to the Service Agreement, the City shall bear the costs and expenses associated with, related to, or arising from or as a consequence of the occurrence of violations of Environmental Law or the presence of Hazardous Substances on the Arena Premises in violation of Environmental Law to the extent the Authority is obligated to indemnify the Tenant Indemnified Parties pursuant to Section 16.2.2 of the Arena Lease.

Section 13.6 Indemnity by Tenant. City and Authority agree and acknowledge that the Arena Lease provides that commencing on the effective date of the Arena Lease, except to the extent caused by or arising out of a City Act (as defined in Section 13.7, below) Tenant indemnify, defend (using counsel selected by Tenant or its insurer and reasonably acceptable to the Authority, PIDC or the City, as the case may be) and hold the Authority, PIDC and the City, and their respective officers, agents and employees ("Indemnified Public Parties") harmless from and against any and all third-party suits, claims and actions, and all damages, liabilities, losses, fines, penalties, costs and expenses including but not limited to reasonable attorneys' fees of such counsel, whether known or unknown, foreseeable or unforeseeable and to the extent permitted by law arising out of or attributable to (a) the use, generation, storage, Release, threatened Release, discharge, disposal, or presence of Hazardous Substances into or upon the land, atmosphere or any

watercourse, body of surface or subsurface water or wetland in violation of any Environmental Law at or to the extent originating from the Existing Arena Site or any other breach or violation of any Environmental Law at or arising from the Existing Arena Site, which has first occurred at any time before the Secondary Term Commencement Date except to the extent originating from the City Area, the City Street Area, or the SEPTA Premises; (b) the use, generation, storage, discharge, disposal, or presence of Hazardous Substances in violation of any Environmental Law on, under, about or from the Arena Premises into or upon the land, atmosphere or any watercourse, body of surface or subsurface water or wetland which is first introduced to the Arena Premises after the effective date of the Arena Lease and occurs during the term of the Arena Lease; (c) claims for Remediation brought by any third party Governmental Authority or private citizen acting as a Governmental Authority under any citizen suit provision of Environmental Law arising out of any Release, threatened Release, discharge, or disposal of Hazardous Substances in violation of any Environmental Law (“Remediation Claims”) made after the Secondary Term Commencement Date against the Indemnified Public Parties if such Hazardous Substances originate on or from any location other than the Arena Premises and are first introduced to the Arena Premises before the effective date of the Arena Lease; and (d) any other breach or violation of any Environmental Law with respect to the Arena Premises first occurring after the effective date and during the term of the Arena Lease (the “Tenant Indemnified Environmental Claims”). City and Authority agree and acknowledge that the Arena Lease provides that with respect to the Tenant Indemnified Environmental Claims, Tenant shall be responsible to the Indemnified Public Parties for (i) any and all expenses incurred in complying with any Environmental Laws (including the costs of inspection, testing, or audit), penalties or fines imposed by any governmental agency (including fines levied against the Indemnified Public Parties for Tenant’s failure to comply); (ii) any and all expenses incurred in conducting Remediation of or relating to any Hazardous Substance from the Arena Site required by applicable Environmental Law as applied by Governmental Authorities having jurisdiction in accordance with such Environmental Laws, including without limitation, the preparation and implementation of any closure, remedial, monitoring or other required plans to achieve Act 2 Cleanup-Standards or other Environmental Law consistent with the anticipated use of the Arena Premises; (iii) any damages for personal injury, death, natural resources or property damage (real or personal) arising out of or related to Hazardous Substances used (including storage or disposal) by Tenant; (iv) all direct and consequential damages and punitive and exemplary damages (v) all reasonable legal expenses and fees incidental to the investigation and defense of any Tenant Indemnified Environmental Claims, including, but not limited to reasonable legal fees, court costs, expert witnesses and/or consultant fees (and any costs related thereto); (vii) any costs relating to or arising from aggravation of or contribution to any pre-existing Hazardous Substance Release conditions that arise from or are caused by the acts or omissions of Tenant, its agents, employees, licensees, invitees, or any other persons or entities acting by, through, or on behalf of Tenant at the Arena Premises. City and Authority agree and acknowledge that the Arena Lease provides that notwithstanding the foregoing, except for Remediation Claims pursuant to Section 16.2.1.1(c) of the Arena Lease, Tenant shall not be responsible to indemnify the Indemnified Public Parties for any other Claims (as defined below) made after the Secondary Term Commencement Date arising out of any Release, threatened Release, discharge, or disposal of Hazardous Substances in violation of Environmental Law at or to the extent originating from locations other than the Arena Premises if such Hazardous Substances were first introduced to the environment or the Arena Premises before the effective date of the Arena Lease. Furthermore, City and Authority agree and acknowledge

that the Arena Lease provides that the indemnification obligations set forth in Section 16.2.1 of the Arena Lease shall not apply to any claims to the extent the Authority is required to indemnify Tenant pursuant to Section 16.2.2 the Arena Lease, except that Tenant shall perform or cause to be performed the Remediation described in Sections 16.1.5(ii) and 16.2.1 of the Arena Lease and shall be entitled to reimbursement for those costs from the Authority consistent with Tenant's rights to be indemnified for the same from the Authority, and the City and Authority hereby agree that such costs shall be reimbursed to Authority by City pursuant to the Service Agreement. For purposes of this Section 13.6 only, "Claims" shall mean all suits, claims and actions, and all damages, liabilities, losses, costs and expenses.

Section 13.7 Indemnity by Authority. City and Authority agree and acknowledge that the Arena Lease provides that commencing on the effective date of the Arena Lease, except to the extent caused by or arising out of an act of the Tenant, its contractors, agents, or invitees, the Authority shall indemnify, defend (using counsel selected by the Authority or its insurer and reasonably acceptable to Tenant) and hold the Tenant Indemnified Parties, harmless from and against any and all third-party suits, claims and actions, and all damages, liabilities, losses, fines, penalties, costs and expenses including but not limited to reasonable attorneys' fees of such counsel, whether known or unknown, foreseeable or unforeseeable, to the extent permitted by law arising out of or attributable to: (a) the use, generation, storage, Release, threatened Release, discharge, disposal, or presence of Hazardous Substances into or upon the land, atmosphere or any watercourse, body of surface or subsurface water or wetland in violation of any Environmental Law (i) at or to the extent originating from the City Area, the City Street Area, or the SEPTA Premises which first occurred at any time prior to the Secondary Term Commencement Date, except to the extent originating from the Existing Arena Site; (ii) at or to the extent originating from any real property or improvements adjoining (including adjacent property beneath) the Arena Premises and owned, operated or leased by the City, the Authority or PIDC to the extent such use, generation, storage, Release, threatened Release, discharge, disposal, or presence of Hazardous Substances to the extent such Hazardous Substances (1) impact the Arena Premises; and (2) which first occur during the City, the Authority or PIDC's ownership, operation or lease of such adjoining property; or (b) any other breach of Environmental Law involving any portion of the Arena Premises, and with respect to Subsections (a)(ii) and (b) above, each to the extent occurring or arising as a result of an act occurring or which has occurred at any time prior to termination of the Arena Lease, including but not limited to such acts which occurred prior to the Effective Date, of the Authority, PIDC or the City, or their respective officers, employees, agents, Contractor(s) and invitees ("City Act") and including without limitation: (1) all direct and consequential damages and punitive and exemplary damages to any party including for personal injury, death, natural resource or property damage (real or personal); (2) the costs of any Remediation, repair, cleanup or detoxification or removal of Hazardous Substances from the Arena Premises required by applicable Environmental Law as applied by Governmental Authorities having jurisdiction and then to a cleanup standard consistent with the anticipated commercial use of the Arena Premises, and the preparation and implementation of any closure, remedial, monitoring or other required plans; and (3) all fines, penalties and reasonable costs and expenses incurred by Tenant including, but not limited to, reasonable attorneys' fees of such counsel, court costs, and expert witnesses or consultant fees; and (4) all costs incurred by Tenant for Remediation pursuant to Sections 16.1.5(ii) and 16.2.1 of the Arena Lease ("Authority Indemnified Environmental Claims"). City and Tenant agree that any such Authority Indemnified Environmental Claims shall be included in City's

obligation to Authority to indemnify, defend and hold Authority harmless pursuant to Section 9.13 of this Lease.

Section 13.8 Assignment of Certain Rights to Tenant. City and Authority each agree and acknowledge that the Arena Lease provides that to the extent permitted by Applicable Law, the Indemnified Public Parties: (a) assign to Tenant all their claims, causes of action and rights to assert claims and actions against any third parties (including insurers) that may be responsible for, liable to or otherwise required to pay or reimburse the Indemnified Public Parties with respect to any Tenant Indemnified Environmental Claims; (b) grant Tenant rights of subrogation for any and all amounts Tenant pays to Indemnified Public Parties or to others on behalf of the Indemnified Public Parties for Tenant Indemnified Environmental Claims; and (c) authorize Tenant to initiate actions, proceedings or other efforts to recover on behalf of the Indemnified Public Parties. City and Authority each agree and acknowledge that the Arena Lease provides that the Indemnified Public Parties will cooperate with Tenant in connection with the defense of all Tenant Indemnified Environmental Claims, including but not limited to, by sharing information on potentially responsible third parties, by making personnel available for affidavits, depositions or other testimony, and by providing any relevant documents or other information in their possession or control.

Section 13.9 Remediation Costs Dispute Resolution. Authority shall promptly provide City with notice of any disputes with Tenant in relation to the responsibility for costs of Remediation, including promptly providing City with a copy of any DR Notice (as defined in Section 16.2.5 of the Arena Lease) received from Tenant or Tenant's agent with respect to any Remediation Cost Claim (as defined in Section 16.2.5 of the Arena Lease). City agrees to cooperate with, assist and, at the election of Authority, will join with the Authority or assume Authority's rights and obligations in the dispute resolution process set forth in Section 16.2.5 of the Arena Lease, including, without limitation providing the Authority with all requested data and information necessary to respond to any DR Notice received by the Authority and address and resolve a Remediation Cost Claim. Authority shall obtain the written consent of City prior to resolving any Remediation Cost Claim, including any such claims that are submitted to mediation pursuant to the Arena Lease.

Section 13.10 Survival. The provisions of this Article XIII shall survive the expiration or earlier termination of this Lease.

ARTICLE XIV NOTICES

Section 14.1 Notices. All notices, demands, requests, consents, certificates, waivers or other writings or communications with respect to approvals, this Lease or the Arena Site shall be in writing and shall be effective if sent by certified or registered United States mail, postage prepaid, return receipt requested, or by overnight courier, or same day delivery service, as follows:

If to the Authority, addressed as follows:

Philadelphia Authority For Industrial Development

City of Philadelphia

Bill No. 240966 continued

CERTIFIED COPY

1500 Market Street, Suite 3500 West
Philadelphia, PA 19102-2126
Attention: Chair of PAID

with a copy to:

Philadelphia Industrial Development Corporation
1500 Market Street, Suite 3500 West
Philadelphia, PA 19102-2126
Attention: President

with a copy to:

Philadelphia Industrial Development Corporation
1500 Market Street, Suite 3500 West
Philadelphia, PA 19102-2126
Attention: General Counsel

with a copy to:

Cozen O'Connor
1650 Market Street, Suite 2800
Philadelphia, PA 19103
Attention: Suzanne Mayes, Esq.

If to City, addressed as follows:

City of Philadelphia
Commissioner of Public Property
Room 790, City Hall
Philadelphia, Pennsylvania 19107

with a copy to:

City of Philadelphia Law Department
1515 Arch Street, 17th Floor
Philadelphia, Pennsylvania 19102
Attn: Divisional Deputy Solicitor of Real Estate

And with a copy to:

City of Philadelphia Planning and Development
One Benjamin Franklin Parkway — 13th Floor
1515 Arch Street
Philadelphia, PA 19102
Attn: Director

or to such other address as the party to receive notice may from time to time designate by written notice to the other in the manner above described. Notices shall be deemed to have been given or served on the fifth business day after mailing in the manner set forth herein, on the first business day if an overnight courier service is used and on the same day if same day delivery service is used.

ARTICLE XV CITY STANDARD PROVISIONS

Section 15.1 City Standard Provisions. The Authority agrees that in its performance under this Lease and the Arena Lease it shall comply with all Applicable Laws, including without limitation, those attached hereto and made a part hereof as Exhibit “C” (the “City Standard Provisions”). Failure to do so shall constitute a substantial breach of this Lease entitling the City to all rights and remedies provided in this Lease or otherwise available in law or equity, but not the right to terminate this Lease. In addition, the Authority shall cause the Tenant to comply with the additional City requirements set forth in Article XXIII of the Arena Lease, to the extent applicable.

Section 15.2 Authority Audits. Pursuant to Section 6-400 of the Philadelphia City Charter, the Authority shall furnish to the City, upon request, a copy of its annual audited financial statements, and, if requested, shall permit any duly authorized representative of the City to make reasonable examinations of its accounts and records relating to the Arena Premises, this Lease and the Arena Lease.

ARTICLE XVI PURCHASE OPTION AND PUT OPTION

Section 16.1 Purchase Option Exercise by Tenant. The parties hereto acknowledge and agree that Tenant has the option to purchase (“Tenant’s Purchase Option”) the Arena Premises and all improvements, equipment, furnishings and fixtures thereon (the “Sale Property”) pursuant to the terms of Section 22.2 of the Arena Lease. The Authority agrees to deliver to the City any written notice the Authority receives from Tenant electing to exercise Tenant’s Purchase Option promptly following receipt thereof. In the event Tenant validly elects to exercise Tenant’s Purchase Option in accordance with the terms and conditions of the Arena Lease, the City shall, for and in consideration of the sum of One Dollar (\$1.00), promptly, and in any event prior to and in a manner which does not delay the Option Closing, convey good and marketable title to the Arena Site to the Authority, pursuant to the terms of Article 22 of the Arena Lease. Following conveyance of the Arena Site to the Authority, the Authority hereby agrees that it shall convey the Sale Property (which shall include, the Arena Site and the Arena Facility), to Tenant in accordance with the terms and conditions of Sections 22.2 and 22.3 of the Arena Lease. Title to the Arena Premises shall be conveyed by the Authority free and clear of all covenants, restrictions, easements, liens, charges, tenancies, occupancies (or claims to occupancies), encumbrances and other title objections except as expressly permitted by Section 22.3 of the Arena Lease. Each of the City and the Authority shall comply with all applicable terms of Section 22.3 of the Arena Lease. In the event the Authority receives any sum as consideration from Tenant for the Sale Property pursuant to Sections 22.2 and 22.3 of the Arena Lease (including, without limitation any Option Damages Payment), the Authority shall promptly remit such sum to City,

less the reasonable costs and expenses incurred by Authority to complete the Option Closing and the payment obligation of Authority herein shall survive termination of this Lease. In the event that Tenant exercises Tenant's Purchase Option, upon consummation of the Option Closing (as defined in Section 22.3 of the Arena Lease), this Lease shall terminate and be of no further force and effect, except for those terms in this Lease that expressly survive termination of the Lease. The Tenant shall be a third party beneficiary for the limited purpose of exercising the rights of the Authority to enforce the obligations of the City to the Authority set forth in this Section 16.1 and such rights shall not terminate upon the expiration or earlier termination of this Lease.

Section 16.2 Put Option Exercise by the Authority. The parties hereto acknowledge and agree that the Authority has the option to put (the "Put Option") the Sale Property to Tenant pursuant to Section 22.1 of the Arena Lease. In the event the Authority elects to exercise the Put Option in accordance with the terms and conditions of the Arena Lease, then the City shall, for consideration of One Dollar (\$1.00), promptly following receipt of written notice of such election from the Authority and in any event prior to and in a manner which does not delay the Option Closing, convey good and marketable title to the Arena Site to the Authority pursuant to the terms of Article 22 of the Arena Lease. Following conveyance of the Arena Site to the Authority, the Authority hereby agrees that it shall convey the Sale Property (which shall include the Arena Site and the Arena Facility) to Tenant in accordance with the terms and conditions of Sections 22.1 and 22.3 of the Arena Lease. Title to the Arena Premises shall be conveyed by the Authority free and clear of all covenants, restrictions, easements, liens, charges, tenancies, occupancies (or claims to occupancies), encumbrances and other title objections except as expressly permitted by Section 22.3 of the Arena Lease. Each of the City and the Authority shall comply with all applicable terms of Section 22.3 of the Arena Lease. In the event the Authority receives any sum as consideration from Tenant for the Sale Property pursuant to Sections 22.1 and 22.3 of the Arena Lease (including, without limitation any Option Damages Payment), the Authority shall promptly remit such sum to City, less the reasonable costs and expenses incurred by Authority to complete the Option Closing and the payment obligation of Authority herein shall survive termination of this Lease. In the event that Authority exercises its Put Option, upon consummation of the Option Closing (as defined in Section 22.3 of the Arena Lease), this Lease shall terminate and be of no further force and effect, except for those terms in this Lease that expressly survive termination of the Lease. The Tenant shall be a third party beneficiary for the limited purpose of exercising the rights of the Authority to enforce the obligations of the City to the Authority set forth in this Section 16.2 and such rights shall not terminate upon the expiration or earlier termination of this Lease.

ARTICLE XVII MISCELLANEOUS

Section 17.1 Quiet Enjoyment. The Authority, upon paying the Rent and other charges provided for in this Lease and upon observing and keeping all agreements, covenants and conditions of this Lease on Authority's part to be kept, shall have and enjoy quiet possession of the Arena Site without hindrance or molestation by or from the City, or anyone claiming by, through or under the City subject, however, to the exceptions, reservations, terms and conditions of this Lease.

