

**AGREEMENT CONCERNING
ENTERTAINMENT TAX REIMBURSEMENT**

by and between

THE CITY OF ANAHEIM

and

WALT DISNEY PARKS AND RESORTS U.S., INC.

dated as of

July 7, 2015

AGREEMENT CONCERNING ENTERTAINMENT TAX REIMBURSEMENT

This Agreement Concerning Entertainment Tax Reimbursement (this "Agreement") is dated for reference purposes as of July 7, 2015 (the "Agreement Date"), and is being entered into by and between the City of Anaheim, a charter city and municipal corporation, duly organized and existing under its Charter and the Constitution and laws of the State of California ("City"), and Walt Disney Parks and Resorts U.S., Inc., a Florida corporation ("Disney") and successor by merger to Walt Disney World Co.

RECITALS:

A. Disney and/or "Affiliates of Disney" (as that term is defined below) own or lease those properties within The Disneyland Resort Specific Plan Area and the Anaheim Resort Specific Plan Area in the City of Anaheim identified in Exhibit "A" attached hereto (collectively, the "Disney Properties").

B. On June 22, 1993, the City Council of City adopted Resolution Nos. 93R-107 and 93R-108, and on June 29, 1993, adopted Resolution Nos. 93R-146 and 93R-147 and Ordinance Nos. 5377 and 5378, approving amendments to the Land Use and Circulation Elements of City's General Plan, approving The Disneyland Resort Specific Plan (SP92-1) (the "Original DRSP"), approving zoning and development standards for the Disneyland Resort Specific Plan, amending the Zoning Map referred to in Title 18 of City's Municipal Code relating to zoning for The Disneyland Resort, and amending Title 18 of City's Municipal Code by adding a chapter thereto (Chapter 18.114) relating to zoning and development standards for the Original DRSP, certifying Final Environmental Impact Report No. 311 (the "DRSP FEIR"), making findings with respect to the environmental impacts identified in the DRSP FEIR, adopting a Statement of Overriding Considerations, and adopting Mitigation Monitoring Program No. 0067.

Subsequently, the City Council of City has approved several amendments and adjustments to the Original DRSP, including the following:

On March 22, 1994, the City Council of City adopted Resolution Nos. 94R-40 and 94R-41 and on April 12, 1994, the City Council of City adopted Ordinance No. 5420 approving Amendment No. 1 to establish "District A", re-designating a portion of the East Parking Area (approximately 9 acres) to District A, and establishing Zoning and Development Standards for District A (including approval of a finding that the previously certified DRSP FEIR was adequate to serve as the required environmental documentation for Amendment No. 1 and modifying Mitigation Monitoring Program No. 0067 to reference "District A" in Mitigation Measure 3.10.1-8).

On June 13, 1995, the City Council of City adopted Resolution 95R-95 and on June 20, 1995, the City Council of City adopted Ordinance No. 5503 approving Amendment No. 2 to re-designate a portion (approximately 10 acres) of the East Parking Area to District A (including approval of a finding that the previously certified DRSP FEIR was adequate to serve as the required environmental documentation for Amendment No. 2).

On October 8, 1996, the City Council of City adopted Resolution Nos. 96R-176, 96R-177, 96R-178 and 96R-179 and on October 22, 1996, the City Council of City adopted Ordinance Nos. 5580 and 5581, approving Amendment No. 3 to encompass modifications to The Disneyland Resort Project including a Revised Phasing Plan, modifications to the Specific Plan (including the Zoning and Development Standards, Design Plan and Guidelines and Public Facilities Plan) to implement the Revised Phasing Plan; and incorporation of text and graphic modifications to the document, and finding that the Addendum (dated July 31, 1996) to the DRSP FEIR and Modified Mitigation Monitoring Program No. 0067 were adequate to serve as the required environmental documentation for this request.

On September 16, 1997, the City Council of City adopted Ordinance No. 5613 approving Adjustment No. 1 to encompass standards addressing permitted encroachments, screening requirements and height limitations, including a finding that this adjustment was categorically exempt from CEQA under CEQA Guidelines Section 15061(b)(3), which provides that where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

On June 22, 1999, the City Council of City adopted Resolution Nos. 99R-133, 99R-134, 99R-135, 99R-136, and 99R-137, and on July 13, 1999, the City Council of City adopted Ordinance Nos. 5689 and 5690, approving Amendment No. 4 pertaining to the Pointe Anaheim Lifestyle Retail and Entertainment Complex, amending the Land Use Element of City's General Plan, Conditional Use Permit No. 4078, amending the Anaheim Resort Public Realm Landscape Program on approximately 29.1 acres, establishing Zoning and Development Standards for the Pointe Anaheim Overlay, modifying the Land Use Plan, the Public Facilities Plan, the Design Plan, and the Conditions of Approval and incorporating text and graphic modifications to implement the Pointe Anaheim Project, and re-designating a portion of District A (18.9 acres) and Parking District (East Parking Area)/C-R Overlay (10.2 acres) to the Pointe Anaheim Overlay, and finding that a Mitigated Negative Declaration and Mitigation Monitoring Plan No. 004 were adequate to serve as the required environmental documentation for this request.

On September 19, 2000, the City Council of City adopted Ordinance No. 5736 approving Adjustment No. 3 encompassing modifications to permitted accessory uses within the Parking District and permitted encroachments in the Theme Park District, including a finding that this amendment was categorically exempt from CEQA under CEQA Guidelines Section 15061(b)(3), which provides that where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

On May 1, 2001, the City Council of City adopted Ordinance No. 5768 approving Adjustment No. 4 encompassing modifications of criteria for Informational, Regulatory and Directional (IRD) Signs visible from the Public Rights-of-Way, including a finding that this adjustment was categorically exempt from CEQA under CEQA Guidelines Section 15061(b)(3), which provides that where it can be seen with certainty that there is

no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

On February 26, 2002, and March 19, 2002, the City Council of City adopted Resolution Nos. 2002R-53, 2002R-54, 2002R-55, 2002R-56, 2002R-57 and 2002R-58 and Ordinance Nos. 5807 and 5808 approving Amendment No. 5 pertaining to the Pointe Anaheim Lifestyle Retail and Entertainment Complex to incorporate text and exhibit modifications throughout the Specific Plan document relating to the mix and allocation of land uses, zoning standards, phasing, project layout and minor modifications to project conditions of approval and mitigation measures to provide for the development of 569,750 square feet of specialty retail, restaurants, and entertainment, including a multiplex movie theater; 1,628 hotel rooms/suites (including up to 500 vacation ownership units) and 278,817 square feet of hotel accessory uses; a transportation center; and 4,800 parking spaces and 15 bus spaces and amending the Land Use Element of City's General Plan, the Anaheim Resort Public Realm Landscape Program, and Conditional Use Permit No. 2002-57, and finding that the Addendum (dated October 29, 2001) to the Mitigated Negative Declaration including the Modified Mitigation Monitoring Plan No. 004 were adequate to serve as the required environmental documentation for this request.

On May 20, 2003, the City Council of City adopted its Ordinance No. 5859 approving Adjustment No. 5 relating to various zoning and site development standards including, but not limited to, modifications to minimum lot width, permitted architectural projections into setback areas, minimum distance between driveways and permitted signage in the Pointe Anaheim Overlay, including a finding that this adjustment was categorically exempt from CEQA under CEQA Guidelines Section 15061(b)(3), which provides that where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

On April 11, 2006, April 22, 2006 and April 25, 2006, the City Council of City adopted Resolution Nos. 2006-061, 2006-062 and 2006-063 and Ordinance Nos. 6022 and 6023, approving Amendment No. 6, pertaining to, among other things, Conditional Use Permit No. 4078, changing the project reference from "Pointe Anaheim Lifestyle Retail and Entertainment Complex" to "Anaheim GardenWalk project" and the overlay reference from "Pointe Anaheim Overlay" to "Anaheim GardenWalk Overlay," and, by motion, determining the previously-approved Pointe Anaheim Initial Study and Mitigated Negative Declaration together with the Second Addendum (dated March 1, 2006) and the Modified Mitigation Monitoring Plan No. 004a, were adequate to serve as the required environmental documentation for this request.

On August 8, 2006, the City Council of City adopted Ordinance No. 6031, modifying sign standards for the Disneyland Resort Specific Plan and finding that the previously certified Environmental Impact Report No. 330 for a citywide General Plan Amendment and Zoning Code Update was adequate to serve as the required environmental documentation for this request.