Section 17.2 Tort Claims Act. Nothing in this Lease shall waive or be construed to waive or amend, or be deemed to waive or amend, any right, remedy, defense or immunity which the City or the Authority, or their officials, members, officers, agents, employees or representatives may have under the Pennsylvania Political Subdivision Tort Claims Act, 42 Pa.C.S.A. §§ 8501 et seq. as applicable, or other Applicable Law; it being agreed, however, that the Authority and the City will not assert any immunity it may have as a governmental entity against lawsuits with respect to the enforcement of this Lease.

Section 17.3 Successors and Assigns. Without limiting the provisions of Article 9 of this Lease, the terms, covenants and conditions contained in this Lease shall extend to and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

Section 17.4 No Third Party Rights. Except for those rights of Tenant as a third party beneficiary for the limited purpose of exercising the enforcement rights of the Authority against the City with respect to Sections 2.2, 5.3, 16.1 and 16.2 of this Lease and enforcing its consent rights in Sections 8.2, 11.9 and 17.15 of this Lease, nothing in this Lease shall be construed to constitute, create or confer rights, remedies or claims in or upon any Person not a party hereto (as third party beneficiary or otherwise), or to create obligations or responsibilities of the parties hereto to such Persons, or to permit any Person, other than the parties hereto and their respective successors and assigns, to rely upon the covenants, conditions and agreements contained herein.

Section 17.5 Survival. Any and all agreements set forth in this Lease which, by its or their nature, would reasonably be expected to be performed after the termination of this Lease shall survive and be enforceable after such termination. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Lease, shall survive any termination of this Lease. Any express statement of survival contained in any section of this Lease shall not be construed to affect the survival of any other section of this Lease.

Section 17.6 Recording. This Lease, or a memorandum thereof, and any modifications thereof or additions thereto, may, at the request of either party, be duly recorded among the applicable land records and the costs of such recordation shall be borne by the City.

Section 17.7 Expiration of Authority. In the event that during the Term, the existence of the Authority is not renewed or extended pursuant to Applicable Law or the Authority otherwise ceases to exist, and a successor to the Authority is not established, all rights and obligations of the Authority under this Lease shall vest in either the City or a designee selected by the City with the requisite powers to satisfy the Authority's obligations under this Lease and the Arena Lease (and which does not materially and adversely modify the obligations, rights or liability of Tenant or Team under the Arena Lease), as determined by the City, without any further action by the parties hereto, to the extent permitted by Applicable Law.

Section 17.8 Non-Merger. There shall be no merger of this Lease, nor of the leasehold estate created by this Lease, with the Arena Lease or fee title to the Arena Site or any part thereof by reason of the fact that the same Person may own or acquire or hold, directly or indirectly, (i) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in any such leasehold estate, the Arena Lease or the leasehold estate created by the Arena Lease

or any interest in the Arena Lease or in any such leasehold estate and (ii) fee title to the Arena Site or any part thereof or any interest in such fee title, and no such merger shall occur unless and until the City and Authority shall join in a written instrument effecting such merger and shall duly record the same.

Section 17.9 Severability. If any term or covenant of this Lease or the application thereof to any Person or circumstances shall, to any extent, be held invalid or unenforceable, the remaining terms and covenants of this Lease, or the application of such term or covenant to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and covenant of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17.10 Right to Enforce Strictly. Any law, usage or custom to the contrary notwithstanding, the City and the Authority shall have the right at all times to enforce all terms, conditions and covenants of this Lease in strict accordance with its terms, notwithstanding any conduct or custom on the part of the City or the Authority in refraining from so doing at any time or times, or from enforcing the City's or the Authority's rights hereunder strictly in accordance with the same. Any such conduct shall not be construed as having created a custom in any way or manner contrary to any specific term, condition or covenant of this Lease, or as having in any way or manner modified the same. It is acknowledged and agreed that any termination of the Joinder shall not affect the City's obligations under this Lease nor the Authority's or Tenant's right to enforce the terms of this Lease (in the case of Tenant, solely with respect to the rights of Tenant as a third-party beneficiary for the limited purpose of exercising the enforcement rights of Authority against City and enforcing Tenant's consent rights as set forth herein);

Section 17.11 Headings. The Table of Contents and the titles of the articles and sections are for convenience only, are not a part of this Lease, and do not in any way define, limit, describe or modify the scope, intent or terms of this Lease. Any reference herein to an Article or Section shall be deemed to refer to the applicable Article or Section of this Lease unless otherwise expressly stated herein. Any reference to an Exhibit shall be deemed to refer to the applicable Exhibit attached hereto, all such Exhibits being incorporated herein and made a part hereof by this reference.

Section 17.12 Signatures and Execution of Lease. This Lease is binding and effective only if it is fully executed by both parties. The undersigned signatory for Authority represents that he or she is authorized and empowered to execute this Lease on behalf of and with the authority to bind the Authority.

Section 17.13 Time of Essence. Time is of the essence in each and every instance hereunder with respect to the covenants, undertakings and conditions to be performed hereunder by the parties hereto.

Section 17.14 Effect of Drafting on Construction. The fact that this document may have been initially drafted by the attorney for one of the parties hereto has no significance as to construction of ambiguous terms against either party, inasmuch as this Lease is the product of arms-length negotiations between the parties, and no provision of this Lease shall be construed against a party solely because that party or that party's counsel drafted such provision.

Section 17.15 Modification/Amendment. This writing is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties having been incorporated herein. No course of prior dealings between the parties or their officers, employees, agents or Affiliates shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease. No prior agreement, course of dealing or custom between the parties or their Affiliates shall be relevant or admissible to determine the meaning of any of the terms of this Lease. No representations, understandings, or agreements have been made or relied upon in the making of this Lease other than those specifically set forth herein. This Lease can be modified or amended only by a writing signed by both parties and approved by Tenant and each Leasehold Mortgagee, if any, in writing; provided that the Authority and the City may modify or amend this Lease without such consent from Tenant and each Leasehold Mortgagee if such modification or amendment does not modify or amend Sections 2.2, 5.3, 8.2, 11.9, 16.1, 16.2, 17.4 or 17.15 or otherwise change Tenant's rights under the Arena Lease. The Tenant shall be a third party beneficiary of this Section 17.15 for the limited purpose of enforcing its rights to consent as set forth in this Section 17.15 and such rights shall not terminate upon the expiration or earlier termination of this Lease.

Section 17.16 Jurisdiction and Venue. The City and the Authority agree that all disputes arising under this Lease shall be subject to the jurisdiction and venue of the Court of Common Pleas for Philadelphia County or the United States District Court for the Eastern District of Pennsylvania.

Section 17.17 Waiver of Jury Trial. THE AUTHORITY AND THE CITY EACH HEREBY WILLINGLY, KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS TO REQUEST A JURY TRIAL IN ANY PROCEEDING AT LAW OR IN EQUITY ARISING UNDER OR IN CONNECTION WITH THIS LEASE.

Section 17.18 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

Section 17.19 Multiple Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 17.20 No Personal Liability.

(a) Notwithstanding any provision or obligation to the contrary herein set forth, no provision of this Lease or any related document shall be construed so as to give rise to a pecuniary liability of the Authority or the City or any of their respective members, officers, agents or employees or to give rise to a charge upon the general credit of the Authority or the City or such members, officers, agents or employees. Any pecuniary liability hereunder of the City under any theory of law, including contract or tort, shall be limited exclusively to its interest in the Arena Site and the lien of any judgment shall be restricted thereto. Any pecuniary liability hereunder of the Authority under any theory of law, including contract or tort, shall be limited exclusively to its interest in the Arena Site and the Arena Facility and the lien of any judgment shall be restricted thereto.

(b) No member, director, officer, official, employee or agent of any party hereto shall be personally liable for any costs or obligations of such party. All Persons, corporations, or other entities extending credit to, contracting with or having any claim against any party, may look only to the funds or property of such party legally available for the purpose for payment of any such suit, contract or claim to the extent such party is liable therefor, or for the payment of any costs that may become due or payable to them from any party, respectively, and not from any member, director, officer, official, agent or employee of any party.

Section 17.21 Responsibility of the Authority. In all circumstances where, pursuant to the terms of this Lease, the Authority is obligated to cause Tenant to take or omit to take certain actions under the Arena Lease, the Authority shall have satisfied its obligations by exercising reasonable efforts to cause such action by Tenant. Nothing contained in this Section shall excuse Tenant from non-performance or default of its obligations under the Arena Lease.

Section 17.22 Arena Lease Amendment. The Authority shall not amend the Arena Lease in any material respect without the prior written consent of the City.

Section 17.23 Arrangements with Other Competing FacilitiesSection 17.24 . The City and the Authority each agree to comply with their respective obligations set forth in Section ____ of the Arena Lease entitled Arrangements With Other Competing Facilities. The Tenant shall be a third party beneficiary for the limited purpose of exercising the rights of the Authority to enforce the obligations of the City set forth in this Section 17.23 and such rights shall not terminate upon the expiration or earlier termination of this Lease.

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City of Philadelphia

Bill No. 240966 continued

CERTIFIED COPY

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease, as of the date first above written.

APPROVED AS TO FORM:

THE CITY OF PHILADELPHIA, acting
through its Department of Public Property

By: _____
Brendan O'Rourke
Chief Deputy City Solicitor

By: _____
[ADD NAME]
Commissioner

Date: _____, 202__

Date: _____, 202__

APPROVED AS TO FORM:

PHILADELPHIA AUTHORITY FOR
INDUSTRIAL DEVELOPMENT

By: _____
Ilene Burak, Esquire
Senior Vice President, General Counsel
Philadelphia Industrial Development
Corporation

By: _____
[ADD NAME]
Chairperson

Date: _____, 202__

Date: _____, 202__

City of Philadelphia

Bill No. 240966 continued

CERTIFIED COPY

STATE OF PENNSYLVANIA)
)
COUNTY OF PHILADELPHIA) SS

On this _____ day of _____ 202_, before me, the undersigned officer, personally appeared [_____], who acknowledged him/herself to be the [Commissioner, Department of Public Property] of the City of Philadelphia, a municipal corporation, and that s/he, as such Commissioner, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of said municipal corporation by him/herself as [Commissioner].

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(NOTARIAL SEAL)

Notary Public

My Commission Expires: _____

City of Philadelphia

Bill No. 240966 continued

CERTIFIED COPY

STATE OF PENNSYLVANIA)
)
COUNTY OF PHILADELPHIA) SS

On this _____ day of _____ 202_, before me, the undersigned officer, personally appeared [_____], who acknowledged him/herself to be the Chairperson of the Philadelphia Authority for Industrial Development, a body politic and corporate organized and existing under the laws of the Commonwealth of Pennsylvania, and that s/he, as such Chairperson, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of said body politic and corporate by him/herself as Chairperson.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(NOTARIAL SEAL)

Notary Public

My Commission Expires: _____

EXHIBIT “A-1”

Existing Tenant Arena Site

[To be attached.]

EXHIBIT “A-2”

City Area

[To be attached.]

EXHIBIT “A-3”

City Street Area

[To be attached.]

EXHIBIT “A-4”

Arena Site

[To be attached.]

EXHIBIT “B”

Form of Non-Disturbance Agreement

NON-DISTURBANCE AGREEMENT

THIS NON-DISTURBANCE AGREEMENT dated as of the ____ day of _____, 202_, by and among the CITY OF PHILADELPHIA, a City of the First Class of the Commonwealth of Pennsylvania (the “City”), the PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania (the “Authority”), and CBL ARENA LLC, a Delaware limited liability company (the “Tenant”).

BACKGROUND

A. The City, as landlord, and the Authority, as tenant, are parties to a certain Ground Lease Agreement dated _____, 202_ (the “Ground Lease”) of certain land described on Exhibit “A” attached hereto (the “Arena Site”);

B. The Authority, as landlord, and Tenant, as tenant, are parties to a certain Sublease and Development Agreement of even date _____, 202_ (said Sublease and Development Agreement, as the same may be modified or amended from time to time, being hereinafter referred to as the “Arena Lease”), which Arena Lease pertains to the Arena Site and the Arena Premises (as such term is defined in the Arena Lease); and

C. The parties desire to set forth herein certain agreements which they have made related to the Ground Lease and the Arena Lease.

NOW, THEREFORE, the parties hereto for good and valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the mutual promises, covenants and

agreements herein contained, and intending to be legally bound hereby, promise, covenant and agree as follows:

1. The City and the Authority, in their capacities as the holders of all interests of the landlord and the tenant pursuant to the Ground Lease, hereby consent to and approve the execution and delivery of the Arena Lease, and further acknowledge and agree that the exercise and performance of the rights and obligations of the Authority and Tenant pursuant to the Arena Lease in accordance with the terms of the Arena Lease shall not be construed as a breach of any of the provisions of any of the Ground Lease.

2. The City and the Authority, for themselves, their respective successors and assigns, as well as for any subsequent owner of the Arena Premises (a “Subsequent Owner”) and any subsequent holder of any interest of the tenant or the landlord pursuant to the Ground Lease (a “Subsequent Holder”), to the extent permitted by law, do hereby covenant and warrant with and for the benefit of Tenant, that in the event of the expiration or earlier termination of any of the Ground Lease or the surrender thereof, whether voluntary, involuntary, by the City or by the Authority, by operation of law or otherwise, prior to the expiration of the Term (as defined in the Arena Lease) of the Arena Lease, including all renewal options and rights available to Tenant under the Arena Lease, so long as the Arena Lease remains in effect in accordance with its terms and has not been terminated:

(a) The Arena Lease and all rights created thereunder shall remain in full force and effect; the City and the Authority and all Subsequent Owners and Subsequent Holders shall recognize and give full effect to the Arena Lease and Tenant rights thereunder; and whichever of the City, the Authority, any Subsequent Owner or any Subsequent Holder becomes the holder of the interest of the landlord in the Arena Lease (hereinafter a “Successor Landlord”)

will be deemed to be in direct privity of estate and contract with Tenant under the Arena Lease with the same force and effect as though the Arena Lease was originally made by the Successor Landlord in favor of Tenant; and

(b) Upon such expiration or earlier termination or surrender of the Ground Lease, the Successor Landlord will assume the obligations of the Authority under the Arena Lease and shall be bound by the terms, conditions and agreements set forth therein, with the same force and effect as if the Successor Landlord were the original landlord thereunder, provided, however, the Successor Landlord shall not be bound by any rent or additional rent which Tenant may have paid for more than the current year to any landlord (other than the Authority) and provided further that to the extent the Successor Landlord is the City, any amounts required to be paid by the City under the Arena Lease shall be payable only out of current revenues of the City.

3. Upon such expiration or earlier termination of any of the Ground Lease, Tenant, for itself, its successors and assigns, agree to attorn to and to recognize the Successor Landlord as its landlord for the balance of the term of the Arena Lease and all renewal terms thereof which Tenant choose to exercise in accordance with the terms and provisions thereof.

4. This Agreement shall inure to the benefit of and shall be binding upon the City, the Authority, Tenant and their respective successors and assigns.

5. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

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City of Philadelphia

Bill No. 240966 continued

CERTIFIED COPY

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

APPROVED AS TO FORM:

CITY OF PHILADELPHIA, acting through its
Department of Public Property

By: _____
Brendan O'Rourke
Chief Deputy City Solicitor

By: _____
[ADD NAME]
Commissioner of Public Property

PHILADELPHIA AUTHORITY FOR
INDUSTRIAL DEVELOPMENT

APPROVED AS TO FORM:

Ilene Burak, Esquire
Senior Vice President, General Counsel
Philadelphia Industrial Development
Corporation

By: _____
[ADD NAME]
Chairperson

CBL ARENA LLC, a Delaware limited
liability company

By: _____
Name:
Title:

City of Philadelphia

Bill No. 240966 continued

CERTIFIED COPY

COMMONWEALTH OF PENNSYLVANIA :
: ss
COUNTY OF PHILADELPHIA :

On this, the _____ day of _____, 202_, before me, a Notary Public in and for the Commonwealth of Pennsylvania, the undersigned officer, personally appeared _____ who acknowledged (himself)(herself) to be the [Commissioner of Public Property] of the CITY OF PHILADELPHIA, a City of the First Class of the Commonwealth of Pennsylvania and that (he)(she), being authorized to do so, executed the foregoing Non-Disturbance Agreement for the purposes therein contained on behalf of the said CITY OF PHILADELPHIA, a City of the First Class of the Commonwealth of Pennsylvania, as such Commissioner of Public Property.

IN WITNESS WHEREOF, I hereunto set my hand and Notarial seal.

My Commission Expires: _____
NOTARY PUBLIC

[NOTARIAL SEAL]

City of Philadelphia

Bill No. 240966 continued

CERTIFIED COPY

COMMONWEALTH OF PENNSYLVANIA :
: ss
COUNTY OF PHILADELPHIA :

On this, the day of , 202_ , before me, a Notary Public in and for the Commonwealth of Pennsylvania, the undersigned officer, personally appeared _____ who acknowledged herself/himself to be the Chairperson of the PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT and that s/he, being authorized to do so, executed the foregoing Non-Disturbance Agreement for the purposes therein contained on behalf of the said PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT, as such Chairperson.

IN WITNESS WHEREOF, I hereunto set my hand and Notarial seal.

My Commission Expires: _____
NOTARY PUBLIC

[NOTARIAL SEAL]

City of Philadelphia

Bill No. 240966 continued

CERTIFIED COPY

COMMONWEALTH OF PENNSYLVANIA :
: ss
COUNTY OF PHILADELPHIA :

On this, the ____ day of _____, 202_, before me, a Notary Public in and for the Commonwealth of Pennsylvania, the undersigned officer, personally appeared _____ who acknowledged (himself)(herself) to be the _____ of _____, a _____, the [sole member] of CBL Arena LLC, a Delaware limited liability company and that (he)(she), being authorized to do so, executed the foregoing Non-Disturbance Agreement for the purposes therein contained on behalf of the said CBL: ARENA LLC, as such _____.

IN WITNESS WHEREOF, I hereunto set my hand and Notarial seal.

My Commission Expires: _____

NOTARY PUBLIC

[NOTARIAL SEAL]

EXHIBIT A to Non-Disturbance Agreement

Arena Site

[Legal Description to be Added]

EXHIBIT “C”

City Standard Provisions

Defined Terms

Capitalized terms used in this Exhibit and not defined herein shall have the meanings ascribed to them in this Lease. Reference in this Exhibit to the “City” shall mean the City of Philadelphia, in its municipal capacity. Reference in this Exhibit to “Tenant” shall mean the Philadelphia Authority for Industrial Development (the “Authority”).

1. **Economic Opportunity Plan.** The Authority shall require in the Arena Lease that the Arena Premises Construction and the operation of the Arena Facility shall be performed by Tenant or its contractors in compliance with the Economic Opportunity Plan approved by City Council pursuant to Section 17-1600 of the City Code and executed by the Tenant, a copy of which is attached to the Arena Lease.

2. **Prohibited Gifts.**

(a) No Gifts to City Officials/Employees.

(i) Pursuant to Executive Order No. 10-16, issued by the Mayor of Philadelphia, no City official or employee in the Executive and Administrative branch of City government shall solicit or accept, directly or indirectly, a “Gift” (as defined below) from a person who, at the time, or within twelve (12) months preceding the time a Gift is received:

- (1) is seeking, or has sought, official action from that officer or employee;
- (2) has operations or activities regulated by the officer’s or employee’s department, agency, office, board or commission, or, in the case of members of the Mayor’s Cabinet, has operations or activities that are regulated by any department, agency, office, board or commission within the Executive and Administrative branch;
- (3) has a financial or other substantial interest in acts or omissions taken by that officer or employee, which the officer or employee is able to affect through official action; or
- (4) is a “Registered Lobbyist” (as defined below).

(ii) Tenant understands and agrees that if it offers anything of value to any City official or employee under circumstances the receipt of which would violate Executive Order No. 10-16, Tenant shall be subject to sanctions with respect to future City contracts. Such sanctions may range from disqualification from participation in a particular contract to debarment or loss of financial assistance, depending on the nature of the violation. In addition, Tenant’s breach of this Subsection will constitute a default by Landlord and entitle

Landlord to all rights and remedies provided in the Lease or otherwise available at law or in equity.

- (iii) As used in this Subsection, “Gift” means a payment, subscription, advance, forbearance, rendering or deposit of money, services entertainment, invitation, food, drink, travel or lodging or anything of value given to, or for the benefit of, a City officer or employee, unless consideration of equal or greater value is received. “Gift” shall not include a political contribution otherwise reportable as required by law, a commercially reasonable loan made in the ordinary course of business, such as a home mortgage loan, or a gift received from a family member of the officer or employee.
- (iv) As use in this Subsection, “Registered Lobbyist” means any person that engages in lobbying on behalf of a principal for economic consideration, and is registered as such, pursuant to the requirements of Section 20-1202 of The Philadelphia Code, including an attorney at law while engaged in lobbying.

3. Executive Order 7-14: Office of the Inspector General and Duties of Those Involved in Transactions with the City.

Tenant is a recipient of a City lease that is realized by, or provided to, Tenant through the authority or approval of the City. Accordingly, in the performance of this Lease Tenant shall:

- (a) report to the City’s Office of Inspector General (the “OIG”) knowledge of violations subject to investigation by the OIG pursuant to Executive Order 7-14;
- (b) cooperate fully with representatives of the OIG by providing complete and accurate information as well as the necessary assistance in matters under investigation;
- (c) keep conversations and contact with the OIG confidential, except and to the extent the OIG may authorize disclosure; and
- (d) instruct its employees that under no circumstances shall any employee or official take or threaten to take any action of any sort in an attempt to prevent anyone from providing to a City official information regarding conduct that is the subject of Section 3 of Executive Order 7-14, or providing any information to, or cooperating with, the OIG, or retaliate against anyone for doing so or against anyone who is about to do so.

4. Certification of Non-Indebtedness.

- (a) Tenant hereby certifies and represents to Landlord that Tenant and Tenant’s parent company(ies) and subsidiary(ies), affiliate(s), if any, are not currently indebted to the City, and will not during the Term of the Lease be indebted to the City, for or on account of any delinquent taxes (including, but not limited to, taxes collected by the City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no payment plan satisfactory to the City has been established. In addition to any other rights or remedies available to Landlord at law or in equity, Tenant acknowledges that any breach or failure to conform to this certification may,

at the option and direction of Landlord, result in the withholding of payments otherwise due to Tenant in connection with the Lease and, if such breach or failure is not resolved to the City's satisfaction within a reasonable time frame specified by the City in writing, may result in the offset of any such indebtedness against said payments otherwise due to Tenant and/or the termination of the Lease for default (in which case Tenant will be liable for all excess costs and other damages resulting from the termination).

(b) Tenant shall require all contractors and subcontractors performing repairs and/or alterations on the Premises or in connection with the Lease to sign a certification of non-indebtedness in favor of the City, which certification shall include the following provisions and Tenant shall cooperate with Landlord in exercising the rights and remedies described below or otherwise available at law or in equity:

“_____ (“**Subcontractor**”) hereby certifies and represents that Subcontractor and Subcontractor's parent company(ies) and their subsidiary(ies), are not currently indebted to The City of Philadelphia (“**City**”), and will not at any time during the Term of Tenant's lease with the City dated _____, 20__ (“**Lease**”), be indebted to the City, for or on account of any delinquent taxes (including, but not limited to, taxes collected by the City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no written payment plan satisfactory to the City has been established. In addition to any other rights or remedies available at law or in equity, Subcontractor acknowledges that any breach or failure to conform to this certification may, at the option and direction of the City, result in the withholding of payments otherwise due to Subcontractor for services rendered in connection with this Agreement and, if such breach or failure is not resolved to the City's satisfaction within a reasonable time frame specified by the City in writing, may result in the offset of any such indebtedness against said payments otherwise due to Subcontractor and/or the termination of the Agreement for default (in which case Subcontractor will be liable for all excess costs and other damages resulting from the termination).”

(c) Any breach or failure to conform to the aforesaid certifications shall constitute a default by Tenant and entitle Landlord to exercise any rights or remedies available to it under the Lease, and at law and in equity.

5. **Fair Practices.**

Tenant agrees, in performing the Lease, to comply with the provisions of the Fair Practices Ordinance, Chapter 9-1100 of The Philadelphia Code (as it may be amended from time to time, the “**Code**”), which prohibits, inter alia, denial of or interference with the employment opportunities of an individual based upon his or her race, ethnicity, color, sex (including pregnancy, childbirth, or a related medical condition), sexual orientation, gender identity, religion, national origin, ancestry, age, disability, marital status, familial status, genetic information, or domestic or sexual violence victim status.

6. **Nondiscrimination**

(a) In accordance with Chapter 17-400 of the Code, Tenant agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, or privileges or conditions of employment on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes a substantial breach of the Lease entitling Landlord to all rights and remedies provided in the Lease or otherwise available at law or in equity.

(b) Tenant agrees to include subparagraph (a) of this Section, with appropriate adjustments for the identity of the parties, in all subcontracts which are entered into for work to be performed pursuant to the Lease.

(c) Tenant further agrees to cooperate with the Commission on Human Relations (the “**Commission**”) in any manner which the said Commission deems reasonable and necessary for the Commission to carry out its responsibilities under Chapter 17-400 of the Code, and failure to do so constitutes a substantial breach of the Lease entitling Landlord to all rights and remedies provided in the Lease or otherwise available at law or in equity.

7. Chapter 17-1001 of The Philadelphia Code: Employment of Low and Moderate Income Person

Tenant, in the execution of any “covered construction contract,” as that term is defined in Section 17-1001(4) of the Code will abide by the provisions of Sections 17-1002 and 17-1003 of the Code relating to Contract Requirements and Reporting Requirements.

8. Chapter 17-1300: 21st Century Minimum Wage and Benefits Standard

(a) Tenant is the recipient of a City lease as provided in Chapter 17-1300 of the Code (“Philadelphia 21st Century Minimum Wage and Benefits Standard”), accessible at <http://www.amlegal.com/library/pa/philadelphia.shtml>. If Tenant or any subcontractor or subrecipient at any tier is also an “**Employer**,” as that term is defined in Section 17-1302 of the Code (more than 5 employees), and further described in Section 17-1303 of the Code, then absent a waiver, during the Term of the Lease (including any renewal term), in addition to any applicable state and federal requirements, Tenant shall provide, and shall enter into subcontracts and otherwise cause any subcontractors or subrecipients at any tier that are also Employers to provide, their respective covered “**Employees**,” as that term is defined in Section 17-1302 of the Code (persons who perform work for a covered Employer that arises directly out of the Lease), with at least the minimum wage standard and minimum benefits standard, and required notice thereof, stated in Chapter 17-1300 of the Code (as it may be amended from time to time). A summary of the current requirements is as follows:

(1) Term of Contract and Effective Date of Minimum Wage Rates.

(A) For contracts with a term of one year or less, the rate applicable on the effective date of the contract is the rate for the entire term of the contract.

(B) For renewals and amendments with a term of one year or less, the rate applicable on the effective date of the renewal or amendment is the rate for work performed during the term of the renewal or amendment and remains the rate throughout the term of the renewal or amendment

(C) For contracts, renewals and amendments with a term longer than one year, the applicable rate on the effective date of the contract shall apply until the next June 30. On the next July 1, the new rate effective on that July 1 date shall apply during the period from July 1 through the following June 30. Each July 1, the rate may increase.

(2) Minimum Wage Rates.

Absent a waiver, an Employer subject to Chapter 17-1300 shall pay each Employee an hourly wage, excluding benefits, equal to:

Effective Date between July 1, 2021, and June 30, 2022, \$14.25;

Effective Date between July 1, 2022, and June 30, 2023, \$15.00; and

Effective Date starting July 1, 2023, and thereafter, \$15.00 multiplied by the CPI Multiplier, provided that the minimum wage shall not be less than the previous year's minimum wage. The CPI Multiplier is calculated annually by the City's Director of Finance by dividing the most recently published Consumer Price Index for all Urban Consumers All Items Index for Philadelphia, Pennsylvania, by the most recently published Consumer Price Index for all Urban Consumers (CPI-U) of each calendar year. The then current minimum hourly wage applicable to City contractors and subcontractors will be posted on the City's website.

(3) Minimum Benefits.

(a) Absent a waiver, if the Employer is subject to Chapter 17-1300, to the extent the employer provides health benefits to any of its employees, the Employer shall provide each full-time, non-temporary, non-seasonal covered Employee with health benefits at least as valuable as the least valuable health benefits that are provided to any other full-time employees of the Employer. The Employer shall also provide to each covered Employee at least the minimum number of earned sick leave days required by Section 17-1305(2) of the Code.

(b) Absent a waiver, if Tenant is subject to Chapter 17-1300, Tenant shall promptly provide to the City all documents and information as the City may require verifying its compliance and that of all covered Employers providing Services under the Lease with the requirements of Chapter 17-1300. Each covered Employer shall notify each affected Employee what wages and benefits are required to be paid pursuant to Chapter 17-1300.

(c) Absent a waiver, if Tenant is subject to Chapter 17-1300, Tenant shall take such steps as are necessary to notify its covered Subcontractors of the requirements of this section and to cause such covered Subcontractors to notify lower-tier covered subcontractors of these requirements, including, without limitation, by incorporating this section, with appropriate adjustments for the identity of the parties, in its Subcontracts with such covered Subcontractors.

(d) If Tenant or a Subcontractor at any tier subject to Chapter 17-1300 that fails to comply with these provisions may, after notice and a hearing before the Director of Finance or such other officer or agency designated by the Mayor, be suspended from receiving financial assistance from the City or from bidding on and/or participating in future City contracts, whether as a prime contractor or a subcontractor, for up to three (3) years. City Council may also initiate a similar suspension or debarment process. Such suspension or debarment shall be in addition to any of the other sanctions or remedies set forth in Chapter 17-1300 or this Contract.

(e) Without limiting the applicability of the City's remedies under any default by Tenant elsewhere in the Lease, the failure of Tenant or a Subcontractor at any tier subject to Chapter 17-1300 to comply with these provisions shall constitute a substantial breach of the Lease entitling the City to all rights and remedies provided in the Lease or otherwise available at law or in equity.

(f) Tenant's covered Employees shall be deemed third-party beneficiaries of Tenant's representation, warranty, and covenant to the City under this section only, and the covered Employees of a Subcontractor at any tier that is also a covered Employer performing Services directly or indirectly under a Subcontract at any tier shall be deemed third-party beneficiaries of their Employer's representation, warranty, and covenant to Tenant or such Subcontractors at any tier, as the case may be, under this Section.

(g) The City may grant a partial or total waiver of Chapter 17-1300 based on specific stipulated reasons elaborated in Section 17-1304 of the Code.

9. Chapter 17-1400 of the Philadelphia Code: Contributions and Other Mandatory Disclosures.

(a) Tenant confirms on behalf of itself and its subcontractors that no Contribution(s) (as defined in Section 17-1401(8) of the Code) have been made, and agrees that none shall be made throughout the term of the Lease and any other Financial Assistance agreement and for five (5) years after the expiration or earlier termination of the Lease or any other Financial Assistance agreement by Tenant or any party from which a Contribution can be attributed to the Tenant or subcontractor in accordance with Chapter 17-1400, that would render the Tenant or subcontractor, as applicable, ineligible to receive "Financial Assistance" under the provisions of Sections 17-1404(1) and 17-1405 of the Code; and that disclosures made as part of its application to receive Financial Assistance contain no material misstatements or omissions. Failure to comply with this Section (a) shall constitute an event of default under the Lease and any other Financial Assistance agreement and render said Lease and any other Financial Assistance agreement voidable at the City's option and, as to Contributions made by or attributable to Tenant, shall make the Tenant liable for liquidated damages to the City in the amount of ten percent (10%) of the maximum payments to the Tenant allowed under the Lease and any other Financial Assistance agreement, whether actually paid. The City may exercise any and all of the remedies set forth in this Section, each of which may be pursued separately or in conjunction with such other remedies as the City, in its sole discretion, shall determine. No extension or indulgence granted by the City to Tenant shall operate as a waiver of any of the City's rights in connection with this Section. The rights and remedies of the City described in this Section, and as described elsewhere in the Lease and any other Financial Assistance agreement, shall not be exclusive and are in addition to any other rights

or remedies available to the City under the Lease and any other Financial Assistance agreement or in equity.

(b) Tenant shall, during the term of the Lease and any other Financial Assistance agreement, any additional term thereof, and for five (5) years thereafter disclose any Contribution of money or in-kind assistance the Tenant, or any subcontractor or “Consultant” (as defined in Section 17-1401(6) of the Code) utilized by Tenant in connection with the Financial Assistance, has made, or any individual or entity has made if such Contributions can be attributed to Tenant or such subcontractor or Consultant pursuant to the attribution rules of Section 17-1405, during such time period to a candidate for nomination or election to any public office in the Commonwealth of Pennsylvania or to an individual who holds such office, or to any political committee or state party in the Commonwealth of Pennsylvania, or to any group, committee or association organized in support of any such candidate, office holder, political committee or state party, and the date and amount of such Contribution.

(c) It shall not be a violation of Section (b) above if Tenant fails to disclose a Contribution made by a Consultant because Tenant was unable to obtain such information from the Consultant, provided the Tenant demonstrates that it used reasonable efforts to attempt to obtain such information, including, at a minimum:

(1) Entering into a written agreement with the Consultant for such Consultant’s services, before the filing of the application for the Financial Assistance, and before the Consultant communicated with a City department or office, official or employee on behalf of the Tenant;

(2) Including in such agreement a provision requiring the Consultant to provide the Tenant in a timely manner with all information required to be disclosed under the provisions of Chapter 17-1400 of the Code, and providing, in effect, that the agreement will be terminated by the Tenant if the Consultant fails to provide all required information on a timely basis and that no further payments, including payments owed for services performed prior to the date of termination, will be made to the Consultant by or on behalf of the Tenant as of the date of such termination;

(3) Communicating regularly with the Consultant concerning the Consultant’s obligations to provide timely information to permit the Tenant to comply with the provisions of Chapter 17-1400; and

(4) Invoking the termination provisions of the written agreement in a full and timely manner.

(d) The Tenant shall, during the term of the Lease and any other Financial Assistance agreement, any additional term, and for five (5) years thereafter, disclose the name and title of each City officer or employee who, during such time period, asked the Tenant, any officer, director or management employee of the Tenant, or any “Person” (as defined in Section 17-1401(13) of the Code) representing the Tenant, to give money, services, or any other thing of value (other than a Contribution as defined in Section 17-1401) to any Person, and any payment of money, provision of services, or any other thing of value (other than a Contribution as defined in Section 17-1401) given to any Person in response to any such request. The Tenant shall also disclose the date of

any such request, the amount requested, and the date and amount of any payment made in response to such request.