On April 17, 2007 and April 24, 2007 the City Council of City adopted Resolution No. 2007-048 and Ordinance No. 6056, approving Amendment No. 7, pertaining to permitted architectural encroachments in required building setback areas and modifying exhibits pertaining to the maximum number and location of permitted wall signs within the Original DRSP; by motion on April 17, 2007 the City Council of City determined that the previously-approved Second Addendum (dated March 1, 2006) to the Pointe Anaheim Initial Study and Mitigated Negative Declaration was sufficient to serve as the required environmental documentation for this request.

On January 8, 2008, the City Council of City adopted Ordinance No. 6093, approving Adjustment No. 7, relating to the number of hotel rooms permitted in the Hotel and Theme Park Districts defined the Municipal Code and finding that the previously certified Final EIR No. 311 was adequate to serve as the required environmental documentation for this request.

On August 16, 2011 and August 23, 2011, the City Council of City adopted Resolution Nos. 2011-119, 2011-120, 2011-121, 2011-122 and adopted Ordinance Nos. 6221 and 6222, approving Amendment No. 8, pertaining to the total amount of retail, dining and entertainment (RDE) uses within the Anaheim GardenWalk Overlay; by motion, on August 23, 2011 the City Council of City determined that the Pointe Anaheim Initial Study and Mitigated Negative Declaration together with the Third Addendum (dated June 6, 2011) serve as the appropriate environmental documentation for this request.

The Original DRSP, as so amended and adjusted through the Agreement Date, is referred to in this Agreement as the “Existing DRSP”.

C. On September 20, 1994, the City Council of City adopted Resolution Nos. 94R-234, 94R-235, 94R-236, 94R-237, 94R-238, 94R-239, and 94R-240 and on September 27, 1994, adopted Ordinance Nos. 5453 and 5454, pertaining to certification of Master Environmental Impact Report (MEIR) No. 313 (the “ARSP MEIR”), making findings, adopting a Statement of Findings and Facts and Statement of Overriding Considerations, and adopting Mitigation Monitoring Program No. 0085, approving amendments to the Land Use, Circulation, and Environmental Resource and Management Elements of City’s General Plan, adopting the Anaheim Resort Specific Plan No. 92-2 (the “Original ARSP”), approving zoning and development standards for the Original ARSP, amending the Zoning Map referred to in Title 18 of City’s Municipal Code relating to zoning for the Original ARSP, amending Title 18 of City’s Municipal Code by adding a chapter thereto relating to zoning and development standards for the Original ARSP, adopting the Anaheim Resort Identity and Public Realm Landscape Programs and adopting the Anaheim Resort Nonconforming Signage Program. Subsequently, the City Council has approved a number of amendments and adjustments to the Original ARSP, including Ordinance No. 5599 adopted on June 3, 1997, Ordinance No. 5685 adopted on May 18, 1999, Resolution Nos. 99R-166 and 99R-167 adopted on July 27, 1999, Ordinance No. 5694 adopted on August 17, 1999, Ordinance No. 5703 adopted on September 21, 1999, Ordinance No. 5769 adopted on May 1, 2001, Ordinance No. 5910 adopted on April 27, 2004, Resolution Nos. 2004R-954 and 2004R-97 adopted on May

25, 2004, Ordinance Nos. 5920 and 5922 adopted on June 8, 2004, Ordinance Nos. 5954 and 5955 adopted on February 8, 2005, Ordinance No. 6031 adopted on August 22, 2006, Resolution Nos. 2006-205 and 2006-206 adopted August 22, 2006, Ordinance No. 6036 adopted on September 12, 2006, Resolution Nos. 2007-52 and 2007-53 adopted on April 24, 2007, Ordinance No. 6058 adopted on May 8, 2007, Resolution Nos. 2007-224, 2007-225, 2007-226 and 2007-227 adopted on November 27, 2007, Ordinance Nos. 6098 and 6099 adopted on March 4, 2008, Resolution Nos. 2008-168, 2008-169 and 2008-170 adopted on September 30, 2008, Ordinance No. 6177 adopted on October 14, 2008, Resolution Nos. 2009-053, 2009-054, 2009-055, 2009-056, 2009-057, 2009-058 and 2009-059 adopted on March 31, 2009, Ordinance No. 6141 adopted on April 14, 2009, Ordinance No. 6245 adopted on June 5, 2012. In December 2012 and January 2013, the City Council adopted its Ordinance No. 6265 and Resolution Nos. 2012-158, 2012-159, 2012-160, 2012-161, and 2012-162 certifying Final Supplemental Environmental Impact Report No. 2008-00340 (the “ARSP FSEIR”), adopting Findings and a Statement of Overriding Considerations, adopting Mitigation Monitoring Program 85C, and a Water Supply Assessment, approving amendments to the Land Use Element of City’s General Plan, approving and adopting Amendment No. 14 to the Anaheim Resort Specific Plan, amending portions of Chapter 18.116 of Title 18 of the Anaheim Municipal Code, approving and adopting Amendment No. 2 to the Anaheim Resort Identity Program, and approving and adopting Amendment No. 5 to the Anaheim Resort Public Realm Landscape Program. Subsequently, City Council adopted Ordinance No. 6266 on January 29, 2013 pertaining to Specific Plan conditions of approval. The Original ARSP, as so amended through the Agreement Date, is referred to in this Agreement as the “Existing ARSP.”

On February 10, 2003, the Planning Commission adopted Resolution No. PC2003-29, pertaining to Conditional Use Permit No. 2002-04657, permitting expansion of a legal nonconforming retail building into a semi-enclosed fast food restaurant with fewer parking spaces and a smaller setback adjacent to an interior property line than required by the Zoning Code in conjunction with an existing 131-room hotel located at 1530 S. Harbor Boulevard (Carousel Inn & Suites).

On June 14, 2004, the Planning Commission adopted Resolution No. PC2004-64 and on July 28, 2004 the Planning Commission adopted Resolution No. PC2004-059, pertaining to Conditional Use Permit No. 2004-04848 and Variance No. 2014-04974, permitting office uses with fewer parking spaces than required by the Zoning Code on a property located at 1585 S. Manchester Avenue.

On June 26, 2006, under the Existing ARSP Plan and after finding that the previously-certified MEIR No. 313 was the appropriate environmental documentation for the request, the Planning Commission adopted Resolution PC2006-59 approving Conditional Use Permit No. 2006-05103 for a 1,701-space parking lot, the Toy Story Lot, located at 1900 South Harbor Boulevard, with the permit to expire on June 26, 2011. On August 17, 2009, under the Existing ARSP and after finding that the previously-certified MEIR No. 313 was the appropriate environmental documentation for the request, the Planning Commission adopted Resolution No. PC2009-073, approving an amendment to the Toy Story Lot Conditional Use Permit (CUP No. 2006-05103A) to expand the parking

lot for a total of up to 4,313 spaces, with the permit to expire on September 8, 2019. On October 6, 2014, under the Existing ARSP and after approving an Addendum (dated September 2014) to the previously certified ARSP FSEIR, the Planning Commission adopted Resolution No. PC2014-090 approving an amendment to the Toy Story Lot Conditional Use Permit (CUP No. 2006-05103B) to expand the existing temporary parking lot for a total of up to 4,925 parking spaces and extending the time limit for the conditional use permit to 2024 (the “Toy Story Lot”). On October 12, 2009, under the Existing ARSP and after finding that a Class 1 Categorical Exemption was the appropriate environmental determination for the request, the Planning Commission adopted Conditional Use Permit No. 2009-05431 and Variance No. 2009-04797 to permit corporate offices, a dental laboratory and training center in a 158,708 square foot legal nonconforming building with fewer parking spaces than required by the Zoning Code on a property located at 1515 South Manchester Avenue, by Resolution No. PC2009-100. On December 16, 2013, under the Existing ARSP and after approving an Addendum (dated December 2013) to the previously-certified ARSP FSEIR, the Planning Commission adopted Resolution No. PC2013-093, approving Conditional Use Permit No. 2013-05693 and Final Site Plan No. 2013-00007 to permit a 1,363 space employee surface parking lot, with optional theme park back-of-house uses, at 333 West Ball Road (the “Harbor Cast Member Lot”).

D. On or about October 8, 1996, City, Disney, and others entered into that certain Infrastructure and Parking Financing Agreement dated as of October 8, 1996 (the “Finance Agreement”) for the purpose, among others, of establishing the terms pursuant to which certain public improvements would be completed and financed (the “Public Improvements”).

E. On or about October 22, 1996, City and Walt Disney World Co (predecessor by merger to Disney) entered into that certain Development Agreement No. 96-01 (the “Development Agreement”) for the purpose of providing for the orderly development of the DRSP Property in accordance with the DRSP and providing Disney with reasonable assurances that such development could occur in accordance with City land use regulations then in effect, all as more particularly set forth in and subject to the terms and conditions in the Development Agreement.