(e) The Tenant shall, during the term of the Lease and any other Financial Assistance agreement and for five (5) years thereafter disclose the name and title of each City officer or employee who directly or indirectly advised the Tenant, any officer, director or management employee of the Tenant, or any Person representing the Tenant that a particular Person could be used by the Tenant to satisfy any goals established in of the Lease or any other Financial Assistance agreement for the participation of minority, women, disabled or disadvantaged business enterprises. The Tenant shall also disclose the date the advice was provided, and the name of such particular Person.

(f) The disclosures required by Sections (b), (d) and (e) above shall be made utilizing the online disclosure update process through Tenant's eContract Philly account which can be accessed on the City's website at www.phila.gov/contracts by clicking on eContract Philly. Such disclosures shall be made within five (5) business days of the action or event requiring Tenant to update its disclosures. In the case of updates to political Contributions made by Tenant required by Section (b) above, the attribution rules of Section 17-1405 shall apply to determine what Contributions must be disclosed under this provision as Contributions of the Tenant. Tenant is advised that any individual who submits an update on eContract Philly must be an authorized signatory of the Tenant, authorized to make the required updated disclosures.

(g) Reports generated automatically by the online process for the updated disclosures required by Sections (b), (d) and (e) above will be automatically forwarded to the President and Chief Clerk of Council, and to the Mayor, Director of Finance, Procurement Department, and the Department of Records.

10. **First Source Jobs Policy: Chapter 17-2000**

Tenant is a City Related Agency as the term is defined in Section 17-2001(3) of the Code. Pursuant to Section 17-2002(2) of the Code, Tenant, in the award of Financial Assistance to a Beneficiary shall abide by the requirements of Chapter 17-2000 of the Philadelphia Code.

11. **Re-Entry Employment for Returning Citizens**

Tenant is a recipient of a Contract as defined in 17-1800 of the Code, that is realized by, or provided to, Tenant through the authority or approval of the City. Accordingly, in the performance of this Lease Tenant shall:

(a) identify potential job opportunities that may be available for ex-offenders, based on the matrix of job titles and work categories developed by the Personnel Director under subsection 20-1702(2), and to report to the City on Tenant's employment practices and experience with respect to the hiring of Returning Citizens, as that term is defined in subsection 19-2604(9), including: (i) a monthly tally of Returning Citizens hired and currently working, or an explanation as to why no Returning Citizens have been hired; and (ii) an explanation as to why any Returning Citizen who applied for employment was refused employment;

(b) cooperate with the City in addressing the goal of securing employment for Returning Citizens;

(c) require any subcontractor it uses (regardless of the value of the subcontract) to comply with and be bound by the provisions of 17-1800 as if the subcontractor had been directly awarded a City contract.

(d) Tenant's failure to comply with this section or 17-1800 of the Code will constitute a default of the Lease and entitle the City to exercise any rights or remedies available to it under this Lease, at law, or in equity.

12. Business, Corporate and Slavery Era Insurance Disclosure

(a) In accordance with Section 17-104 of the Code, the Tenant, after execution of this Lease, will complete an affidavit certifying and representing that the Tenant (including any parent company, subsidiary, exclusive distributor or company affiliated with the Tenant) has searched any and all records of the Tenant or any predecessor company regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era. The names of any slaves or slaveholders described in those records must be disclosed in the affidavit.

(b) Tenant expressly understands and agrees that any false certification or representation in connection with this section and/or any failure to comply with the provisions of this 17-104 shall constitute a substantial breach of this Lease entitling the City to all rights and remedies provided in this Lease or otherwise available in law, including, but not limited to, Section 17-104 of the Code, or equity and the Contract will be deemed voidable.

(c) Tenant shall incorporate the requirements of this section into any sublease entered in connection with this Lease so that any sublessee must adhere to the requirements of this section.

13. Entities Doing Business in North Ireland, Iran, and Sudan

(a) In accordance with Section 17-104 of the Code, Tenant (including any parent company, subsidiary, exclusive distributor or company affiliated with the Tenant) (1) confirms that it does not have, and agrees that it will not have at any time during the Term, any investments, licenses, franchises, management agreements or operations in Northern Ireland; and (2) agrees that no product to be provided to the City under this Lease will originate in Northern Ireland, unless provider of that product has implemented the fair employment principles embodied in the MacBride Principles.

(b) In the performance of this Lease, Tenant agrees that it will not use any suppliers, Subcontractors or subconsultants at any tier (1) who have (or whose parent, subsidiary, exclusive distributor or company affiliate have) any investments, licenses, franchises, management agreements or operations in Northern Ireland; or (2) who will provide products originating in Northern Ireland unless said supplier, Subcontractor or subconsultant has implemented the fair employment principles embodied in the MacBride Principles.

(c) In accordance with Section 17-104 of the Code, Tenant (including any parent company, subsidiary, exclusive distributor or company affiliated with the Tenant) (1) confirms that it does

not do business in Iran or Sudan; and (2) agrees that no product to be provided to the City under this Lease will be manufactured by an entity doing business in Iran or Sudan, unless a federal override with respect to Iran or Sudan, as applicable, is in place or unless an exclusion from disqualification applies.

(d) Tenant agrees to cooperate with the City's Director of Finance in any manner which the said Director deems reasonable and necessary to carry out the Director's responsibilities under Section 17-104 of the Code. Tenant expressly understands and agrees that any false certification or representation in connection with this section and any failure to comply with the provisions of this 17-104 shall constitute a substantial breach of this Lease entitling the City to all rights and remedies provided in this Lease or otherwise available at law (including, but not limited to, Section 17-104 of the Code) or in equity.

(e) Tenant shall incorporate the requirements of this section into any sublease entered in connection with this Lease so that any sublessee must adhere to the requirements of this section.

14. **Prevailing Wage**

Tenant is a recipient of a Lease as defined in 17-107 of the Code, that is realized by, or provided to Tenant through the authority or approval of the City. Accordingly, in the performance of this Lease, Tenant shall:

(a) pay the prevailing wage to building service employees and covered airport service employees employed at properties subject to a lease as defined in 17-107, whether employed directly by the lessee, or by a sub-lessee, tenant, contractor, or subcontractor of the lessee, or through a property management company;

(b) require all Tenants, owners, contractors, lessees and tenants to, and the Tenant shall itself, comply with and be bound by all provisions of this 17-107, as if such work were City-work and the Tenant a contractor under 17-107.

(c) Unless prohibited under state law, as a condition of obtaining financial assistance, the Tenant shall post a bond in an amount sufficient to ensure compliance with the provisions of this section, 17-107, and any regulations promulgated hereunder; if a violation is not promptly remedied, the City shall make or direct payments to be made directly to affected employees, out of the proceeds of such bond, as may be necessary to remedy the violation.

(d) Where state law prohibits Tenant from placing the conditions set forth above in subsections (b) and (c) on the Tenant, Tenant shall in all other respects be bound by the terms of this section and 17-107; and shall be required to post a bond in an amount sufficient to ensure compliance with the provisions of this Section and any regulations promulgated hereunder; if a violation is not promptly remedied, the City shall make or direct payments to be made directly to affected employees, out of the proceeds of such bond, as may be necessary to remedy the violation.

(e) This section and 17-107 applies to financial assistance awarded or renewed after the effective date of 17-107.

(f) Tenant shall be bound by the provisions of this section and 17-107 as if such work were City-Work and the Tenant were a contractor, regardless of whether any contract, grant, condition or other agreement with the Tenant includes such requirement, and regardless of whether the recipient receives the financial assistance pursuant to a contract, grant, condition or other agreement with the City or City-Related Agency, and shall be required to post a bond in an amount sufficient to ensure compliance with the provisions of this section and 17-107 and any regulations promulgated thereunder; if a violation is not promptly remedied, the City shall make or direct payments to be made directly to affected employees, out of the proceeds of such bond, as may be necessary to remedy the violation.

(g) Tenant's failure comply with this section or 17-107 of the code will constitute a default of this Lease and entitle and the City to exercise any rights or remedies available to it under this Lease, at law, or in equity.

15. **Notice of Pending Sale in the Future:**

The Tenant agrees that it will comply with Section 16-207 of the Philadelphia Code, when applicable, if the City transfers the Arena Site to the Tenant pursuant to the Lease.

Exhibit B
SDA Term Sheet

See attached.

SUBLEASE TERMS

A. PROJECT DEVELOPMENT

Arena Project

Definition:

Construction and operation of a new, high quality multipurpose sports and entertainment facility (“Arena Facility”) in Center City Philadelphia, including an arena for the conduct of professional National Basketball Association (“NBA”) basketball games and events, other sporting events and activities, including high school and college sporting events, and other musical and theatrical performances, concerts, family entertainment, cultural, community, commercial and other events and activities.

Arena Site:

Approximately 4 acres generally bounded by Market, Cuthbert, 10th and 11th Streets, including, but not limited to: (i) 1001-1025 Filbert Street, 1001-1019 Market Street, and 1025 Market Street (portions of which are currently occupied by a part of the Fashion District Philadelphia shopping mall), owned or to be purchased by ArenaCo or its affiliates (“ArenaCo Parcels”), (ii) certain parcels (including subsurface and air rights parcels) owned by the City (“City Parcels”), certain of which subsurface parcels will be exchanged for parcels owned by ArenaCo or its affiliates that will become part of the SEPTA Premises and not included in the Arena Site (“New SEPTA Parcels”), (iii) portions of Filbert Street between 10th and 11th Street (“City Street Area”) and (iv) at ArenaCo’s election, certain other parcels located adjacent to the ArenaCo Parcels, the City Parcels, and/or the City Street Area (including, without limitation, subsurface parcels and certain aerial parcels reverting to other parties in connection with the striking of certain aerial portions of 10th Street between Market Street and Filbert Street) (collectively, the “Additional Property”).

SEPTA Premises:

Subsurface and street-level parcels under or adjacent to the Arena Site owned (or to be owned) by the City and leased to the Southeastern Pennsylvania Transportation Authority (“SEPTA”) for use as part of Jefferson Station and stations of the Market/Frankford subway, including certain parcels acquired by ArenaCo or its affiliates and subsequently conveyed to the City through PAID.

Conveyance:

Upon satisfaction of certain conditions precedent, ArenaCo or its affiliates will convey title to the ArenaCo Parcels and, at ArenaCo’s election, the Additional Property to PAID and PAID shall convey the ArenaCo Parcels and any Additional Property to the City. The ArenaCo Parcels (excluding the New SEPTA Parcels), the Additional Property (if any), the

City Parcels and the City Street Area, will be consolidated to form the Arena Site, which will be leased by the City to PAID pursuant to the Lease and PAID will then sublease the Arena Site to ArenaCo pursuant to the Sublease.

Anticipated Demolition
Commencement Date:

June 1, 2026

Anticipated Construction
Commencement Date:

August 31, 2028

Anticipated Opening Date:

August 31, 2031

Basic Arena Facility Elements:

Minimum of 17,000 seats (projected to be 18,500 seats) less reductions necessary to accommodate disabled, companion and other seating required by the Americans with Disabilities Act or other applicable law; amenities and facilities which will include no less than 10,000 square feet of ground floor retail space with at least 150 feet of frontage on public streets and ground floor space that is accessible to the general public during hours mutually agreed to by PAID and ArenaCo, including interior lobby space and pedestrian walkways, one on a substantially east-west axis through the Arena Facility connecting 10th and 11th Streets and one on a substantially north-south axis through the Arena Facility connecting the Market Street entrance of the Arena Facility to the east-west axis pedestrian walkway (collectively, the “Public Access Space”) and may also include, among other things, other retail space, restaurants, video scoreboards and other interactive media, meeting and club spaces, production and broadcasting facilities, interior or exterior message boards and video displays, and interior walkways.

Control of Design
And Construction:

The Arena Facility will be designed and constructed by an architect and construction manager approved by PAID. ArenaCo will control the selection of all third-party providers of goods and services and enter into all third-party contracts related to the construction of the Arena Facility. Subject to certain design standards and guidelines set forth in the Sublease, ArenaCo will control the design of the Arena Facility. City Art Commission approval of the design of the Arena Facility is required by the Sublease. The Arena Facility shall include elements in public spaces which incorporate local community heritage, which shall include art by local artists and architectural design elements.

Sustainability:

ArenaCo and PAID agree that incorporating sustainability practices into the Arena Facility development is a key consideration and ArenaCo will incorporate core principles of sustainability throughout the design, construction and operations of the Arena Facility (including utilizing sustainable carbon reduction strategies balancing nature and technology driven solutions and transparency on performance through periodic disclosures and reporting to PAID). ArenaCo agrees to use commercially reasonable efforts to design and construct the Arena Facility to achieve U.S. Green Building Council's LEED Gold certification or other equivalent third party sustainability accreditation.

Community Benefits Agreement:

ArenaCo will enter into, or cause an affiliate to enter into, an agreement or agreements with the City and/or its designee to provide funding in the aggregate amount of Sixty Million Dollars (\$60,000,000) to be used generally for the purposes, programs and projects and on the schedule described on Exhibit 1 attached hereto and made a part hereof or for those of a substantially similar nature.

The City agrees to use monies received pursuant to the Community Benefits Agreement to provide funding for an Arena Services District Authority at the amounts specified in the Community Benefit Agreement allocations attached hereto as Exhibit 1.

If ArenaCo or its successors or assigns exercises an option to extend the sublease as provided in Section C(c), below, ArenaCo or its successors or assigns shall continue to make an annual payment to fund the Arena Services District Authority, provided that each time ArenaCo exercises an option to extend the sublease, the amount of the annual payment shall be adjusted to the nearest \$1,000 to reflect the percentage change in the most recently published Consumer Price Index for All Urban Consumers All Items Index, Philadelphia, PA, United States Department of Labor, Bureau of Labor Statistics.

Economic Opportunity Plan:

ArenaCo shall comply with the Economic Opportunity Plan attached hereto as Exhibit 2 and made a part hereof.

B. FINANCIAL TERMS

Arena Facility Budget:	Approximately \$1.3 billion, estimated, including hard and soft costs, FF&E, contingency, property acquisition costs, and financing costs.
Loan-to-Cost Ratio	No less than 10% of ArenaCo's aggregate hard construction costs of the Arena Facility within the Arena Site shall be financed via equity investments in ArenaCo.
Arena Project Costs:	<p>A. ArenaCo is responsible for 100% of costs associated with the construction of the Arena Facility within Arena Site including any and all cost overruns.</p> <p>B. ArenaCo is responsible for all costs of acquiring title of the ArenaCo Parcels that will be part of the Arena Site and will transfer title to the ArenaCo Parcels to PAID and the City at nominal cost.</p> <p>C. ArenaCo is responsible for the demolition of existing structures, clearing and site development and environmental remediation at the Arena Site.</p> <p>D. Neither PAID nor the City are required to provide any capital contribution or to fund any costs of the construction of the Arena Facility and will accept title to the ArenaCo Parcels at nominal cost.</p>
ArenaCo Revenues:	ArenaCo to receive 100% of all revenues of every kind and description arising from and relating to the Arena Site and Arena Facility, except as set forth below in "City Event Use Day Revenues." ArenaCo's rights will include, without limitation, display, concessions, sponsorship, broadcasting and naming rights, general admission tickets and other seating and suite revenues and all rights to advertising and electronic message boards within the Arena Site and Arena Facility and any rental payments and other revenues from the use, occupancy or operation of the Arena Facility.
City Event Use Day Revenues:	City to receive 100% of net revenues from its use days from admission tickets, certain advertising rights and certain merchandise.
Rent:	Nominal. In addition, ArenaCo will pay PAID an annual fee and certain third-party costs which PAID may incur in administering its rights and obligations under the Sublease.

Operation: ArenaCo will manage and operate the Arena Facility for all events. ArenaCo pays all Arena operating expenses subject to reimbursement by City for operating expenses on City Event Use Days (as defined herein).

Maintenance: ArenaCo will be responsible for all maintenance expenses of the Arena Facility, except the City will be responsible for those expenses incurred in connection City Event Use Days.

Taxes: A. Philadelphia City and School District real estate tax and Philadelphia School District use and occupancy tax with respect to the Arena Site and Arena Facility (collectively, the “Arena Premises”) will be the subject of agreements between the City, School District and ArenaCo for certain PILOT Payments and U&O Tax Payments (defined below in subparagraphs C and D, respectively). ArenaCo and all its affiliates (including but not limited to the 76ers) will pay all other state and local taxes applicable to their respective operations.

B. If any Excess Taxes (defined immediately below) are paid, ArenaCo shall be entitled to reduce the PILOT Payments by the amount of such Excess Taxes and to be reimbursed by PAID for any Excess Taxes that cannot be recouped through said reduction. “Excess Taxes” means Excess Agreement Taxes and Excess Amusement Taxes (each defined below) paid by or required to be and actually collected from and remitted on behalf of others by any of ArenaCo, certain affiliates of ArenaCo, the 76ers, or any other patrons (if applicable) or users of the Arena Premises, as follows:

1. Excess Agreement Taxes are (i) any real estate taxes (or payments in lieu thereof) with respect to the Arena Premises, other than the PILOT Payments paid under the PILOT Agreement (defined below in subparagraph C); and (ii) any use and occupancy taxes with respect to the use or occupancy of the Arena Premises, other than the U&O Tax Payments paid under the Use and Occupancy Tax Settlement Agreement (defined below in subparagraph D).

2. Excess Amusement Taxes are any amusement taxes with respect to admission to or attendance at an event in or upon the Arena Premises, but only to the extent such amusement taxes are occasioned by or attributable to (a) any increase in the amusement tax rate above 5%, or (b) any amusement tax imposed on private suite or premium seating charges, other than charges for tickets sold for seats within those areas.

The Excess Amusement Taxes provisions in this subsection B shall apply only if, as of the time any Excess Amusement Taxes are required to be and are actually paid, the Phillies, Eagles or Flyers with respect to their venue in the City (or any owner, lessee or operator of such venue) is entitled to limitations on amusement taxes under the excess tax provisions contained in the current leases/subleases and development agreements between PAID and the Phillies (dated December 7, 2001), PAID and the Eagles (dated December 7, 2001), and PAID and Spectrum Arena Limited Partnership (dated July 12, 1994). Further, if during the Term of the Sublease and after the expiration of the above discussed rights of ArenaCo with respect to Excess Amusement Taxes, the City or PAID enters into an agreement with any of the Phillies, Eagles and Flyers providing for limitations on amusement taxes ("Future Excess Amusement Taxes Agreement"), ArenaCo shall as of the effective date of the Future Excess Amusement Taxes Agreement be entitled to the same limitations on amusement taxes with respect to the Arena Premises for the then remaining Term of the Sublease, but only for so long as the Future Excess Amusement Taxes Agreement is in effect, as set forth in an amendment to the Sublease to be made at that future time.

C. Simultaneously with the execution of the Sublease, ArenaCo, the City and the School District of Philadelphia will execute and deliver an Agreement for Payments In Lieu of Real Estate Taxes ("PILOT Agreement") providing for an annual payment in lieu of real estate taxes to be made by ArenaCo with respect to the Arena Premises throughout the term of the Sublease, which payments shall begin on the 5th anniversary of the effective date of the PILOT Agreement ("PILOT Term Commencement Date"), such effective date being the commencement date of the Preliminary Term. The initial annual amount of the payment shall be \$5,000,000 for each of the first 10 calendar years beginning the calendar year of the PILOT Term Commencement Date, which annual amount shall be increased after the completion of the initial and each subsequent period of 10 calendar years by an amount that is equal to 10% of the payment due for the immediately preceding calendar year (the "PILOT Payments"), as well as any expansions of the Arena Premises as set forth in the PILOT Agreement.

D. ArenaCo shall be responsible for the payment of all applicable use and occupancy taxes with respect to the Arena Premises pursuant to a Use and Occupancy Tax Settlement Agreement to be entered into among ArenaCo, the City and the School District of Philadelphia simultaneously with the execution of the Sublease, which agreement shall be joined by the 76ers with respect to certain covenants. The term of such agreement shall commence upon substantial completion of the Arena Premises construction (“U&O Term Commencement Date”) and shall continue through the entire term of the Sublease, and the agreement shall provide for an annual payment of use and occupancy taxes in the initial amount of \$500,000 for each of the first 10 years beginning the year of the U&O Term Commencement Date, which annual amount shall be increased after the completion of the initial and each subsequent period of 10 years by an amount that is equal to 10% of the payment due for the immediately preceding year (the “U&O Tax Payments”). The U&O Tax Payments shall also be subject to increases for expansions of the Arena Premises and reductions for reductions of the Arena Premises as set forth in the Use and Occupancy Tax Settlement Agreement.

Improvements/Capital Repairs: ArenaCo shall be responsible at its cost and expense for all capital repairs, replacements or improvements to the Arena Facility.

C. NON-FINANCIAL TERMS

Term: The Term is comprised of the Pre-Development Term, the Preliminary Term and the Secondary Term (also referred to as the Operating Term).

A. Pre-Development Term – Commences on the effective date of the Sublease and ends on the earlier of (i) the date all conditions precedent are fulfilled or waived by PAID and ArenaCo and (ii) the Anticipated Construction Commencement Date (which may be extended pursuant to the Sublease), during which time, permits, approvals, design and financing for the Arena Facility construction are to be obtained and other conditions precedent are achieved and existing improvements on the ArenaCo parcels are to be demolished.

B. Preliminary Term – Approximately 3 year term following the Pre-Development Term (which may be extended pursuant to the Sublease), during which time ArenaCo shall construct the Arena Facility in accordance with the Sublease.

C. Secondary Term – 30 year term commencing on substantial completion of the Arena Facility construction, which may be extended by ArenaCo for thirteen consecutive five-year renewal options, followed by one three-year renewal option (up to a maximum of 99 years), during which time ArenaCo operates the Arena Facility.

Following the expiration of the Secondary Term, ArenaCo is entitled to reacquire, and PAID is entitled to cause ArenaCo to reacquire, the Arena Site and Arena Facility on an as-is basis for nominal consideration.

Scheduling of Events:

Subject to the City’s right to City Event Use Days, ArenaCo shall have control over the schedule of Arena Events, and shall develop, update and maintain an annual calendar and schedule of Arena Events.

Play Covenants:

A. The 76ers and ArenaCo agree to certain operating covenants, including, but not limited to, a covenant by the 76ers to play substantially all 76ers home games at the Arena Facility during the 30 year Operating Term and any renewal terms and negative covenants against relocating the 76ers home games to another facility, or petitioning the NBA for the right to relocate the 76ers home games to another facility effective any time during the 30 year Operating Term, subject in each case to certain limited exceptions (e.g. for force majeure events) as set forth in the Sublease (collectively, the “Play Covenants”);

B. It is a condition precedent to PAID’s obligation to execute and deliver the Sublease that, on or before the execution of the Sublease, the 76ers, PAID and City have executed and delivered a Direct Operating Covenants Agreement under which the 76ers are bound by the Play Covenants; and

C. PAID and City have a right to obtain specific performance and other legal and equitable remedies if the Play Covenants are breached.

Arena Use:

A. ArenaCo to have sole and exclusive use on a year round basis, for any lawful purpose, subject only to City Event Use Days.

B. City shall have the right to use the Arena Facility up to 10 dates per calendar year for events (inclusive of set-up and break-down time) at the City’s sole cost and expense (“City Event Use Days”). City Event Use Days will be

subject to reasonable restrictions to prevent damage to the Arena Facility and the Arena event scheduling priority, including 76ers events.

C. Use of the Arena Facility on City Event Use Days shall be for a Civic Use. “Civic Use(s)” shall mean any event or activity which is charitable or civic in nature, is not an enumerated prohibited use and is not conducted for for-profit or commercial purposes, however “Civic Use(s)” shall include any event which is conducted for for-profit or commercial purposes, provided such for-profit or commercial event is sponsored by or on behalf of and the proceeds from such event, benefit a recognized charitable, public or civic cause, purpose or organization, but only one concert per year.

D. If there is a declaration of disaster or emergency, ArenaCo shall use good faith, commercially reasonable efforts to accommodate City’s request to use the Arena Facility for emergency response, if not in conflict with a scheduled Arena Facility event.

Arena Ownership:

After the Pre-Development Term, the City will own fee title to the Arena Site and PAID will legally own all improvements on the Arena Site, including the Arena Facility (but excluding furniture, trade fixtures, equipment and other personal property of ArenaCo). ArenaCo shall have a beneficial and depreciable interest for tax and other purposes in the improvements, to the extent permitted by law.

Fine Arts Requirement:

ArenaCo shall spend not less than \$1 million in satisfaction of the City’s Fine Arts requirement.

Contingency:

ArenaCo or PAID can terminate the Sublease if the conditions precedent are not met by the Anticipated Construction Commencement Date, as may be extended pursuant to the Sublease. ArenaCo can terminate the Sublease if it reasonably determines that the conditions precedent will not be met by the Anticipated Construction Commencement Date, as may be extended pursuant to the Sublease, or if facts or circumstances have occurred which make construction or operation of the Arena Facility on commercially reasonable terms unachievable.

Conditions Precedent to
Conveyance and Construction
of Arena Facility:

Each party's obligations to convey and accept the conveyance of title to the parcels comprising the Arena Site, and ArenaCo's commencement of construction of the Arena Facility are conditioned upon a number of events, including but not limited to:

1. Receipt of City Council approvals.
2. Execution of a mutually satisfactory Sublease and related ancillary agreements (including a Ground Lease between PAID and the City, the PILOT Agreement and Use and Occupancy Tax Settlement Agreement).
3. Evidence of financing commitments sufficient to meet ArenaCo's obligations to construct the Arena Facility (or ArenaCo's election to use its own funds to construct the Arena).
4. Necessary National Basketball Association approvals.
5. Demolition of the existing improvements on the ArenaCo Parcels by ArenaCo.
6. Receipt of all governmental approvals and permits necessary for construction of the Arena Facility, including Philadelphia Art Commission approval of design of the Arena Facility, zoning permits, approval of City Plan changes and approvals of the City Surveyor and Regulator.
7. The transfer of jurisdiction from the Pennsylvania Department of Transportation to the City of a certain length of East Market Street that would not result in additional costs being incurred by the City.
8. PAID's approval of the Arena Facility construction plans with respect to certain aspects of the design.
9. Receipt by PAID of a completion guaranty for the construction of the Arena Facility.
10. Receipt of an easement agreement establishing the Public Access Space.
11. Amendment of the existing easement through the Fashion District Philadelphia mall providing public access to public transit.

Good Faith and Diligent Efforts Termination:

In the event that the Sublease is terminated prior to conveyance of the Arena Site to the City, and such failure is attributable to ArenaCo's failure to use good faith and diligent efforts to accomplish the necessary conditions precedent, and the 76ers do not enter into an agreement with the City and PAID to play substantially all their home games in the City through 2062, ArenaCo will pay PAID a liquidated damages payment of \$25 million.

City Suite:

One private suite provided to the City for no rent. City to pay for food, beverage, maintenance and other variable costs typically paid separately by private suiteholders. City shall not be required to pay for tickets at its private suite for all Arena events.

Arrangements With Other Competing Facilities:

Until the end of the Secondary Term (provided that (i) ArenaCo is controlled by any one or more of Josh Harris, David Blitzer and David Adelman or their family members, and (ii) ArenaCo is not in default of certain material provisions of the Sublease), if (x) the City or PAID or a City controlled affiliate (collectively, a "City Controlled Affiliate") provide any (1) monetary funding, (2) municipal or discretionary tax benefits or incentives (excluding benefits provided pursuant to 72 P.S. § 4706.3), or (3) public land outside the South Philadelphia sports complex (via grant or below market lease or sale) to any new or existing sports facility to be used by a professional sports team or entertainment facility (excluding any existing facility owned by a City Controlled Affiliate (or replacement thereto) or any facility beneficially owned or operated by a university or nonprofit organization) that could reasonably be expected to compete with the Arena Facility for events, and in each case seats 5,000 - 25,000 individuals and is not an open air facility constructed for a professional soccer team and used to host substantially all of such team's home games ("Facility Benefits"), and (y) such Facility Benefits are superior to the benefits provided to ArenaCo by the City and PAID pursuant to the Sublease and related agreements on a net present value basis, then the City or PAID shall offer such Facility Benefits (or other benefits of equivalent value if doing so is not feasible) to ArenaCo.

The foregoing obligation excludes various circumstances in which a City Controlled Affiliate is (1) operating in the ordinary course unrelated to such sports or entertainment facility (e.g., providing support via pre-existing City-wide programs), (2) providing Facility Benefits currently provided

in agreements with existing facilities, (3) serving as a conduit for financing supported by funds not provided by the City, or (4) performing routine or emergency maintenance of infrastructure in the ordinary course of operations.

Other:

1. ArenaCo will provide or cause to be provided, for the benefit of the children of Philadelphia, an average of at least 25 tickets for each NBA regular season or exhibition game of the 76ers hosted at the Arena Facility during each NBA season during the term of the Sublease.

2. The Sublease is subject to NBA rules as further provided in the Sublease.

3. In the event of ArenaCo's abandonment of or failure to complete construction of the Arena Facility by the required date or certain breaches of the Play Covenants, PAID shall have legal and equitable remedies, including, but not limited to, causing ArenaCo to reacquire the Arena Site and the Arena Facility, terminating the Sublease and terminating the PILOT Agreement.

4. ArenaCo may reacquire the Arena Site and Arena Facility under certain circumstances including, but not limited to, certain casualty and condemnation events, after the initial 30 years of the Operating Term if the 76ers will not continue to play their home games at the Arena and the PILOT Agreement terminates or expires.

5. After the Sublease has expired or is terminated and ArenaCo has reacquired the Arena Site and Arena Facility, if the Arena Facility ceases to host an event having at least 5,000 attendees on 20 days per year for 3 years during any 5 year period, ArenaCo shall be required to (i) demolish the Arena Facility, restore the Arena Site to grade and activate as a recreation or commercial use, and maintain access to the SEPTA transit facilities below or (ii) commence and diligently complete redevelopment of the Arena Site and Arena Facility for residential or commercial use.

6. ArenaCo, PAID and City shall comply with all applicable law in connection with their respective performance of the Sublease.

7. Public transit. In the first year of operation of the arena, ArenaCo shall pay the fare for any attendee who uses any mode of SEPTA to attend an event at the arena. If, in a year after the first year of operation, based on review by the Controller or another third party agreed to by the City and ArenaCo, less than 40% of event attendees used public transit to attend events at the arena, then, in the subsequent year, ArenaCo shall pay the fare for any attendee who uses SEPTA to attend an event at the arena. ArenaCo shall continue to pay such fares until a review by the Controller or another third party agreed to by the City and ArenaCo shows that in the prior calendar year 40% or more of event attendees used public transit to attend events at the arena. The same review process shall be used in subsequent years and ArenaCo shall again be required to pay such fares if, in a given year, less than 40% of event attendees use public transit to attend events at the arena.

8. Beginning in 2026, on January 31 and July 31 of each year, ArenaCo shall submit reports to the Council providing reasonable detail on ArenaCo's compliance during the prior six months with the Community Benefits Agreement and ArenaCo's progress during such year with respect to its current environmental and sustainability goals. If January 31 or July 31 shall fall on a weekend or a holiday, the report shall be due the immediately following Monday.

Exhibits:

- A. Schedule of Contributions
- B. Economic Opportunity Plan

EXHIBIT 1 TO SDA TERM SHEET

Community Benefit Agreement allocations

Chinatown and adjacent neighborhoods investments (\$33M)		
Categories/Components	Total	Payment schedule
Arena Special Services District: Funding support for new special services district for Arena area	\$17,500,000	Payment of \$500K beginning in FY2026 and lasting through the first 30 years of operation of the arena.
Housing Support: Support for a range of City-coordinated housing programs in Chinatown, including affordable housing preservation, rental assistance, senior housing, and homeownership support for police, nurses, teachers, etc., up to 120% AMI	\$3,000,000	Annual payments of \$1M/year for 3 years; starts in FY2031.
Business Disruption Fund: Grant funding to assist small businesses impacted during the construction of Arena	\$5,000,000	Annual payment of \$1M/year starting in FY2027 as necessary to assist small business, capped at \$1M per year
New Neighborhood Security Sub-Station: Funding for construction of new sub-station that will co-locate public safety staff from PPD, SEPTA, CCD, Jefferson, etc.	\$3,000,000	One-time \$3M; payment in FY2026
PHL/TCB Expansion: Expansion of the successful PHL TCB program in coordination with Philadelphia Chinatown Development Corporation	\$1,250,000	Annual payment of \$125K/year for 10 years; starts in FY2032

Chinatown and adjacent neighborhoods investments (\$33M)		
Categories/Components	Total	Payment schedule
Chinatown master plan: Contribution toward comprehensive master planning effort for Chinatown, to be managed by the City; plan will be undertaken in conjunction with the Chinatown community and stakeholders, and address traffic, parking, and other issues related to daily functioning and quality-of-life in the community	\$500,000	One-time \$500K; payment in FY2032
Market East master plan: Contribution toward comprehensive master planning effort for Market East, to be managed by the City	\$500,000	One-time \$500K; payment in FY2032
Chinatown Community Land Trust: Seed funding for a Community Land Trust that will help protect Chinatown from unchecked development. The Trust will be managed by PCDC.	\$250,000	One time payment in FY2026
Chinatown Legacy Business grant program: Funding for businesses that have operated in Chinatown for more than five years and contribute to the history, culture, and identity of Chinatown.	\$2,000,000	\$500,000 a year for 4 years starting in FY31

Citywide investments (\$27M)		
Categories/Components	Total	Payment schedule
Extended Day/Extended Year (ED-EY) Schooling: Funding to help support a signature initiative to close the enrichment gap for Philadelphia students and support working families through free before- and after-school care featuring extensive enrichment offerings	\$7,000,000	Annual payment of \$100K/year for first 6 years; followed by \$800K/year for the next 8 years; starts in FY2026
City College for Municipal Employment: Support for education, training, workforce development, and business development, including related to employment and contracting opportunities to come from the Arena (direct and indirect), ancillary development, and ongoing commerce and business activity in adjacent communities	\$4,500,000	Annual payment of \$225K/year for 20 years; starts in FY2026
Business Readiness Program: Assistance and support for businesses to prepare them to compete for work associated with the Arena and ancillary development on Market East; to be led by Diverse Chambers Coalition	\$3,000,000	Annual payment of \$500K/year for 6 years; starts in FY2027
Subsidized Public Transit Fund: Funding to support subsidization and incentivization of SEPTA and PATCO use for Arena events (games, concerts, family shows, etc.)	\$3,000,000	Annual payment of \$1M/year for 3 years; starts in FY2032