F. Prior to the Agreement Date, the City has complied with the California Environmental Quality Act (“CEQA”) with respect to its approval of the Existing DRSP, the Existing ARSP, the Finance Agreement, the Development Agreement, and other land use entitlements relating to The Disneyland Resort Specific Plan Area and the Anaheim Resort Specific Plan Area, including without limitation through the actions referred to in Recitals B and C above.

G. Pursuant to the Finance Agreement and Development Agreement, Disney agreed to develop and operate a number of significant venues and attractions consistent with the then-existing Disneyland Resort Specific Plan, including a second gated theme park designed to attract and accommodate a planned annual attendance of 7 million guests, 750 new high-quality hotel rooms integrated within or adjacent to the second theme park, at least 200,000 square feet of new retail, dining, and entertainment uses, a

pedestrian plaza between the two theme parks linking Harbor Boulevard and Disneyland Drive, at least 5,800 net new parking spaces in addition to those then serving Disneyland, the Disneyland Hotel, and the Disneyland Pacific Hotel; and completion of all mitigation measures and conditions of approval relating to the foregoing (the “Second Gate Project”).

H. City, recognizing the significant investment Disney was making in the Second Gate Project and the significant increase in revenues potentially available to City and surrounding jurisdictions as a result of the Second Gate Project, determined that it was in the best interests of City to agree to return to Disney any City “Entertainment Tax” (as defined in the Finance Agreement) which might be levied on the Disney Properties.

I. In order to implement this determination, City agreed in Section 4.18 of the Finance Agreement that if it were to adopt an Entertainment Tax during construction of the Second Gate Project and until June 30, 2016 (the fifteenth anniversary of the “Opening Date” as defined in the Finance Agreement), City would pay to Disney a sum equal to any such Entertainment Tax paid by Disney or Affiliates of Disney to City during such time period (as more particularly articulated in Section 4.18 of the Finance Agreement, the “Current Entertainment Tax Rebate Period”).

J. The Second Gate Project and Public Improvements have been completed as envisioned by and in accordance with the terms of the Finance Agreement.

K. Development and operation of the Second Gate Project and Public Improvements have generated and continue to generate substantial direct and indirect tax revenues to the benefit of City’s general fund, including increased sales tax, property tax, and TOT revenues.

L. Subject to compliance with applicable Governmental Requirements, Disney has the right to construct and operate substantial additional improvements on the Disney Properties, in accordance with the Existing DRSP and Existing ARSP, as the same may be amended from time to time after the Agreement Date.

M. Strong public demand for the venues and attractions within “The Anaheim Resort®” (defined below), including The Disneyland Resort and the Anaheim Convention Center has generated the need for additional parking to ensure the continued accessibility and smooth functioning of the Anaheim Resort’s venues and uses.

N. Disney currently owns and operates a 1,337-space surface parking lot (known as the Pumbaa parking lot) located north of Disney Way and west of South Clementine Street/Manchester Avenue which, subject to City approval of a Final Site Plan, is allowed under the Existing DRSP and Development Agreement for development as structured parking (the “Pumbaa Structure”). Disney is contemplating constructing the Pumbaa Structure and related infrastructure at its own cost and expense.

O. Disney is also contemplating significant additional investment in various improvements which are all entitled under the Existing DRSP, the Existing ARSP, and the

Development Agreement (as more particularly defined herein, the “Qualified Capital Improvements”).

P. In order to provide Disney needed assurances regarding the economic landscape surrounding the significant investments it is contemplating, and to incentivize construction and operation of the Qualified Capital Improvements, Disney has requested, on its own behalf and on behalf of the Affiliates of Disney, that City extend the Entertainment Tax rebate period beyond the Current Entertainment Tax Rebate Period achieved under the Finance Agreement, all on the terms and subject to the conditions set forth in this Agreement.

Q. By its approval of this Agreement, the City Council of City has found and determined that (1) the value to City of Disney’s satisfaction of the conditions and performance of the covenants in each fiscal year during which City’s extended Entertainment Tax Rebate obligations remain in effect and cumulatively, over the term of this Agreement--in terms of economic development, generation of additional local tax revenues that will help to fund vital public services, provision of expanded entertainment, recreational, lodging, dining, and retail opportunities for residents of the City and the general public, provision of high quality and adequately compensated construction jobs, and long-term job generation and retention--will be not less than the total amount of the Entertainment Tax Rebate in each such year; (2) performance by Disney of its covenants pursuant to this Agreement in exchange for the Entertainment Tax Rebate to be made by City constitutes a valid public purpose; and (3) it is in City’s best interests to enter into this Agreement in order to support Disney’s future investments and provide Disney with assurances concerning any Entertainment Tax that may be established by City in the future and applied to Disney and Affiliates of Disney during the First Extended Entertainment Tax Rebate Period and Second Extended Entertainment Tax Rebate Period provided for herein.

R. The Qualified Public Improvements are all authorized by the Governmental Requirements, including without limitation the Existing DRSP and Existing ARSP, as applicable, and the environmental impacts of said projects already have been fully evaluated and addressed in the DRSP FEIR, Addendums to the DRSP FEIR, the Mitigated Negative Declarations, Modified Mitigation Monitoring Program No. 0067 and 004 certified, adopted, and approved with respect thereto, the ARSP MEIR, the ARSP FSEIR, the Addendums to the ARSP FSEIR, and Mitigation Monitoring Program Nos. 085 and 85C certified, adopted, and approved with respect thereto. This Agreement does not constitute the approval of any development or any change in the physical environment by City, nor does this Agreement constitute a pre-judgment or pre-commitment by City with respect to any future development that may be proposed by Disney or any Affiliate of Disney that requires approval by City after the Agreement Date. The Parties mutually acknowledge and agree that City expressly reserves all of its discretion with respect to any such future development to the full extent that City would retain such discretion in the absence of this Agreement.

AGREEMENT

In consideration of the foregoing factual recitals, which are incorporated into this Agreement as if fully set forth herein, and the mutual covenants and agreements contained in this Agreement, the Parties hereby agree as follows:

I. DEFINITIONS

In addition to the terms defined elsewhere in this Agreement, the following terms shall have the meanings ascribed:

“Accounting Opinion” means an opinion rendered by PricewaterhouseCoopers or another independent certified public accountant selected by Disney which is similar in reputation and scope of practice to what are currently referred to as the “Big Four” accounting firms.

“Affiliate of Disney” means a person, sole proprietorship, limited liability company, partnership, joint venture, trust, unincorporated organization, association, corporation, institution or entity, which directly or indirectly controls, is controlled by or is under common control with Disney. For purposes of this definition, “control” means the possession, directly or indirectly, of the power to vote fifty percent (50%) or more of the ownership interest of securities having ordinary voting power for the entity or possessing the power or authority to generally direct the management and policies of the entity.

“The Anaheim Resort®” means, collectively, the Disneyland Resort Specific Plan Area, the Anaheim Resort Specific Plan Area (SP92-1), and the Hotel Circle Specific Plan Area (SP 93-1).

“CEQA” means, collectively, the California Environmental Quality Act (California Public Resources Code Section 21000 *et seq.*), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 *et seq.*), and the City CEQA Guidelines.

“City Agency” means each and every agency, department, board, commission, authority, employee, and/or official acting under the authority of City, including without limitation, City’s Planning Commission.

“Claim” has the meaning ascribed to that term in Section V.L of this Agreement.

“Completion” means that construction of a Qualified Capital Improvement has been accomplished in compliance with all applicable Governmental Requirements (including issuance of a certificate of occupancy if one is required), with all necessary structures and systems sufficiently completed such that Disney (or the designated operator) can conduct normal operations thereof in accordance with its intended use given the nature of the particular improvement(s).

“Conditions to City’s Payment Obligation With Respect to First Extended Entertainment Tax Rebate Period” has the meaning ascribed to that term in Section II.A of this Agreement.

“Conditions to City’s Payment Obligation With Respect to Second Extended Entertainment Tax Rebate Period” has the meaning ascribed to that term in Section II.B of this Agreement.