Citywide investments (\$27M)		
Categories/Components	Total	Payment schedule
Power Up Your Business: Funding to support businesses/entrepreneurs participating in the Power Up Your Business program; program offerings will demonstrate cultural competency and be accessible to those with Limited English Proficiency	\$2,000,000	Annual payment of \$200K/year for 10 years; starts in FY2026
Business Barriers Fund: Seed funding for pooled resources to assist small businesses with obtaining insurance, bonding, paying fees, etc., that are needed to access work associated with Arena and adjacent development; combination of direct financial assistance and technical assistance	\$1,000,000	One-time payment of \$1M; payment in FY2026
Internship/Employment Pipeline for High School and College Students: Internship and employment onboarding opportunities for high school and college students from disadvantaged communities and PA HBCUs (Cheney University and Lincoln University) for Front-of-House and Back-of-House roles with the Sixers and in Arena operations	\$1,000,000	Annual cost of \$100K/year for 10 years; starts in FY2033
Apprenticeship Program Fund: This fund will support the development and expansion of apprenticeship opportunities across various industries, helping individuals gain hands-on experience, develop essential skills, and access well-paying career pathways. By investing in workforce development, this initiative aims to create a stronger, more resilient economy and provide equitable opportunities for all members of the community.	\$1,000,000	\$200,000 per year, starting in FY2027

Citywide investments (\$27M)		
Categories/Components	Total	Payment schedule
Renovations for City Parks and Recreation facilities: This investment will focus on revitalizing aging infrastructure, in particular, basketball courts at City parks and recreation centers and will foster healthier, more vibrant communities while enriching the quality of life for all residents.	\$1,000,000	\$500,000 per year starting in FY2032
The Philadelphia City Fund: The Philadelphia City Fund will use these monies to make grants to organizations that support the children of Philadelphia	\$3,500,000	\$1,000,000 in FY2030, \$500,000 per year, FY2031-2035

Total CBA funding	\$60,000,000
CBA funding prior to arena opening: FY2026-2031	\$19,700,000

Community Benefit Agreement: schedule

Fiscal Year (FY)	Total by FY
FY2026 (July 2025-June 2026)	\$4,075,000
FY2027 (July 2026-June 2027)	\$2,525,000
FY2028 (July 2027-June 2028)	\$2,525,000
FY2029 (July 2028-June 2029)	\$2,525,000
FY2030 (July 2029-June 2030)	\$3,525,000
FY2031 (July 2030-June 2031)	\$4,525,000
FY2032 (July 2031-June 2032)	\$7,850,000
FY2033 (July 2032-June 2033)	\$5,450,000
FY2034 (July 2033-June 2034)	\$3,950,000
FY2035 (July 2034-June 2035)	\$2,450,000

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FY2036 (July 2035-June 2036)	\$1,950,000
FY2037 (July 2036-June 2037)	\$1,950,000
FY2038 (July 2037-June 2038)	\$1,950,000
FY2039 (July 2038-June 2039)	\$1,950,000
FY2040 (July 2039-June 2040)	\$1,650,000
FY2041 (July 2040-June 2041)	\$1,650,000
FY2042 (July 2041-June 2042)	\$825,000
FY2043 (July 2042-June 2043)	\$725,000
FY2044 (July 2043-June 2044)	\$725,000
FY2045 (July 2044-June 2045)	\$725,000
FY2046 (July 2045-June 2046)	\$500,000
FY2047 (July 2046-June 2047)	\$500,000
FY2048 (July 2047-June 2048)	\$500,000
FY2049 (July 2048-June 2049)	\$500,000
FY2050 (July 2049-June 2050)	\$500,000
FY2051 (July 2050-June 2051)	\$500,000
FY2052 (July 2051-June 2052)	\$500,000
FY2053 (July 2052-June 2053)	\$500,000
FY2054 (July 2053-June 2054)	\$500,000
FY2055 (July 2055-June 2056)	\$500,000
FY2056 (July 2056-June 2057)	\$500,000
FY2057 (July 2057-June 2058)	\$500,000
FY2058 (July 2058-June 2059)	\$500,000
FY2059 (July 2059-June 2060)	\$500,000
FY2060 (July 2060-June 2061)	\$500,000
Total scheduled	\$60,00,000

EXHIBIT 2 TO SDA TERM SHEET

Economic Opportunity Plan

See attached.

City of Philadelphia
Economic Opportunity Plan
76ers Arena Development in Center City

I. Introduction and Definitions

This Economic Opportunity Plan (“EOP” or “Plan”) is being provided in connection with the development, construction, and operation of the proposed Sixers Arena (“Arena”). The Arena will encompass a portion of the Fashion District Philadelphia shopping mall and Greyhound Bus Station (collectively “the Project”), in Center City, shown in Exhibit A (“the Site”) and will require significant financial investment, design, construction, and operations workstreams. The Project is intended to create a sports and entertainment arena that will serve as the future home of the Philadelphia 76ers as well as host concerts, high school and college sports games, family shows, and community and other events. The City of Philadelphia (the “City”) strongly encourages the use of certified Minority¹ (“MBE”), Women (“WBE”), Disabled² (“DSBE”), and Disadvantaged (“DBEs”) Business Enterprises³ (collectively, “M/W/DSBE(s)”) and minority, women, disabled, and local workers in all aspects of the proposed Project. In support of this objective, the City will require that CBL Arena LLC (a/k/a “ArenaCo” and referred to herein as the “Developer/Operator”), a subsidiary of 76 Devco,⁴ commit to this EOP. This Plan contains ranges of projected M/W/DSBE utilization and goals for the employment of minority, women, disabled, and local workers in connection with the Project at the Site. This Plan shall be a part of and incorporated into any resulting agreement(s) between the City and the Developer/Operator.

For the purposes of this Plan, M/W/DSBE shall refer to certified businesses recognized by the Office of Economic Opportunity or its successor agency (“OEO”). Only the work or supply efforts of firms that are certified as M/W/DSBEs by an OEO-approved certifying agency⁵ will be eligible to be credited toward participation goals. In order to be counted, certified firms must successfully complete and submit to the OEO an application to be approved and included in the OEO Registry which is a list of registered M/W/DSBEs maintained by the OEO and available online at <https://phila.mwdsbe.com/>.

For this Plan, the term “Best and Good Faith Efforts” means non-discriminatory efforts, “the scope, intensity, and appropriateness of which are designed and performed to foster meaningful and representative opportunities for participation by M/W/DSBEs and an appropriately diverse workforce and to achieve the objectives [herein stated].” *See* Phila. Code § 1603I. The sufficiency of Best and Good Faith Efforts shall be measured in accordance with this plan and § 17-1600 of the Philadelphia Code. Best and Good Faith Efforts are rebuttably presumed met when commitments are made within the M/W/DSBE participation ranges established for the Project and a commitment

¹ Minority is defined as a person who is: African American, having origins in any of the Black racial groups in Africa; Hispanic American, a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race; Asian American, having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent or the Pacific Islands; or Native American, having origins in any of the original peoples of North America.

² Disabled is defined as a person who has a physical or mental impairment that substantially limits one or more of his or her major life activities, such as caring for oneself, performing manual tasks, e.g., walking, seeing, hearing, speaking, breathing, learning and performing physical work, and has a medical record of such impairment.

³ Disadvantaged Business Enterprises (“DBEs”) are those socially or economically disadvantaged minority and woman owned businesses certified under 49 C.F.R. Part 26.

⁴ 76Devco anticipates that ArenaCo will be responsible for the development and operations of the Arena for the Philadelphia 76ers. ArenaCo may, in the future, require certain of its affiliates to assist in the development and/or operation of the Arena, and such affiliates will commit to this EOP when applicable. HBSE Holdco LP is the parent company of the Philadelphia 76ers.

⁵ A list of “OEO approved certifying agencies” can be found at www.phila.gov/oeo.

is made to employ a diverse workforce as enumerated herein. Best and Good Faith Efforts shall be monitored and determined in accordance with Section VI below.

For this Plan, Participant shall be defined as: any firm, including but not limited to any consultant, architectural/ design entity, subcontractor, construction manager and/or prime contractor engaged by a contractor, a project developer or recipient of financial assistance with respect to this Plan, in accordance with §17-1601(4) of the Philadelphia Code.

The City and Developer/Operator agree that proactive measures will be taken, to the extent permitted by law, to ensure that M/W/DSBEs are afforded a meaningful opportunity to participate in contracts, concessions, and opportunities to lease retail space that becomes available relating to the Project.

The Developer/Operator hereby verifies that all information submitted to OEO in response to this Plan is true and correct and takes notice that the submission of false information is subject to the penalties of 18 Pa. C. S. Section 4904, relating to unsworn falsification to authorities and 18 Pa. C. S. Section 4107.2 (a)(4), relating to fraud in connection with minority business enterprises or women's business enterprises.

II. Plan and Project Scope

This Plan is being provided in connection with the Project and site (as defined in Section I).

III. Diversity Goals

The Parties desire to use this Project as an engine for new economic opportunity for businesses and employees, particularly minority, women, and disabled persons, and local workers.⁶ The City will require that the Developer/Operator use Best and Good Faith Efforts, as defined above, to utilize M/W/DSBE businesses and employ minority, women, and disabled persons and local workers in the design, construction, and operations, including concessions, of this Project in accordance with the goals set within this subsection.

A. M/W/DSBE Participation Ranges Overview

As a benchmark for the expression of Best and Good Faith Efforts to provide meaningful and representative opportunities for M/W/DSBEs in the Project, the following participation ranges have been established. These participation ranges represent, in the absence of discrimination in the solicitation and selection of M/W/DSBEs, the percentage of MBE, WBE and DSBE participation that is reasonably attainable through the exercise of Best and Good Faith Efforts but are not "quotas" and should not be pursued in a manner that violates federal, state, and local antidiscrimination laws. These percentages relate to the good faith estimated cost of the entire Project.

To maximize opportunities for as many businesses as possible, a firm that is certified in two or more categories (e.g., MBE and WBE and DSBE or WBE and DSBE) will only be credited toward one participation range as either an MBE or WBE or DSBE for any specific contract. The ranges

⁶ For purposes of this EOP, local workers refers to individuals who are residents of the City of Philadelphia.

are based upon an analysis of factors such as the size and scope of the Project and the availability of MBEs, WBEs, and DSBES to participate in this development. As such, the measurement of Best and Good Faith Efforts considers the availability of M/W/DSBEs in the relevant market. However, availability serves as a guide for compliance and not the uppermost limit of meaningful participation that may be achieved during the Project. Notwithstanding the foregoing, the City and the developer/Operator acknowledge that certain portions of the categories (professional services and construction) required for completion of the Project are considered specialty areas and are subject to changes in market conditions which may impact the Developer/Operator's ability to meet the goals provided above.

The following goals, enumerated in Section III.B and Section III.C, have been agreed upon by the parties and set for the Project.

B. Design and Construction

The Developer/Operator will adhere to and include the below goals in all construction-related contracts and will require its general contractor ("General Contractor") to reference the workforce utilization goals in all of its subcontracts. The Developer/Operator shall also require that the General Contractor and its subcontractors make Best and Good Faith Efforts to provide contract opportunities for certified M/W/DSBEs in accordance with the below, subject to all applicable federal, state, and local laws.

The following contract goals have been set for the design and construction portion of the Project:

	MBE	WBE	DSBE
Contracting (Professional Services)	50%	10-15%	2%
Contracting (Construction)	50%	10-15%	2%
Furniture, Fixtures & Equipment ("FF&E")⁷	50%	10-15%	2%

During design and construction, the Developer/Operator agrees to make Best and Good Faith Efforts to employ minority persons, women, and local workers in its workforce of apprentices and journeypersons at the following levels, subject to applicable federal, state, and local laws:

	Minority	Women	Disabled	Local
Skilled Workers	50%	5-10%	2%	50%
Laborers	50%	5-10%	2%	50%
Apprentice & Pre-Apprentice	50%	7%	2%	50%

As of the date hereof, the Developer/Operator anticipates that scopes of work in the above-referenced contracting (professional services) category will include, but shall not be limited to, the following categories: bonding, accounting, financial advising, lending/financing, legal services, architecture, civil engineering, structural engineering, mechanical engineering, geotechnical engineering, landscape design, fire alarm consulting, LEED/sustainability consulting, and testing

⁷ FF&E refers to the direct or indirect purchase of furniture, fixtures, and equipment, including any related interior design consulting (to the extent not included in "Contracting (Professional Services)" above), transportation, warehousing, and installation to implement the Project.

and inspections.

As of the date hereof, the Developer/Operator anticipates that scopes of work in the above-referenced contracting (construction) category will include, but shall not be limited to, the following categories: excavation and foundations (e.g., rebar, street sweeping, dumpsters, supply of formwork, concrete, etc.), structure (e.g., steel supply, erection, etc.), roofing, interior, mechanical (e.g., plumbing, HVAC, etc.), electrical, site demolition and utility relocation, and signal upgrades offsite (e.g., electric, etc.), concrete, steel, carpentry, and finishes.

The Developer/Operator will submit to the City, no later than fourteen (14) days before the start of the initial construction a schedule of committed MBEs, WBEs and DSBEs (“Schedule”). Thereafter, this Schedule shall be updated for the duration of the Project and shall be presented at any subsequent Oversight Committee (defined below) meeting(s) or at the request of OEO.

The Developer/Operator shall also submit a “Contracting and Workforce Diversity Goal Plan” which shall include specific availability and utilization strategies for meeting the diversity goals. The Developer/Operator, through its appointed independent EOP/Diversity Consultants, shall monitor the realization of the diversity goals through the duration of the Project. Both the Schedule and Contracting and Workforce Diversity Goal Plan shall be presented at any subsequent Oversight Committee meeting(s) or at the request of OEO.

Any future alterations, expansions, renovations, or improvements to the Project by the Developer/Operator that exceed \$1,000,000.00 or cannot be completed within thirty (30) days shall also be subject to the above obligations.

C. Operations

1. Employment Opportunities

The Developer/Operator will make a good faith effort to ensure the creation of new jobs in the operation of the Project as part of this Plan, with a strong emphasis on staffing diversity in full-time and part-time positions. The Developer/Operator will work to identify likely areas of new hires and to identify minority, women, and disabled persons and local workers in arena operations. The Developer/Operator shall make Best and Good Faith Efforts to meet the following minimum goals for minority, women, disabled, and local employment with respect to the new jobs expected to be created during the operation of the Project, subject to applicable federal, state, and local laws.

Employee Category	Minority	Women	Disabled	Local
Hourly Employees ⁸	50%	20%	2%	75%
Salaried Employees ⁹	50%	15%	2%	50%
Management Employees ¹⁰	50%	15%	2%	50%
Internships	50%	15%	2%	50%

⁸ Hourly is defined as an employee that is directly or indirectly employed by the Arena within the normal course of business.

⁹ Salaried is defined as an employee who is employed directly by the Arena and currently has no management responsibility but could potentially move into a supervisory role/managerial role within the organization.

¹⁰ Management is defined as a salaried employee who is employed directly by the Arena who performs a supervisory role with a primary purpose related to operations of the Arena.

As part of this Plan, the Developer/Operator commits to making reasonable, good faith efforts, as defined in this Plan, to reach out to sources of employment and organizations that can refer minority, women, disabled, and local workers.

2. Contract Opportunities

In connection with the operation of the Project, the Developer/Operator shall use Best and Good Faith Efforts to provide contracting opportunities for M/W/DSBE businesses certified by OEO in coordination with this section, subject to applicable federal, state, and local laws.

The Project's Best and Good Faith efforts shall be directed at the goal of achieving the following levels of participation in the area of new contracting opportunities in accordance with the following goal:

	% MBE	% WBE	%DSBE
Contracting ¹¹	50%	10-15%	2%

These percentages for participation relate to the dollar value of contracts led by the Developer/Operator for the operation, maintenance and alteration/improvement of the Project. The Developer/Operator shall use its Best and Good Faith Efforts to facilitate opportunities between M/WBE/DSBEs and national suppliers.

To the extent the Developer/Operator outsources services including, but not limited to, the following, it shall use its Best and Good Faith Efforts to provide contracting opportunities to M/W/DSBEs: janitorial and building cleaning, security, audio visual production, IT services/staffing, snow removal, landscaping, waste management, food and beverage operations (concessions), and other building operations and management services.

The Developer/Operator agrees that in consultation with OEO, and other appropriate parties, the Developer/Operator shall continue to pursue the participation ranges established under this EOP for all such contracts and will apply all applicable provisions of this Plan to said contracts.

Any future contract opportunities applicable to the Project and Developer/Operator that exceed \$1,000,000.00 or cannot be completed within thirty (30) days shall also be subject to this Plan.

3. Concessions¹²

The Developer/Operator shall use its Best and Good Faith Efforts to provide concession opportunities for M/W/DSBEs. The Developer/Operator's Best and Good Faith Efforts shall be directed to the goal of achieving the following participation goals as measured by the number of

¹¹ Contracting shall include, but not be limited to, contracts regarding parking, professional services, supplies, merchandise, and movable FF&E.

¹² Concession(s) is defined as the sale of products or the rendition of services (including, but not limited to food and beverages) for consideration on or using the Arena by an entity owned or operated by the Arena.

M/W/DSBEs in concession(s) and concessionaire(s)¹³ ownership:

	% MBE	% WBE	%DSBE
Concessions	50%	20%	2%
Concessionaire	50%	20%	2%

Concessionaire ownership opportunities shall include, but are not limited to, equity participation, joint venture partnerships, brand/licensing agreements for the sale of goods, direct purchase of goods, and individuals retail vendor locations.

The Developer/Operator shall require its master concessionaire to adopt the minimum goals for employment set forth in this Plan and the minimum wages required under Chapter 17-1300 of the Philadelphia Code when applicable to the Project.

Professional service providers and vendors providing services at the Arena will also be required to pay the minimum wage under Chapter 17-1300 of the Philadelphia Code when applicable to the Project.

Where the master concessionaire and retail tenants are responsible for construction of the interior fit-out of their respective spaces in the Project, the goals previously stated for employment and design and construction contracts will apply to employment and design and construction contracts in excess of \$1,000,000.00. The Developer/Operator will include language in any master concession contract requiring such concessionaire to use Best and Good Faith Efforts, and to require its tenants to use their respective Best and Good Faith Efforts to achieve these goals.

Where applicable, the Developer/Operator will facilitate relationships between M/W/DSBE suppliers and their national accounts.

Any future alterations, expansions, renovations, or improvements to the Project by the Developer/Operator that exceed \$1,000,000.00 or cannot be completed within thirty (30) days shall also be subject to the above obligations.

IV. Equity Ownership

Section 17-1603 of the Philadelphia Code requires that each EOP include information concerning the Equity Ownership (as defined) of (1) the contractor, developer and/or recipient of financial assistance required to submit the Plan; (2) Participants (as defined) engaged by the contractor, developer and/or recipient of financial assistance; and (3) the eventual owner or owners of the Project or contract to which the Plan relates; and requiring periodic reports for the purpose of updating Equity Ownership information; all under certain terms and conditions. Please identify the current equity owners of the Project.

¹³ Concessionaire(s) is defined as a person or business engaged in direct or indirect purchase and supply, on or offsite but relating to the Arena, including but not limited to food and beverage operators, suppliers, and vendors, including providers of Intellectual Property (IP) for the sale of goods/services in the Arena.

	% MBE	% WBE	%DSBE	%Local
Type of Ownership	0%	0%	0%	0%

If the Project is privately owned, the following individuals will become the anticipated Equity Owners upon completion.

	% MBE	% WBE	%DSBE	%Local
Type of Ownership	0%	0%	0%	0%

During the course of the Project and at completion, the Developer/Operator is responsible for meeting the reporting guidelines identified in the Philadelphia Code.¹⁴

V. Diversity Practices

In compliance with §17-1603, the EOP shall contain a statement from the contractor, developer, and/or recipient of financial assistance summarizing past practices by identifying and describing examples of processes used to develop diversity at any/all levels of its organization including, but not limited to, Board and managerial positions. This statement shall also summarize strategic business plans specific to current or past practices of M/W/DSBE utilization on government and non-government projects and procurement.

A. Provide the race, gender, disability status and local status of your:

	%Minority	%Women	%Disabled	%Local
A. Directors	N/A	N/A	N/A	N/A
B. Management	N/A	N/A	N/A	N/A
C. General Workforce	N/A	N/A	N/A	N/A

As of the date hereof, the Developer/Operator, 76 Devco does not have directors or employees. Within one year of naming directors and hiring employees, the Developer/Operator will provide this information to the City via the Oversight Committee.

B. Identify your organization's methods of solicitation and utilization of M/W/DSBEs and local

¹⁴ Per The Philadelphia Code 17-1603: *Continuing Reporting Requirements*.

(i) Within 30 days of each anniversary of the date that the Plan is finally certified, the contractor, developer and/or recipient of financial assistance shall file with the Chief Clerk of Council and the certifying agency an addendum to the original Plan that provides the Equity Ownership information required in subsection (g)(.2), updated so that it is accurate as of the anniversary date. This requirement shall continue until the project is completed.

(ii) The final EOP report required pursuant to § 17-1604(2)(a) shall include updated Equity Ownership information that is accurate as of the date of the final report.

(iii) After the final EOP report has been filed, the owner or owners of the completed project shall have a continuing obligation to file a Statement of the owner's or owners' Equity Ownership within 30 days of each anniversary of the date that the final EOP report is submitted. The Statement shall be accurate as of the relevant anniversary date and shall be filed with the Chief Clerk of Council and the certifying agency. No Statement shall be required if the completed project is not privately-owned.

businesses. Please be specific in describing outreach and any procurement policies that are focused on creating or sustaining business relationships with M/W/DSBEs and local businesses.

HBSE and its affiliated companies, including 76Devco, are committed to supporting local, small, and diverse businesses through direct purchases, contracted services, and targeted programs designed to enhance capacity, provide resources, and increase business visibility. This commitment has been exemplified in recent years by programs designed to support those entrepreneurs, namely the Spirit of Small Business, Small Business Spotlight, and Buy Black programs. Each of these programs were designed to highlight and promote local small businesses to the millions of fans and followers of the 76ers, and in total have donated hundreds of thousands of dollars of marketing assets at no cost to the business. Furthermore, these programs have served as tools to introduce the 76ers to potential vendors and partners for day-to-day business.

As a continuation of this work, HBSE has been working with Supplier i.o., a reputable consultant and platform specializing in supplier diversity, to launch a dedicated supplier diversity program across the company. With the creation of a new arena, the 76ers' need for suppliers will expand and the supplier diversity program will be launched in anticipation of that expanded purchasing power. As part of this initiative, the team will launch a registration portal where diverse businesses can indicate their interest in working with HBSE. HBSE will also utilize the portal and additional outreach to identify diverse, qualified businesses to provide products and services. Supplier i.o. will work with the HBSE to identify opportunities and procurement practices to maximize opportunities for the participation of diverse businesses.

The Developer/Operator intends to continue these practices in the implementation and ongoing operations of the Project.

- C. What percentage of your company's total spend with vendors and suppliers do you project will be attributable to M/W/DSBEs and local businesses? Please include a list of the largest M/W/DSBEs and local businesses that 76 Devco has used in the last 12 months. Please also set forth the percentage of your company's anticipated spend with vendors and suppliers for 2024 that will be with M/W/DSBEs and local businesses.

	% MBE	% WBE	%DSBE	%Local
Spend	6%	10%	0%	69%

The above includes some contractors who self-identify as minority or woman owned but are not yet certified. When removing those entities MBE and WBE spend is 3% and 9%, respectively.

Our largest minority owned business spend has been with Ballard Spahr. Please note that we are counting Ballard Spahr as an MBE as the lead partner managing our account is a racial minority, which is consistent with how the City counts spend for legal engagements.

Our largest spend with woman owned businesses is with Groundwork Strategies.

Our spend for the balance of the year will be consistent with these numbers, but upon approval

they are anticipated to dramatically increase and trend towards the commitments laid out in this document, as we will be able to broaden the number of contractors and types of services needed. To date, services such as legal, design, engineering, and traffic analysis have taken up much of the budget, all of which have required large scale firms specializing in specific areas. This unfortunately left few options for diverse spend during the early stages of the project.

D. Describe employment and recruitment policies used in your workforce.

Cultivating a diverse and inclusive workforce is a priority for HBSE and its affiliated companies. For each hire, there is a dedicated process to ensure that candidates from all backgrounds are afforded opportunities to join the company. For each hire, the human resources (HR) and Diversity and Inclusion (D&I) staff work with the hiring manager during the hiring process. Throughout the process, the HR and D&I team advise the hiring manager and help carry out various strategies to ensure the sourcing and hiring process reaches a diverse pool of candidates. These strategies include:

- Developing a detailed job description to outline the job responsibilities, skills, qualifications and experience required for a particular role. The job description is crafted and reviewed through Textio, a writing platform that optimizes job postings and other recruiting materials by eliminating bias and promoting inclusive language, with the goal of attracting diverse and competent applicants.
- Posting jobs on the HBSE website, LinkedIn, and other suitable channels such as job boards, social media, and industry-specific networks focused on underrepresented professionals. Additionally, the team utilizes community relationships to attract candidates; and staff are encouraged to leverage their networks and ERGs.
- Once candidates are identified, interviews are conducted – with an emphasis on ensuring that all finalists are interviewed by a diverse set of HBSE employees before any final decisions are made. Furthermore, a predefined criteria and standardized questions, including behavioral and situational questions, help ensure consistency, comprehensiveness, and work-culture aptitude during the interview phase.
- The hiring manager works with HR and the D&I team to determine the best finalist and finalize an offer.

E. Describe any initiatives made by your organization to increase investment and promote equity ownership by minorities and women:

The following are initiatives that the affiliates of 76Devco have undertaken or supported.

- **Everybody Builds.** The Sixers organization is a funder and founding member of Everybody Builds, of which 76ers Chief Diversity & Impact Officer David Gould is a board member. The organization is designed to coordinate diversity efforts in Philadelphia's construction industry and build sustainable capacity for growth among diverse businesses and workers. We envision a more inclusive and aligned industry where insights and market opportunities are shared between developers and owners, contractors, and workforce organizations to expand opportunity for diverse businesses and workers to

participate and thrive on major development efforts in Philadelphia.

- **Buy Black.** The Sixers parent company, HBSE, launched the Buy Black program during the 2021-2022 NBA season to promote and market Black-owned businesses that are located within the community. With access to HBSE's expansive reach through various sports channels and exposure to expert marketing consultation and use of marketing assets typically reserved for larger corporate partners, the selected businesses will receive customized marketing plans that will be executed by the 76ers to grow and sustain the success of their business.
- **Mosaic Development Partners.** 76 Devco and Sixers owner, Josh Harris, invested \$10 million into Mosaic Development Partners to support their innovative work in expanding equitable development across Philadelphia communities. The Sixers are partnering with Mosaic Development Partners, a certified MBE firm, on 76Place.
- **Sharswood Ridge Investment.** 76 Devco and Sixers owners and affiliates are private investors in the Sharswood Ridge development, a 234,000 square foot mixed-use development delivering housing and neighborhood retail to North Philadelphia's Sharswood commercial corridor. Sharswood Ridge is situated at 2077 Ridge Avenue in Sharswood, a neighborhood facing significant economic challenges. The development encompasses 98 rental units with a mix of income levels, allocating 46 percent of the residences as affordable housing. Additionally, the site features over 45,000 square feet of retail space, housing establishments such as Grocery Outlet, a budget-friendly supermarket, Everest Urgent Care, Santander Bank, and a Wingstop restaurant
- **Clarifi Grant.** The Sixers awarded a \$100,000 community grant to Clarifi, a Philadelphia based financial and housing counseling agency offering services and resources to promote homeownership and wealth creation. To date, the grant has helped provide 145 housing counseling sessions to 113 unique individuals in the Sharswood neighborhood. The grant was designed to complement the HBSE investment in Sharswood Ridge and was matched 1:1 from the William Penn Foundation's Family Recovery Fund, resulting in \$200,000 to Clarifi.
- **NBA Foundation.** HBSE made a \$10M contribution in 2021 with other NBA teams to launch the NBA Foundation, whose mission is to drive economic empowerment for Black communities. Of the \$10M grant, over \$5M were made to various groups in Philadelphia, including Community Options, Year Up, City Year, Hopeworks, Coded by Kids, VestedIn, and Youth Sentencing & Re-entry Program (YSRP).
- **AltFinance.** 76 Devco and Sixers owner Josh Harris is an investor and participant through The Harris Family Alternatives Investments Program at Wharton of "AltFinance: Investing in Black Futures." The program, in partnership with HBCU's, Apollo Global Management and Oak Tree Capital Management, is designed to diversify the investment industry by training and providing career opportunities for college students attending three Historically Black College and Universities (HBCUs).

VI. Best and Good Faith Efforts

A. Statement of Objectives

The objectives set forth in this Plan shall be incorporated in all requests for proposals, bid packages and solicitations (collectively, “Invitations to Bid”) for the Project and communicated to all Participants. Subject to applicable laws, all Invitations to Bid regarding the Project are subject to this Plan and the requirements as set forth in §17-1603 (2) of Chapter 17-1600 of the Philadelphia Code. Accordingly, by submission of its bid, a Participant makes a legally binding commitment to abide by the provisions of this Plan, which includes Participant’s commitment to exercise its Best and Good Faith Efforts throughout the contract term to provide meaningful and representative contracting opportunities for M/W/DSBEs and to employ, to the extent feasible, an appropriately diverse workforce of minority, women and disabled persons and local workers in all phases of the contract awarded under its bid.

B. Best and Good Faith Efforts

Best and Good Faith Efforts will be deemed adhered to when a Participant meets the criteria set forth in this Plan and demonstrates and documents its efforts throughout the duration of the Project. Each Participant must submit a Best and Good Faith Efforts Form (a “BGFE Form”), as shown in Exhibit B attached hereto, showing how Best and Good Faith Efforts were made to achieve said goals relating to M/W/DSBEs, minority workers, women workers, disabled workers, and local workers, even if the goals were not met. The BGFE Form should include evidence that the Participant engaged in the following types of efforts, where applicable. The items listed are intended as examples and each one may not apply to every Participant. However, Parties agree that these actions cover the range of activities that would be expected in the normal course of making Best and Good Faith Efforts.

1. Solicitation through job fairs, newspapers, periodicals, advertisements and other organizations or media that focus on construction and are owned by M/W/DSBE and/or that focus on M/W/DSBEs.
2. Communications logs with potential firms, organizations, or individuals related to this Project.
3. Evidence of solicitation to qualified M/W/DSBEs certified by OEO or any successor agency, such as a list of certification directories used by the Participant for soliciting participation, so long as OEO determines such directories are reasonable and appropriate. Participants must determine with reasonable certainty if the M/W /DSBEs are interested, by taking appropriate steps to follow upon initial solicitation; one-time contact, without any follow-up, is not acceptable.
4. Bid results and reasons as to why no awards were made to M/W/DSBEs.
5. Correspondence between the contracting firm and any M/W/DSBE firm related to this Project.
6. Attendance logs and/or records of any scheduled pre-bid or pre-proposal meeting.
7. Encouraged M/W/DSBEs to confer with entities such as Philadelphia Works, the Diverse Chambers Coalition of Philadelphia, the City’s Capital Projects Office, OEO, and Office of Minority Business Success, Everybody Builds, and similar organizations regarding specific, general and technical assistance offered and provided to M/W/DSBEs related to

their portion of the Project.

8. Proof there was notification of and access to bid documents at the contracting firm's office or other office locations for open and timely review.
9. Sought assistance from entities such as Philadelphia Works, OIC Philadelphia, City College for Municipal Employment, and Everybody Builds, to perform employment outreach.
10. A published policy of nondiscrimination in the hiring, retention and promotion of employees.
11. Agreements with apprenticeship or training programs (public, private, or non-profit) that target the employment of minority persons, women persons, and disabled persons and local workers.
12. Made commitments to use M/W/DSBEs in its bid for subcontracted services and materials supply, in a manner consistent with federal, state, and local antidiscrimination laws, even when the non-MBEs, WBEs and DSBES Participant might otherwise prefer to perform/supply these items without subcontracting.
13. Provided interested M/W/DSBEs with adequate information about the plans, specifications, and requirements of the contract in a timely manner to assist them in responding to a solicitation.
14. Descriptions of any and all efforts to provide arm's length business assistance to interested M/W/DSBEs which may include access/introduction to major manufacturer/suppliers, lines of credit and union halls.
15. Descriptions of any and all efforts made to assist interested MBE/WBEs in obtaining bonding, lines of credit, insurance, necessary equipment, supplies, and materials (excluding supplies and equipment which the MBE/WBE subcontractor purchases or leases from the prime contractor or its affiliate). Where such assistance was provided by the contractor, identify the name of the MBE/WBE assisted, nature of the assistance offered, and date. Provide copies of supporting documents, as appropriate.
16. Negotiated in good faith with interested M/W/DSBEs. A bidder using good business judgment would consider a number of factors in negotiating with subcontractors, including M/W/DSBE subcontractors, and would take a firm's price and capabilities as well as the objectives of the City's Antidiscrimination Policy into consideration.

C. Monitoring of Best and Good Faith Efforts

The monitoring and reporting of Best and Good Faith Efforts of the Participants shall be established by OEO in consultation with the Oversight Committee (as defined in Section VIII.C), and shall include (in addition to any further reasonable measures that may be required) the following:

1. All Participants that are on-site contractors or subcontractors involved in the construction

of the Project shall submit copies of “certified” payrolls, signed contracts and purchase orders with M/W/DSBE contractors and subcontractors, and evidence of payment to M/W/DSBE contractors and subcontractors, to the extent permitted by applicable law and subject to reasonable redaction or withholding of information to protect trade secrets and/or confidential proprietary information. Alternatively, Developer/Operator may, at its option, engage a third-party verification service to verify and provide relevant information to OEO.

2. At the conclusion of the Project, Participants shall provide evidence of the actual dollar amounts paid to M/W/DSBE contractors or subcontractors.
3. All Participants that are on-site contractors involved in the construction of the Project shall be prepared to submit data sufficient to verify workforce utilization.
4. The Developer/Operator’s third-party monitor – which shall be selected from among the OEO-recommended list – shall conduct on-site labor census at least once per month, on a random basis, to document levels of minority, women, disabled, and local participation, based upon information provided for payroll verification, and prepare reports on their findings each time a census is conducted.

D. Guideline for Joint Venture Counting

Joint Venture relationships with certified M/W/DSBEs must meet the following criteria in order to receive credit towards participation goals:

1. The M/W/DSBE partner(s) must be certified by OEO, the Pennsylvania Unified Certification Program, or an agency authorized by law to certify such enterprises prior to proposal/bid submission.
2. The M/W/DSBE partner(s) must be substantially involved in significant phases of the contract including, but not limited to, the performance (with its own work force) of a portion of the on-site work, and of administrative responsibilities, such as bidding, planning, staffing and daily management.
3. The business arrangements must be customary (i.e., each partner shares in the risk and profits of the joint venture commensurate with their respective ownership interest).
4. If a certified partner is an M/W/DSBE, the participation will be credited only to the extent of the partner’s ownership interest in the joint venture. M/W/DSBE participation ranges or goals will apply to the joint venture.

E. Documentation of Best and Good Faith Efforts and Compliance

Two components have been established to document the inclusion of M/W/DSBEs as contractors and vendors, and minority/women/disabled/local workers as Project site workforce participants:

1. M/W/DSBE Contracting and Vending Participation Levels: the basis for each determination will be the percentage of the total dollar amount of Participant’s bid/contract OR the total dollar amount of the bid/contract for the identified Project task.