“Costs” mean all of the following costs paid by Disney or an Affiliate of Disney with respect to work performed after the Agreement Date to design, engineer, obtain permits for, construct, and install a Qualified Capital Improvement as each such Cost is verified by an Accounting Opinion or Opinions to be obtained by Disney and submitted to City : (1) all architectural and/or engineering fees and expenses incurred by Disney (or Affiliate of Disney) in preparing the plans for any Qualified Capital Improvement, including the fees and expenses of all design, construction, relocation, and project management consultants; (2) the cost of constructing and installing any Qualified Capital Improvement, including, without limitation, the costs of a bid process, testing and inspection costs, and contractors’ fees and general conditions; (3) any construction and/or project management fee of up to a cumulative total not to exceed ten percent (10%) of the costs described in clause (2) above paid to a third party to oversee and manage construction of the work; (4) the cost of fixtures and equipment installed with respect to a Qualified Capital Improvement that have an estimated useful life of at least five (5) years; (5) the direct cost of all technological systems deemed necessary or advisable by Disney to properly equip any Qualified Capital Improvement for its intended use, which may include voice and data wiring as well as alarm, security and life safety systems; (6) sales and use taxes and Title 24 fees paid with respect to any Qualified Capital Improvement; (7) the payment of plan check, permit, and license fees relating to use entitlement and/or construction of any Qualified Capital Improvement, which may include the fees paid for water, sewer, or other utility connections or other development fees; and (8) all other costs directly expended by Disney or an Affiliate of Disney in connection with the construction of any Qualified Capital Improvement such as the cost of payment, performance, and warranty bonds, insurance costs, and internal labor costs (for the construction period only). As used herein, the term “Costs” shall exclude: (1) any costs incurred with respect to work performed prior to the Agreement Date; (2) any internal administrative or overhead charge of Disney and any Affiliate of Disney, by whatever name called other than those direct administrative or overhead charges of Walt Disney Imagineering, a division of Disney, for work performed with respect to the Qualified Capital Improvements; (3) costs incurred for the purchase or lease of personal property to be used in or with respect to any Qualified Capital Improvement after Completion; and (4) costs incurred for the maintenance, repair, and replacement of any Qualified Capital Improvement after Completion.

“Current Entertainment Tax Rebate Period” has the meaning ascribed to that term in Recital I above.

“Default” has the meaning ascribed to that term in Section IV.A of this Agreement.

“Disneyland Resort Specific Plan Area” is the area subject to the Existing DRSP, as the same may be amended from time to time.

“Disney Properties” has the meaning ascribed to that term in Recital A and Exhibit “A” to this Agreement.

“Entertainment Tax” means (1) any tax, fee, charge, or assessment imposed by City or any City Agency based on the sale of admissions tickets and other admissions media to a Theme Park; (2) any tax, fee, charge, or assessment imposed by City or any City Agency which is based upon attendance at a Theme Park or the gross revenues of a Theme Park; (3) any license fees imposed by City or any City Agency relating to Theme Park operations; (4) any other tax, fee, charge, or assessment imposed by City or any City Agency attributable to operating a Theme Park (as opposed to any other type of business); (5) any tax, fee, charge, or assessment imposed by City or any City Agency on the parking of cars or the right to park cars, whether of general Citywide applicability or with respect to Theme Parks, to the extent that such tax, fee, charge, or assessment impacts parking for Theme Parks; and (6) any other tax, fee, charge, or assessment which achieves the same result. The term “Entertainment Tax” shall not include any of the following: (1) development impact fees or building fees; (2) permitting and inspection fees; (3) assessments levied on the Disney Properties by the Anaheim Resort Maintenance District or the Anaheim Tourism Improvement District of 2010; (4) City’s business license fee; (5) any other tax, fee, charge, or assessment imposed by City or any City Agency prior to the Agreement Date; (6) fees and charges for utility connections or service; or (7) any tax, fee, charge, or assessment adopted or imposed by City or any City Agency after the Agreement Date which is of City-wide applicability to Theme Parks and other businesses generally, provided that such tax, fee, charge, or assessment does not violate clause (6) of the preceding sentence.

“Entertainment Tax Rebate” means the amounts paid to Disney pursuant to Article III of this Agreement.

“First Extended Entertainment Tax Rebate Period” means the thirty (30) year period commencing July 1, 2016 (the first day after expiration of the Current Entertainment Tax Rebate Period), and ending June 30, 2046.

“Fiscal Year” means City’s fiscal year, which starts on July 1st of each year and ends on June 30th of the following year.

“Governmental Requirements” means City’s General Plan, the Existing DRSP, the Existing ARSP, Chapters 18.114 and 18.116 of City’s Municipal Code, those provisions set forth in Title 18 of City’s Municipal Code (“Zoning”) that are applicable to the Disney Properties, the Uniform Building, Plumbing, Mechanical, Electrical, and other similar codes in effect from time to time (including any generally applicable City exceptions or amendments thereto), the conditions of approval for all of the land use entitlements issued with respect to the Disney Properties, and all CEQA approvals issued by City with respect to the Disney Properties that are referred to in Recitals B and C of this Agreement, as the same currently exist and as they may hereafter be amended from time to time, consistent

with and subject to any vested rights that Disney and any Affiliate of Disney may have pursuant to the Development Agreement or otherwise applicable law.

“Incremental Investment Threshold” means the sum of Five Hundred Million Dollars (\$500,000,000) of Costs incurred by Disney or an Affiliate of Disney above the amount of the Initial Investment Threshold to construct and install Qualified Capital Improvements which are separate from and in addition to or are otherwise extensions or additions to the Qualified Capital Improvements identified in the notice Disney is required to provide to City under Section II.A.1 as a condition to qualifying for the First Extended Entertainment Tax Rebate Period, and with said incremental \$500,000,000 investment threshold increased from and after the Initial Investment Threshold Date based upon the percentage change in the Index from the Initial Investment Threshold Date through the date the Incremental Investment Threshold is achieved or satisfied. Said Incremental Investment Threshold may be satisfied with Costs incurred by Disney at any time between the Agreement Date and December 31, 2045.

“Index” means the Consumer Price Index (All Items) for the Los Angeles-Riverside-Orange County area published from time to time by the United States Department of Labor, Bureau of Labor Statistics or, if such index is discontinued or not available, such other similar index that may be mutually agreed upon by the Parties.

“Initial Investment Threshold” means the sum of One Billion Dollars (\$1,000,000,000) of Costs incurred by Disney or an Affiliate of Disney not earlier than the Agreement Date and not later than the Initial Investment Threshold Date to construct and install one or more of the Qualified Capital Improvements identified in the notice Disney is required to provide to City under Section II.A.1 as a condition to qualifying for the First Extended Entertainment Tax Rebate Period.

“Initial Investment Threshold Date” means December 31, 2024.

“Qualified Capital Improvements” means capital improvement projects constructed or installed by Disney or Affiliates of Disney from time to time on or in conjunction with development of any of the Disney Properties in accordance with applicable Governmental Requirements which improvement projects (1) create, supplement, or enhance needed infrastructure in The Anaheim Resort® or (2) are designed and intended to (a) result in increases in length of stay in hotels in The Anaheim Resort and/or (b) increase attendance at The Disneyland Resort® or the Anaheim Convention Center.

“Replacement Qualified Capital Improvements” means Qualified Capital Improvements that are constructed or installed by Disney or Affiliates of Disney to replace one or more of the initial Qualified Capital Improvements used to justify the Entertainment Tax Rebates provided by City hereunder, as referred to in Sections II.A.5 and II.B.6 of this Agreement.

“Second Extended Entertainment Tax Rebate Period” shall mean the fifteen (15) year period commencing July 1, 2046, and ending June 30, 2061.

“Theme Park” has the meaning set forth in Section 18.114.060.010.0101 of City’s Municipal Code, including without limitation Disneyland and Disney’s California Adventure.