2. Minority/Women/Disabled/Local Worker Employment Participation Levels: the basis for each determination will be the projected total on-site field employee hours divided by the number of minority, women, disabled, and local employee hours anticipated to be performed on the contractor's payroll, and each of the contractor's on-site subcontractors' payrolls.

VII. Responsiveness and Counting

- A. The Developer/Operator shall identify M/W/DSBE commitments and other agreements evidencing their intent to use Best and Good Faith Efforts to employ minority persons, women, and disabled persons and local workers at the levels stated herein. The identified commitments constitute a representation that the M/W/DSBE will perform a commercially acceptable function¹⁵ relevant to the commitments and that the Developer/Operator has entered into legally binding commitments with the listed M/W/DSBEs for the work or supply effort described and the dollar/percentage amounts set forth above. In calculating the percentage of M/W/DSBE participation, the standard mathematical rules apply in rounding off numbers. In the event of inconsistency between the dollar and percentage amounts, the percentage will govern.
- B. M/W/DSBE commitments are to be memorialized in a written subcontract agreement. Letters of intent, quotations, contracts, subcontracts and any other documents evidencing commitments with M/W/DSBEs become part of an exhibit to the respective service and construction contracts.
 1. Upon award, letters of intent, quotations, and any other accompanying documents regarding commitments with M/W/DSBEs, including the M/W/DSBE Participation and Commitment Form, become part of the contract. M/W/DSBE commitments are to be memorialized in a written subcontract agreement and are to be maintained throughout the term of the contract (unless such contract is amended and, as a result, the original commitments are rendered impracticable) and shall apply to the total contract value (including approved change orders and amendments). Throughout the term of the contract, Contractor is required to continue its Best and Good Faith Efforts.
- C. OEO will review the Developer/Operator's commitments for the purpose of determining whether Best and Good Faith Efforts have been made. OEO reserves the right to request further documentation and/or clarifying information at any time during the construction and development of the Project, subject to the Philadelphia Code and applicable law.

¹⁵ An M/W/DSBE is considered to perform a commercially acceptable function ("CAF") when it engages in meaningful work or supply effort that provides for a distinct element of the subcontract (as required by the work to be performed), where the distinct element is worthy of the dollar amount of the subcontract and where the M/W/DSBE carries out its responsibilities by actually performing, managing and supervising the work involved; M/W/DSBE subcontractors must perform at least twenty percent (20%) of the cost of the subcontract (not including the cost of materials, equipment or supplies incident to the performance of the subcontract) with their own employees. The City may evaluate the amount of work subcontracted, industry practices and any other relevant factors in determining whether the M/W/DSBE is performing a CAF and in determining the amount of credit the Contractor receives towards the participation ranges.

VIII. Compliance and Monitoring

A. Compliance

The Developer/Operator agrees to cooperate with OEO and the Oversight Committee in their compliance monitoring efforts, and to submit, upon the request of OEO and/or the Oversight Committee, documentation relative to its implementation of the Plan, including the items described below:

- Copies of signed contracts, purchase orders, and agreements with M/W/DSBE subcontractors, subject to reasonable redaction or withholding of information to protect trade secrets and/or confidential proprietary information;
- Evidence of payments (cancelled checks, invoices, etc.) to subcontractors and suppliers to verify M/W/DSBE participation; and
- Logs tracking introductions with local, small and minority businesses.

To the extent required by law, the Developer/Operator shall ensure that its on-site contractors maintain certified payrolls which include a breakout of hours worked by minority, women, disabled, and local apprentices and journeypersons.

B. Prompt Payment

The Developer/Operator agrees and shall cause its contractors to ensure that all applicable service providers, including M/W/DSBEs, participating in the Project receive prompt payment for their work or supply effort within a reasonable timeframe (such as fourteen (14) business days) after receipt of payment by the construction manager.

C. Oversight Committee

The City will establish an Oversight Committee (“Committee” or “Oversight Committee”) for the Project, who shall meet according to the reporting cadence in Section X herein. The members of the Committee will change over time dependent upon the Developer/Operator’s current activities, but at a minimum shall include the following parties during the lifetime of the Project:

- A C-suite executive from 76 Devco
- One representative selected by 76 Devco
- A representative from OEO or its successor agency
- A representative from the City’s Labor Standards Unit
- A representative from the City’s Law Department
- A City Council representative appointed by the City Council President
- A representative from the local community appointed by the City Council President
- A representative from the Building and Construction Trades Council appointed by the Mayor
- A representative appointed by the Mayor, who shall serve as Chair of the Committee

The Committee is obligated to ensure compliance with this Plan and to make such findings, recommendations and proposals that are necessary and appropriate for the City to enforce the terms of this Economic Opportunity Plan and impose the remedies and penalties provided for

in Section IX. In addition, within 60 days of the first meeting of the Committee, the Committee shall disclose publicly the rules by which the Committee shall govern including, but not limited to, membership, meeting cadence, quorum requirements, reporting logistics, and officer positions.

IX. Remedies and Penalties for Non-Compliance

- A. All Participants in the Project shall observe and be subject to the enforcement of any relevant City, Commonwealth and federal laws, ordinances, orders, rules, and/or regulations regarding M/W/DSBEs that are applicable to the Project, including the Philadelphia Home Rule Charter, the Philadelphia Code, and all federal, state, and local nondiscrimination laws.
- B. Developer/Operator agrees that its compliance with the requirements of this Plan is material to any inducement and authorization to proceed with the Project in accordance the provisions contained under §17-1600 of the Philadelphia Code. Failure of the Developer/Operator to comply with the Plan as required by §17-1600 of the Philadelphia Code may result in the imposition of any remedies and penalties¹⁶ contained therein including the penalties enumerated in §17-1605 and §17-1606 of the Philadelphia Code to the extent such provisions are legally applicable to the Project and Developer/Operator. No enforcement action, remedy, or penalty shall be imposed or assessed until after the Oversight Committee has conducted an investigation, the Developer/Operator has been afforded a meaningful opportunity to be heard, and the City has otherwise complied with Chapter 17-600 of the Philadelphia Code and any other applicable due process requirements under the law.

Notwithstanding the foregoing, no privity of contract exists between the City and any

¹⁶ 17-1606 (1) A participant, contractor, developer, applicant or recipient of financial assistance, as defined in subsection 17-1601(4), who has failed to comply with any provisions of this Chapter, including any contract provisions imposed by this Chapter, is not eligible for financial assistance consideration or receipt of any financial assistance as set forth in subsection 17-1601(1).

(2) If the certifying agency and/or the Oversight Committee determines non-compliance with the provisions set forth in this Chapter, they may recommend that the City exercise, through appropriate channels, one or more of the following remedies, as deemed applicable:

- (a) Withhold payment(s) or any part thereof pending corrective action.
- (b) Terminate a contract, in whole or in part.
- (c) Suspend a participant, contractor or recipient of financial assistance from bidding on and/or participating in future City contracts for up to three (3) years.
- (d) Recover liquidated damages as outlined in the Plan.

(3) No contract shall be awarded to any contractor or subcontractor, or any principal, affiliate, successor or assignee of any contractor or subcontractor, who has been found to have intentionally violated any of the Workforce Diversity requirements of a contract or subcontract regulated under this Chapter or who has been found to have violated such requirements with respect to more than one City contract or subcontract within the past three years, until three years have elapsed from the date of the determination of such violation, unless the Procurement Commissioner, after reviewing the recommendation of the Director, or the Board of Labor Standards on appeal, shall fix a shorter period in view of extenuating circumstances relating to the particular violation.

(4) No contractor shall hire as a subcontractor on a City contract a contractor that has been determined ineligible to receive a City contract award during any time period established under subsection 17-1606(3).

(5) A contractor or subcontractor shall be subject to a fine of three hundred dollars (\$300) for each violation of the Workforce Diversity requirements of this Chapter, including a violation of Section 17-1609, relating to retaliation; failure to make Best and Good best Faith Efforts to meet Workforce Diversity requirements; submitting a second or subsequent late or incomplete payroll report in connection with a contract; failure to provide to the Unit access to documents or employees; or allowing an employee or other person to interfere with such access or an interview with an employee.

(6) For the purpose of enforcing the Workforce Diversity requirements of this Section, notices of violation shall be issued by authorized inspectors within the Labor Standards Unit, or any other persons authorized to enforce ordinances. Such notices of violation shall be issued under the procedures set forth in Section 1-112, except that the amount required to be remitted in response to a notice of violation shall be one hundred dollars (\$100).

M/W/DSBE identified in any contract resulting from implementation of the Project. Neither the Developer/Operator nor the City intends to give or confer upon any such M/W/DSBE any legal rights or remedies in connection with subcontracted services under any law or policy or by any reason of any contract resulting from implementation of the Plan except such rights or remedies that the M/W/DSBE may seek as a private cause of action under any legally binding contract to which it may be a party. With the exception of the parties to the related Sublease and Development Agreement (“Arena Lease”), there are no third-party beneficiaries of this Plan and nothing in this Plan, express or implied, is intended to confer on any person other than the parties hereto any rights, remedies, obligations, or liabilities.

X. Reporting

A. Monthly Reporting During Design and Construction Period

By the thirtieth (30th) day following the end of each month during the design and construction period, the Developer/Operator shall provide a report to the Committee that documents the following:

1. The status or participation of M/W/DSBE contractors and subcontractors which includes the names of each company, the trade or specialty, the amount of each contract, the percent of contract completion for the month being reported and what percent of the overall Project this participation represents for the month being reported; and
2. The status of participation of minority, women, disabled, and local employment on the Project. This report at minimum shall include, by trade or specialty, total work force, minority, women, disabled, and local employment by both number of persons and number of hours worked.

B. Quarterly Reporting During Operations Period

By the thirtieth (30th) day following the end of each quarter during the ongoing operations period, the Developer/Operator shall provide a report to the Committee that documents the following:

1. The status or participation of M/W/DSBE contractors, concessions, and concessionaires, which includes the names of each company, the trade or specialty, the amount of each contract, the percent of contract completion for the quarter being reported and what percent of the overall Project this participation represents for the quarter being reported; and
2. The status of participation of minority, women, disabled, and local employment on the Project. This report at minimum shall include, by employee category, total work force, and minority, women, disabled, and local employment by both number of persons and wages earned.

C. Annual Reporting

The Developer/Operator agrees to file an annual report with the OEO and City Council concerning the performance of the EOP through the duration of the Project. The report will be due annually on the anniversary of the signing of the Sublease and Development Agreement.

D. Future Alterations and Developments:

The Developer/Operator shall also report, within reasonable time, plans for any future alterations, expansions, renovations, or improvements to the Project.

All reports (quarterly & annually) provided to the Oversight Committee under this EOP shall also be provided to the OEO.

XI. Notice

All communications for the City shall be sent to:	All communications for the Developer/Operator shall be sent to:
ATTN : Office of Economic Opportunity 1515 Arch Street 12 th Floor Commerce Department Philadelphia, PA 19102	ATTN: <i>Insert Name</i> <i>Insert Address</i> <i>Insert City, Zip</i>

XII. Public Records

The Oversight Committee shall abide by the Pennsylvania Right-to-Know Law (the “Act”), 65 §§ 67.101-67.3014, where applicable, and the City shall make public and post the meeting minutes of the Committee and the final report for the construction phase and the ongoing annual reports provided to the Committee by the Developer/Operator.

XIII. Transfer of the Arena Premises

If during the Term of this Agreement, the Developer/Owner assigns its interest in the Arena in a permitted transfer pursuant to the Arena Lease, the Developer/Owner shall assign its rights and obligations under this EOP, and this EOP shall continue to apply and remain binding on the City and such assignee, and thereafter, no further rights or obligations hereunder shall accrue against the Developer/Owner; provided, however, that this EOP shall be assignable only to a permitted transferee under the Arena Lease, that any such transferee shall execute and deliver an instrument assigning this EOP in writing in form and substance satisfactory to the City in its reasonable discretion, expressly assuming all of the duties, obligations, and liabilities of the Developer/Owner to the City under this EOP, and provided further that the approval by the City of any assignment of this EOP by the Developer/Owner or any successor or permitted assignee of the Developer/Owner shall not be deemed a consent to, nor a course of dealing with respect to, any subsequent assignment or assignments of this EOP.

XIV. Intent and Severability

Nothing in this Plan is intended to obligate the City or the Owner/Develop to take any action (or obligate a third party to take any action) that constitutes a violation of applicable law, in existence now or in the future (including, without limitation, the Civil Rights Act of 1866 (including 42 U.S.C. § 1981) or Title VII of the Civil Rights Act of 1964); all commitments herein are expressly

conditioned on the parties' compliance with these and all other applicable laws. Any reference or obligation to exercise "Best and Good Faith Efforts" throughout this Plan includes the obligation to adhere to all federal, state, and local antidiscrimination laws. If any provision of this Agreement is found to be unenforceable, the remaining provisions hereof shall nevertheless be carried into effect. The Parties agree to renegotiate the unenforceable terms in good faith.

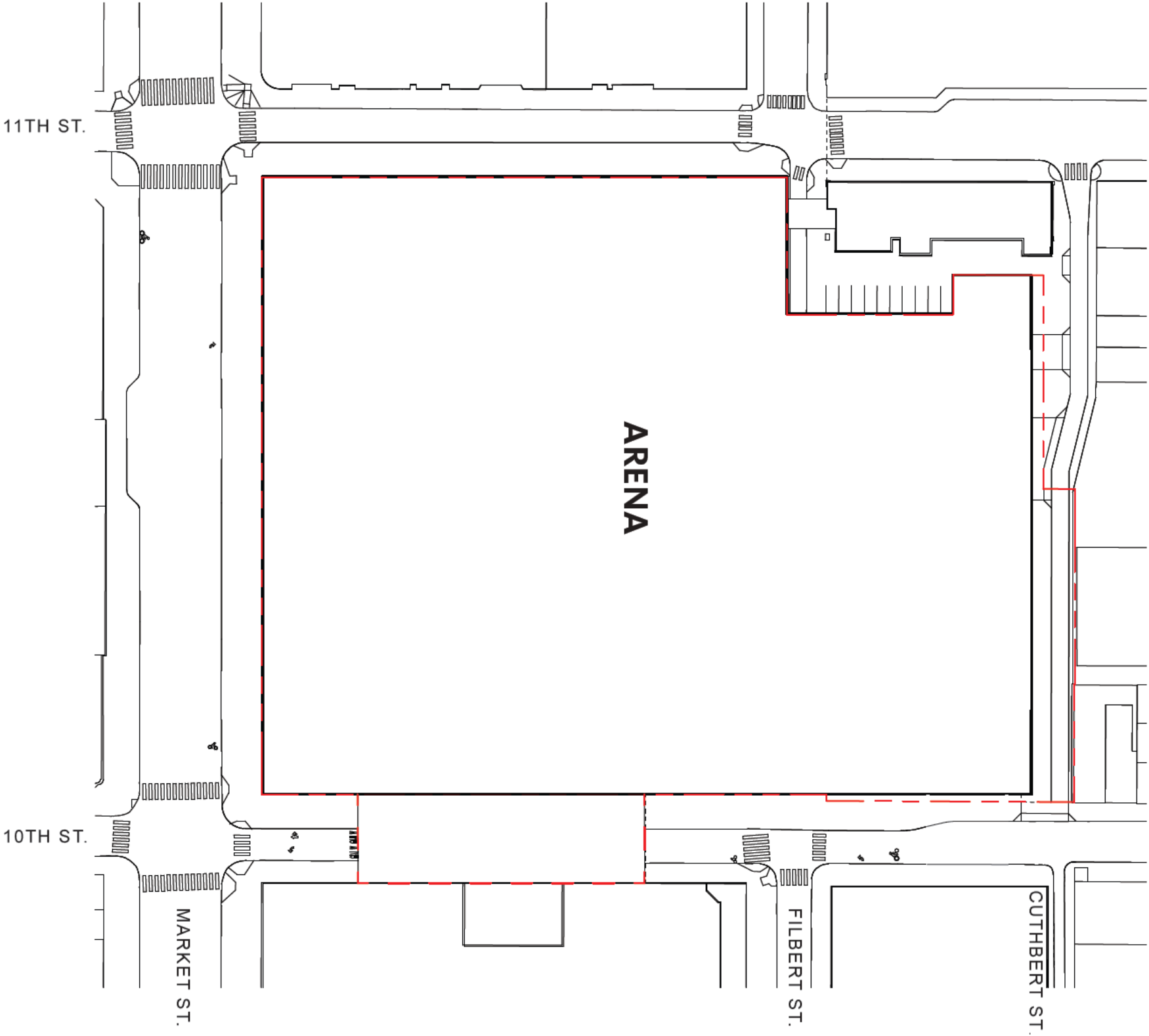
**EXHIBIT A:
THE SITE**

Attached.

SITE PLAN

CERTIFIED COPY

Proposed Lot Line



**EXHIBIT B:
BEST AND GOOD FAITH EFFORTS REPORTING FORM**

[To be attached.]

City of Philadelphia

BILL NO. 240966 continued

Certified Copy

City of Philadelphia

BILL NO. 240966 continued

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on December 19, 2024. The Bill was Signed by the Mayor on December 23, 2024.

A handwritten signature in black ink, reading "Elizabeth McCollum". The signature is fluid and cursive, with the first name "Elizabeth" and last name "McCollum" clearly distinguishable.

Elizabeth McCollum
Interim Chief Clerk of the City Council