II. DISNEY’S COVENANTS AND CONDITIONS TO CITY’S OBLIGATION TO REBATE ENTERTAINMENT TAXES

A. First Extended Entertainment Tax Rebate Period. City’s obligation to provide the Entertainment Tax Rebate to Disney in each Fiscal Year during the First Extended Entertainment Tax Rebate Period shall be conditional and contingent upon Disney’s performance of each of the following covenants and satisfaction of each of the following conditions (collectively, the “Conditions to City’s Payment Obligation With Respect to First Extended Entertainment Tax Rebate Period”):

1. Disney Notice re Election to Proceed With Initial Qualified Capital Improvements and Incur Costs Equal to or Greater Than Initial Investment Threshold. Nothing in this Agreement is intended or shall be interpreted to obligate Disney to proceed with any of the Qualified Capital Improvements or to incur costs therefor in any amount. If Disney does elect in its sole and absolute discretion to proceed with any Qualified Capital Improvement, and if it anticipates it will incur Costs with respect to such improvements equal to or in excess of the Initial Investment Threshold, then, on or before December 31, 2017, Disney shall (a) deliver a written notice of such election to City, which notice shall identify in general terms the Qualified Capital Improvements Disney intends to develop, which notice shall include a statement that Disney anticipates the Costs incurred with respect thereto will equal or exceed the Initial Investment Threshold, (b) obtain any governmental permits (including, as applicable, demolition, grading, and building permits) required to commence construction of a material portion or material element of any Qualified Capital Improvement, and (c) actually commence such construction (which commencement of construction may include the commencement of demolition activities needed to accommodate the Qualified Capital Improvement or material portion or material element thereof). If Disney fails to satisfy the conditions set forth in this Section II.A.1 on or prior to December 31, 2017, this Agreement shall automatically terminate unless it is extended by a written amendment approved and executed by both Parties, with each Party reserving the right to approve or disapprove any such extension/amendment in its sole and absolute discretion. In the event of such termination, (a) Disney shall refund any Entertainment Taxes rebated by City to Disney for and with respect to the First Extended Tax Rebate Period, plus interest on said sums at the rate of five percent (5%) per annum from the date that City previously rebated such sums to Disney and the date Disney returns such Entertainment Taxes and accrued interest thereon to City, (b) the Parties’ obligations set forth in Section V.L, V.M, and V.N of this Agreement shall survive, and (c) otherwise neither Party shall have any further rights or obligations hereunder.

2. Diligent Construction and Timely Completion. If, on or before December 31, 2017, Disney satisfies the conditions set forth in Section II.A.1, it shall proceed with commercially reasonable diligence to pursue construction and installation of the relevant Qualified Capital Improvements to Completion no later than December 31,

2024 (the “Initial Investment Threshold Date”) and expend Costs related thereto in an amount that equals or exceeds the Initial Investment Threshold.

3. Labor Provisions. To the extent any contract is offered to be competitively bid in connection with the creation of any Qualified Capital Improvement, Disney shall use reasonable efforts to invite local and regional Southern California businesses to participate in the bid process. Additionally, if and to the extent Disney, in its discretion, chooses to utilize union labor in connection with the creation of any Qualified Capital Improvement, Disney shall require the union to ensure that all journeymen and apprentices comply with all State labor laws and that the workforce on-site meets a specific ratio of apprenticeship program graduates and of OSHA-certified workers, along with the presence of at least one site safety manager with OSHA 30-hour certification. The Parties acknowledge that Disney historically has utilized a significant number of local and regional firms as well as unionized firms when undertaking development projects at The Disneyland Resort, however there can be no assurance that any particular firm, number of firms, or type of firm will be utilized for any particular Qualified Capital Improvement project.

4. Verification That Cost of Construction Equals or Exceeds Initial Investment Threshold. No later than six (6) months after the Initial Investment Threshold Date, Disney shall submit to the City Manager (with copies to the other City officials entitled to receive copies of notices pursuant to Section V.A of this Agreement) an Accounting Opinion verifying that Disney (including Affiliates of Disney) has in fact incurred Costs with respect to Qualified Capital Improvements equal to or greater than the Initial Investment Threshold. The City Manager or his/her designee shall have the authority on behalf of City to review and approve the Accounting Opinion. The City Manager (or designee) shall have the right to challenge whether certain amounts are properly qualified as “Costs” pursuant to this Agreement and/or reasonably require additional information related to the Accounting Opinion within thirty (30) days from the date Disney provides the Accounting Opinion to City. Approval shall not be unreasonably conditioned or denied. Any disapproval shall be in writing and shall state the reasons therefor and any request for follow up information. In the event of a partial approval, the City Manager’s (or designee’s) writing shall identify the item(s) and amount(s) approved and the item(s) and amount(s) disapproved. After any disapproval, Disney shall have the right to submit additional information in order to obtain an approval, in which case the City Manager’s (or designee’s) review and approval/disapproval shall be subject to the same procedures and deadlines as set forth above for the initial submittal. Disney shall be deemed to have satisfied its obligations and the condition set forth in this Section II.A.4 when the City Manager (or designee) has approved Costs equal to or in excess of the Initial Investment Threshold.

5. Continuous Operation. Disney shall continuously operate the improvements comprising each element of any Qualified Capital Improvement that reaches Completion or cause such improvements to be continuously operated during normal business hours (subject to temporary interruptions for casualty losses, repairs, and the like) during the entire First Extended Entertainment Tax Rebate Period; provided, however, that (1) this Section II.A.5 is only a condition to Disney’s right to receive an

Entertainment Tax Rebate, not an independent covenant to operate, and nothing in this Agreement shall obligate Disney to continue to operate a Qualified Capital Improvement if Disney determines in its sole and absolute discretion that such continuous operation does not serve Disney's business interests; and (2) if Disney permanently takes out of service a Qualified Capital Improvement used to satisfy the Initial Investment Threshold prior to the end of the First Extended Entertainment Tax Rebate Period Disney still shall be deemed to have satisfied the continuous operation condition set forth in this Section II.A.5 if either (a) the other Qualified Capital Improvements that Disney continues to operate satisfy the Initial Investment Threshold or (b) no later than the date Disney takes a Qualified Capital Improvement out of service Disney delivers written notice to City of Disney's intention to replace said Qualified Capital Improvement with one or more other Qualified Capital Improvements (herein, individually, a "Replacement Qualified Capital Improvement," and, collectively, the "Replacement Qualified Capital Improvements") which will result in Disney (or an Affiliate of Disney) incurring Costs equal to or greater than the Costs incurred with respect to the Qualified Capital Improvement that is taken out of service (with the determination as to said minimum Costs incurred with respect to each Replacement Qualified Capital Improvement adjusted from the Initial Investment Threshold Date to the Completion Date of such improvement in accordance with the Index), (c) Disney causes the Replacement Qualified Capital Improvement(s) to be pursued to Completion within three (3) years from the date that the initial Qualified Capital Improvement is taken out of service, and (d) within six (6) months after Completion of the Replacement Qualified Capital Improvement(s) Disney delivers to the City Manager an Accounting Opinion verifying that Disney's Costs incurred with respect to the Replacement Qualified Capital Improvement(s) equals or exceeds the minimum Costs referred to in clause (b) above, which Accounting Opinion is subject to the same procedures and deadlines for City approval as set forth in Section II.A.4 for Disney's initial submittal. If Disney fails to timely satisfy the conditions and requirements set forth in this Section II.A.5, this Agreement shall automatically terminate unless it is extended by a written amendment approved and executed by both Parties, with each Party reserving the right to approve or disapprove any such extension/amendment in its sole and absolute discretion. In the event of such termination, (a) Disney shall refund any Entertainment Taxes rebated by City to Disney for the period commencing with the date that the initial Qualified Capital Improvement is taken out of service, plus interest on said sums at the rate of five percent (5%) per annum from the date that City previously rebated such sums to Disney and the date Disney returns such Entertainment Taxes and accrued interest thereon to City, (b) the Parties' obligations set forth in Section V.L and V.M of this Agreement shall survive, and (c) otherwise neither Party shall have any further rights or obligations hereunder.

6. Maintenance and Repair of Qualified Capital Improvements. During the entire First Extended Entertainment Tax Rebate Period, Disney, at its sole cost and expense, shall keep and maintain the improvements comprising any Qualified Capital Improvements (including, if applicable, any Replacement Qualified Capital Improvements) the Costs of which were applied to satisfy the Initial Investment Threshold or shall cause such improvements to be kept and maintained in accordance with the standards applied to other improvements of like kind and nature on the Disney Properties. During such period, Disney shall not abandon or permit to be abandoned any portion of

the premises on which said Qualified Capital Improvements (and, if applicable, any Replacement Qualified Capital Improvements) are situated, leave said premises or permit said premises to be left unguarded or unprotected, or otherwise act or fail to act in such a way as to unreasonably increase the risk of any damage to such premises.

7. Compliance with Laws. During the entire First Extended Entertainment Tax Rebate Period, Disney shall construct and install the Qualified Capital Improvements relied upon by Disney to qualify for the First Extended Entertainment Tax Rebate Period and Disney shall operate and maintain the premises on which such improvements (including, if applicable, any Replacement Qualified Capital Improvements) are situated or cause said premises to be operated and maintained in conformity with all Governmental Requirements and all other valid and applicable material federal, state, and local laws, ordinances, and regulations, provided that Disney does not waive its right to challenge the validity or applicability thereof to Disney or said premises.

8. Non-Discrimination. In the development and operation of the Qualified Capital Improvements (including, if applicable, any Replacement Qualified Capital Improvements) the Costs of which were applied to satisfy the Initial Investment Threshold and during the entire First Extended Entertainment Tax Rebate Period Disney shall comply in all material respects and shall contractually require (and enforce said requirements) all lessees and operators of said improvements to comply in all material respects with all applicable laws that prohibit discrimination against any person or class of persons by reason of gender, marital status, race, color, creed, mental or physical disability, religion, age, ancestry, national origin, or other legally protected classes.

9. No Default. Disney shall not have committed a material Default of any of its obligations set forth in this Agreement or, if any such Default shall have occurred, Disney shall have timely cured or corrected the same.

B. Second Extended Entertainment Tax Rebate Period. Except as expressly set forth below, City's obligation to rebate Entertainment Taxes to Disney in each fiscal year during the Second Extended Entertainment Tax Rebate Period shall be conditional and contingent upon Disney's performance of each of the following covenants and satisfaction of each of the following conditions (collectively, the "Conditions to City's Payment Obligation With Respect to Second Extended Entertainment Tax Rebate Period"):

1. Disney's Satisfaction of Conditions to City's Payment Obligation With Respect to First Extended Entertainment Tax Rebate Period. Disney shall have satisfied all of the Conditions to City's Payment Obligation With Respect to First Extended Entertainment Tax Rebate Period set forth in Section II.A of this Agreement for each fiscal year in the First Extended Entertainment Tax Rebate Period (*i.e.* for the period of July 1, 2016, through June 30, 2046).

2. Disney Notice re Election to Proceed With Additional Qualified Capital Improvements and Incur Costs Equal to or Greater Than Incremental Investment

Threshold. Nothing in this Agreement is intended or shall be interpreted to obligate Disney to proceed with any Qualified Capital Improvements in order to qualify for the Second Extended Entertainment Tax Rebate Period or to incur costs therefor in any amount. If, however, (a) Disney does elect in its sole and absolute discretion to proceed with such additional Qualified Capital Improvements, (b) it anticipates it will incur Costs therefor in an amount that equals or exceeds the Incremental Investment Threshold, and (c) it wishes to extend the Entertainment Tax Rebate for the Second Extended Entertainment Tax Rebate Period, then on or before December 31, 2040, Disney shall (x) deliver a written notice of such election to City, which notice shall identify in general terms the Qualified Capital Improvements Disney intends to develop, which identified improvements shall be separate from and in addition to or additions to or extensions of the Qualified Capital Improvements identified in the notice Disney is required to provide to City under Section II.A.1 as a condition to qualifying for the First Extended Entertainment Tax Rebate Period, and which notice shall include a statement that Disney anticipates the Costs incurred with respect thereto will equal or exceed the Incremental Investment Threshold, (y) obtain any governmental permits (including, as applicable, demolition, grading, and building permits) required to commence construction of such Qualified Capital Improvements or a material portion or material element thereof, and (z) actually commence such construction (which commencement of construction may include the commencement of demolition activities needed to accommodate such Qualified Capital Improvements or a material portion or material element thereof). If Disney fails to satisfy the conditions set forth in this Section II.B.2 prior to December 31, 2040, this Agreement shall automatically terminate at the end of the First Extended Entertainment Tax Rebate Period (if it has not previously terminated in accordance with its terms or by mutual agreement of the Parties) unless it is extended by a written amendment approved and executed by both Parties, with each Party reserving the right to approve or disapprove any such extension/amendment in its sole and absolute discretion. In the event of such termination, the Parties' obligations set forth in Section V.L of this Agreement shall survive, and otherwise neither Party shall have any further rights or obligations hereunder from and after the effective date of the termination.

3. Diligent Construction and Timely Completion. If Disney timely satisfies the condition set forth in Section II.B.2, it shall proceed with commercially reasonable diligence to pursue construction of the relevant Qualified Capital Improvements to Completion no later than December 31, 2045, and expend Costs related thereto in an amount that equals or exceeds the Incremental Investment Threshold.

4. Labor Provisions. To the extent any contract is offered to be competitively bid in connection with the creation of any Qualified Capital Improvement, Disney shall use reasonable efforts to invite local and regional Southern California businesses to participate in the bid process. Additionally, if and to the extent Disney, in its discretion, chooses to utilize union labor in connection with the creation of any Qualified Capital Improvement, Disney shall require the union to ensure that all journeymen and apprentices comply with all State labor laws and that the workforce on-site meets a specific ratio of apprenticeship program graduates and of OSHA-certified workers, along with the presence of at least one site safety manager with OSHA 30-hour certification. The Parties acknowledge that Disney historically has utilized a significant number of local

and regional firms as well as unionized firms when undertaking development projects at The Disneyland Resort, however there can be no assurance that any particular firm, number of firms, or type of firm will be utilized for any particular Qualified Capital Improvement project.

5. Verification That Cost of Construction Equals or Exceeds Incremental Investment Threshold. Within six (6) months after the Completion of the Qualified Capital Improvements relied upon by Disney to qualify for an Entertainment Tax Rebate during the Second Extended Entertainment Tax Rebate Period, Disney shall submit to the City Manager (with copies to the other City officials entitled to receive copies of notices pursuant to Section V.A of this Agreement) an Accounting Opinion verifying that Disney (including Affiliates of Disney) has in fact incurred Costs with respect to said Qualified Capital Improvements equal to or greater than the Incremental Investment Threshold. The City Manager or his/her designee shall have the authority on behalf of City to review and approve the Accounting Opinion. The City Manager (or designee) shall have the right to challenge whether certain amounts are properly qualified as "Costs" pursuant to this Agreement and/or reasonably require additional information related to the Accounting Opinion within thirty (30) days from the date Disney provides the Accounting Opinion to City. Approval shall not be unreasonably conditioned or denied. Any disapproval shall be in writing and shall state the reasons therefor and any request for follow up information. In the event of a partial approval, the City Manager's (or designee's) writing shall identify the item(s) and amount(s) approved and the item(s) and amount(s) disapproved. After any disapproval, Disney shall have the right to submit additional information in order to obtain an approval, in which case the City Manager's (or designee's) review and approval/disapproval shall be subject to the same procedures and deadlines as set forth above for the initial submittal. Disney shall be deemed to have satisfied its obligations and the condition set forth in this Section II.B.5 when the City Manager (or designee) has approved Costs equal to or in excess of the Incremental Investment Threshold.

6. Continuous Operation. Disney shall continuously operate the improvements comprising each element of any Qualified Capital Improvement that reaches Completion and that is relied upon by Disney to qualify for an Entertainment Tax Rebate during the Second Extended Entertainment Tax Rebate Period or Disney shall cause such improvements to be continuously operated during normal business hours (subject to temporary interruptions for casualty losses, repairs, and the like) during the entire Second Extended Entertainment Tax Rebate Period; provided, however, that (1) this Section II.B.6 is only a condition to Disney's right to receive an Entertainment Tax Rebate during the Second Entertainment Tax Rebate Period, not an independent covenant to operate, and nothing in this Agreement shall obligate Disney to continue to operate a Qualified Capital Improvement if Disney determines in its sole and absolute discretion that such continuous operation does not serve Disney's business interests; and (2) if Disney permanently takes out of service a Qualified Capital Improvement used to satisfy the Incremental Investment Threshold prior to the end of the Second Extended Entertainment Tax Rebate Period Disney still shall be deemed to have satisfied the continuous operation condition set forth in this Section II.B.6 if either (a) the other Qualified Capital Improvements that Disney continues to operate satisfy the Incremental

Investment Threshold or (b) no later than the date Disney takes a Qualified Capital Improvement out of service Disney delivers written notice to City of Disney's intention to replace said Qualified Capital Improvement with one or more other Replacement Qualified Capital Improvements which will result in Disney (or an Affiliate of Disney) incurring Costs equal to or greater than the Costs incurred with respect to the Qualified Capital Improvement that is taken out of service (with the determination as to said minimum Costs incurred with respect to each Replacement Qualified Capital Improvement adjusted from the Initial Investment Threshold Date to the Completion Date of such improvement in accordance with the Index), (c) Disney causes the Replacement Qualified Capital Improvement(s) to be pursued to Completion within three (3) years from the date that the initial Qualified Capital Improvement is taken out of service, and (d) within six (6) months after Completion of the Replacement Qualified Capital Improvement(s) Disney delivers to the City Manager an Accounting Opinion verifying that Disney's Costs incurred with respect to the Replacement Qualified Capital Improvement(s) equals or exceeds the minimum Costs referred to in clause (b) above, which Accounting Opinion is subject to the same procedures and deadlines for City approval as set forth in Section II.B.5 for Disney's initial submittal. If Disney fails to timely satisfy the conditions and requirements set forth in this Section II.B.6, this Agreement shall automatically terminate unless it is extended by a written amendment approved and executed by both Parties, with each Party reserving the right to approve or disapprove any such extension/amendment in its sole and absolute discretion. In the event of such termination, (a) Disney shall refund any Entertainment Taxes rebated by City to Disney for the period commencing with the date that the initial Qualified Capital Improvement is taken out of service, plus interest on said sums at the rate of five percent (5%) per annum from the date that City previously rebated such sums to Disney and the date Disney returns such Entertainment Taxes and accrued interest thereon to City, (b) the Parties' obligations set forth in Section V.L of this Agreement shall survive, and (c) otherwise neither Party shall have any further rights or obligations hereunder.

7. Maintenance and Repair of Additional Qualified Capital Improvements. During the entire Second Extended Entertainment Tax Rebate Period, Disney shall construct and install the Qualified Capital Improvements relied upon by Disney to qualify for the Second Extended Entertainment Tax Rebate Period and Disney shall operate and maintain the premises on which such improvements (including, if applicable, any Replacement Qualified Capital Improvements) are situated or cause said premises to be operated and maintained in accordance with the standards applied to other improvements of like kind and nature on the Disney Properties. During such period, Disney shall not abandon or permit to be abandoned any portion of the premises on which said Qualified Capital Improvements (and, if applicable, any Replacement Qualified Capital Improvements) are situated, leave said premises or permit said premises to be left unguarded or unprotected, or otherwise act or fail to act in such a way as to unreasonably increase the risk of any damage to such premises.

7. Compliance with Laws. During the entire Second Extended Entertainment Tax Rebate Period, Disney shall operate the premises on which any Qualified Capital Improvement (including, if applicable, any Replacement Qualified Capital Improvements) is situated and that is relied upon by Disney to qualify for an

Entertainment Tax Rebate during the Second Extended Entertainment Tax Rebate Period or Disney shall cause said premises to be operated in conformity with all Governmental Requirements and all other valid and applicable material federal, state, and local laws, ordinances, and regulations, provided that Disney does not waive its right to challenge the validity or applicability thereof to Disney or said premises.

8. Non-Discrimination. In the development and operation of the Qualified Capital Improvements (including, if applicable, any Replacement Qualified Capital Improvements) relied upon by Disney to qualify for an Entertainment Tax Rebate during the Second Extended Entertainment Tax Rebate Period Disney shall comply in all material respects and shall contractually require (and enforce said requirements) all lessees and operators of said improvements to comply in all material respects with all applicable laws that prohibit discrimination against any person or class of persons by reason of gender, marital status, race, color, creed, mental or physical disability, religion, age, ancestry, national origin, or other legally protected classes.

9. No Default. Disney shall not have committed a material Default of any of its obligations set forth in this Agreement or, if any such Default shall have occurred, Disney shall have timely cured or corrected the same.

III. ENTERTAINMENT TAX REBATE

A. City Adoption of Entertainment Tax. This Agreement does not prohibit or prevent City from adopting by way of ordinance, regulation, resolution, initiative, or other means any tax, fee, charge, or assessment or otherwise exercising its taxing powers in whatever fashion City deems appropriate in its sole and absolute discretion, subject to applicable law. Nevertheless, City agrees that, assuming Disney satisfies the conditions and complies with the covenants set forth in Article II of this Agreement, as applicable, it would be inequitable for City to adversely impact the financial viability of the proposed Qualified Capital Improvements during the First Extended Entertainment Tax Rebate Period and the Second Extended Entertainment Tax Rebate Period by imposing an Entertainment Tax without reimbursing to Disney an amount equal to the Entertainment Tax actually paid by Disney and any Affiliate of Disney during such periods. Consequently, in the event City adopts by way of ordinance, regulation, resolution, initiative, or other means an Entertainment Tax, then City shall rebate to Disney an amount equal to the Entertainment Tax paid by Disney or any Affiliate of Disney in accordance with, and subject to the terms and conditions set forth in, this Section III.

Notwithstanding that the amount of the Entertainment Tax Rebate payable hereunder by City will be calculated based on the amount of Entertainment Taxes paid by both Disney and Affiliates of Disney, City's Entertainment Tax Rebate obligation hereunder is intended solely for the benefit of and is payable solely to Disney.

B. Entertainment Tax Rebate During First Extended Entertainment Tax Rebate Period. If Disney satisfies all of the conditions and performs all of its covenants set forth in Section II.A of this Agreement, City shall rebate to Disney an amount equal to all of the Entertainment Taxes paid by Disney or any Affiliate of Disney during or with

respect to each Fiscal Year during the entire First Extended Entertainment Tax Rebate Period. Disney shall periodically, no more frequently than quarterly, invoice City with respect to any Entertainment Tax Rebate to which Disney is entitled hereunder. Each such invoice shall certify that Disney is in compliance with the provisions of Section II.A of this Agreement and shall provide satisfactory evidence (in the form of cancelled checks or otherwise) of Disney's (or its Affiliates') payment of the Entertainment Taxes subject to rebate. Provided Disney is entitled to an Entertainment Tax Rebate, City shall pay invoices within thirty (30) days after receipt. This Section III.B is not intended to limit or restrict Disney's right to an advance of Entertainment Tax Rebates as set forth in Section III.C.

C. Advance of Entertainment Tax Rebate During First Extended Entertainment Tax Rebate Period; Return of Entertainment Taxes. Prior to Disney's Completion of the Qualified Capital Improvements relied upon by Disney to qualify for Entertainment Tax Rebates during the First Extended Entertainment Tax Rebate Period and provided Disney is not in Default hereunder, City shall advance payments of the Entertainment Tax Rebate to Disney in accordance with the same timelines and procedures set forth in Section III.B. If, however, Disney does not satisfy the conditions set forth in Section II.A.1 on or before December 31, 2017, or if Disney does not proceed to Completion of the relevant Qualified Capital Improvements by the Initial Investment Threshold Date, or if Disney fails to perform the covenants and satisfy the conditions set forth in Section II.A.3 and II.A.4, then in any of those events the advanced Entertainment Tax Rebate provided for herein shall be cancelled and rescinded, no additional Entertainment Tax Rebate shall be provided, and Disney shall, within thirty (30) days after receipt of written demand from City, return and pay to City any Entertainment Tax Rebate amounts so advanced by City, plus interest on said sums at the rate of five percent (5%) per annum from the date City rebated such sums to Disney and the date Disney returns such Entertainment Taxes and accrued interest thereon to City.

D. Entertainment Tax Rebate During Second Extended Entertainment Tax Rebate Period. If Disney satisfies all of the conditions and performs all of its covenants set forth in Section II.B of this Agreement, City shall rebate to Disney an amount equal to all of the Entertainment Taxes paid by Disney or any Affiliate of Disney during or with respect to each Fiscal Year during the entire Second Extended Entertainment Tax Rebate Period. Disney shall periodically, no more frequently than quarterly, invoice City with respect to any Entertainment Tax Rebate to which Disney is entitled hereunder. Each such invoice shall certify that Disney is in compliance with the provisions of Section II.B of this Agreement and shall provide satisfactory evidence (in the form of cancelled checks or otherwise) of Disney's (or its Affiliates') payment of the Entertainment Taxes subject to rebate. Provided Disney is entitled to an Entertainment Tax Rebate, City shall pay invoices within thirty (30) days after receipt.

E. Deferral of Entertainment Tax Rebate During Period That Validity/Enforceability of Agreement Is Being Contested or Referendum Is Being Processed; Payment On Successful Final Conclusion. In the event that (1) either (a) a "Claim" (as that term is defined in Section V. L of this Agreement) is filed against City seeking to attack, set aside, void, or annul the approval of this Agreement or City's

provision of the Entertainment Tax Rebate provided for herein or (b) a referendum petition challenging the City Council's action approving this Agreement is circulated, signed by a minimum of ten percent (10%) of the registered voters in the City, and presented to the City Clerk, and the City Council decides to call an election in accordance with the California Elections Code and the City Charter and Municipal Code at which the referendum will be presented to the City's voters to either approve or disapprove the City Council's initial action approving this Agreement, and (2) prior to the time that the validity and enforceability of this Agreement and City's provision of the Entertainment Tax Rebate provided for herein has been finally determined, City adopts an Entertainment Tax, then in such event, and during the period that the third party litigation challenge or referendum process continues, rather than paying the Entertainment Tax Rebate to Disney, City shall deposit an amount equal to the Entertainment Tax Rebate that would otherwise be owed to Disney hereunder into a separate interest-bearing trust account in accordance with City's standard procedures for the investment of short-term surplus invested funds. Upon the successful final resolution of the Claim or referendum in favor of the validity and enforceability of this Agreement (as more particularly addressed in Sections V.L and V.M of this Agreement), City shall pay to Disney the amounts so deposited into said separate account (including accrued interest) at the time that the next payment to Disney otherwise would be due hereunder. If the Claim or referendum results in the termination or invalidation of this Agreement or City's payment obligations hereunder, then City shall be entitled to terminate the separate account and retain and use the funds therein (including accrued interest) for any lawful City purpose.

F. No Pledge. City may make the payments required under this Agreement with any source of funds available to City. Notwithstanding any other provision set forth in this Agreement to the contrary, this Agreement does not create or constitute a pledge of all or any portion of City's Entertainment Taxes or grant to Disney a security interest therein (if in fact City hereafter adopts an Entertainment Tax).

IV. DEFAULTS AND REMEDIES

A. Defaults. Subject to Section V.H of this Agreement, the occurrence of either of the following shall constitute a default hereunder (a "Default"): (1) the failure by either Party to perform any obligation of such Party for the payment of money under this Agreement if such failure is not cured within fifteen (15) business days after the nonperforming Party's receipt of written notice from the other Party that such obligation was not performed when due; or (2) the failure by either Party to perform any of its obligations (other than obligations described in clause (1) of this Section IV.A) set forth in this Agreement if such failure is not cured within thirty (30) business days after the nonperforming Party's receipt of written notice from the other Party that such obligation was not performed when due or, if such failure is of a nature that cannot reasonably be cured within thirty (30) days, the failure by such Party to commence such cure within thirty (30) days and thereafter diligently prosecute such cure to completion. A written notice delivered pursuant to the preceding sentence is referred to herein as a "Default Notice". During the period of time a Party is timely and continuously curing a failure to perform an obligation hereunder after receiving a Default Notice it shall not be deemed to be in Default. In addition, if the Party to whom a Default Notice is delivered pursuant to

this Section IV.A disputes that it has failed to perform the obligation(s) referred to in the other Party's Default Notice, the Party to whom the Default Notice was delivered shall have the right to deliver a written notice to the Party delivering the Default Notice so stating (herein, a "Default Dispute Notice"), provided that the Default Dispute Notice is delivered in writing within fifteen (15) days after the other Party's delivery of the Default Notice. Thereafter, the Parties shall meet and confer and attempt to resolve the dispute. If the Parties are unable to mutually resolve the dispute within thirty (30) days after delivery of the Default Dispute Notice, either Party shall have the right to initiate an action in accordance with Section IV.F of this Agreement seeking a declaration of the Parties' respective rights and obligations with respect to the subject matter of the Default Dispute Notice, provided that such action shall be filed and served within sixty (60) days after delivery of the Default Dispute Notice and diligently prosecuted to final judgment (or settlement). During the period that a dispute is being resolved in accordance with this Section IV.A, including during the period of time that a declaratory relief action is pending, and as long as the Party to whom the original Default Notice was delivered contests the issue of its Default in good faith and continues to perform all of its other obligations set forth in this Agreement that are not in dispute, this Agreement shall not be subject to termination based on that Party's failure or alleged failure to perform.

B. City's Remedies Upon Default by Disney. Upon the occurrence of any Default by Disney, City may, at its option, suspend the Entertainment Tax Rebate otherwise due and payable to Disney hereunder for the period that Disney remains in Default, in which event Disney shall return to City within thirty (30) days after the effective date of such suspension of the Entertainment Tax Rebate an amount equivalent to the amounts previously rebated by City to Disney for the period Disney remains in Default (plus interest on said sums at the rate of five percent (5%) per annum from the date that City previously rebated such sums to Disney and the date Disney returns such sums and accrued interest thereon to City). If City has so suspended its Entertainment Tax Rebate then upon Disney's cure of such Default, City shall resume its rebate obligations, but shall have no obligation to rebate an amount equivalent to the Entertainment Taxes (or any amount) paid or due for the period of time during which City's obligation to make payments was so suspended. In addition, if Disney's Default continues for a period of one (1) year after the expiration of the time for Disney to cure a Default as provided in Section IV.A above, City may in its sole and absolute discretion terminate this Agreement by delivery of written notice of termination to Disney, in which case Disney shall return to City within thirty (30) days after the effective date of such termination an amount equivalent to the amounts previously rebated by City to Disney for the period of time during which Disney was in Default (plus interest on said sums at the rate of five percent (5%) per annum from the date that City previously rebated such sums to Disney and the date Disney returns such sums and accrued interest thereon to City) and City's obligation to continue with the Entertainment Tax Rebate for any period of time after the occurrence of the Default shall be finally terminated and discharged. In no event, however, shall City have rights to any other remedy at law or in equity (except as provided in this Section B and in Section F below), including the right to specifically enforce Disney's covenants set forth in Section II of this Agreement or to recover from Disney any actual or alleged damages attributable to loss of anticipated tax revenues resulting from Disney's Default hereunder.

C. Disney's Remedies Upon Default by City; Limitation on Remedies. Upon the occurrence of a Default by City in failing to timely pay any amount owed to Disney as provided in Article III of this Agreement (including after City's receipt of a Default Notice and expiration of the time for City to cure said failure to perform, as provided in Section IV.A), Disney shall have the right to enforce its right to pursue all legal and equitable remedies available to Disney under applicable law to obtain payment of only the amounts that are so owed. In no event, however, shall Disney have any rights to any other remedy at law or in equity (except as provided in this Section C and in Section F below), including the right to specifically enforce City's covenants set forth in Article III of this Agreement or to recover from City any other damages, including without limitation special, incidental, or consequential damages. In addition, and not by way of limitation of the foregoing: (1) City neither undertakes nor assumes any responsibility pursuant to this Agreement to review, inspect, supervise, approve, or inform Disney of any matter in connection with the design, engineering, permitting, construction, operation, maintenance, repair, or replacement of any of the Qualified Capital Improvements and Disney shall rely entirely on its own judgment with respect to such matters; provided, that nothing herein is intended to release City from whatever obligations it may have pursuant to applicable laws independent of this Agreement; (2) by virtue of this Agreement, City shall not be directly or indirectly liable or responsible for any loss or injury of any kind to any person or property resulting from any construction on, or occupancy or use of, the Disney Properties in general or the portions of the Disney Properties on which any Qualified Capital Improvements, the Costs of which are allocated to satisfy either the Initial Investment Threshold or the Incremental Investment Threshold, are situated, whether arising from: (a) any defect in any building, grading, landscaping, or other onsite or offsite improvement constructed by or on behalf of Disney or an Affiliate of Disney, (b) any act or omission of Disney, any Affiliate of Disney, or any of their respective agents, employees, independent contractors, licensees, lessees, or invitees, or (c) any accident on the Disney Properties or any fire or other casualty or hazard thereon; and (3) by accepting or approving anything required to be performed or given to City under this Agreement, including any certificate, City shall not be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by City to anyone.

D. Cumulative Remedies; No Waiver. Except as expressly provided herein, the non-defaulting Party's rights and remedies hereunder are cumulative and in addition to all rights and remedies provided by law from time to time and the exercise by the non-defaulting Party of any right or remedy shall not prejudice such Party in the exercise of any other right or remedy. None of the provisions of this Agreement shall be considered waived by either Party except when such waiver is delivered in writing. No waiver of any Default shall be implied from any omission by City or Disney to take action on account of such Default if such Default persists or is repeated. No waiver of any Default shall affect any Default other than the Default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of this Agreement shall be construed as a waiver of any subsequent breach of the same provision. A Party's consent to or approval of any act by the other Party requiring further consent or approval shall not be deemed to waive or render unnecessary the consenting Party's consent to or approval of any subsequent act. A Party's acceptance of the late

performance of any obligation shall not constitute a waiver by such Party of the right to require prompt performance of all further obligations. A Party's acceptance of any performance following the sending or filing of any notice of Default shall not constitute a waiver of that Party's right to proceed with the exercise of its remedies set forth in this Agreement for any unfulfilled obligations. A Party's acceptance of any partial performance shall not constitute a waiver by that Party of any rights relating to the unfulfilled portion of the applicable obligation.

E. No Partnership or Joint Venture. Each Party acknowledges and agrees that this Agreement shall not be deemed or construed as creating a partnership, joint venture, or similar association between City and Disney and that the relationship between City and Disney pursuant to this Agreement is and shall remain solely that of independent contracting parties.

F. Legal Actions; Jurisdiction and Venue. Subject to the limitations on rights and remedies expressly set forth herein, either Party may institute legal action to cure, correct, or remedy any Default, enforce any covenant or agreement herein, enjoin any threatened or attempted violation, enforce by specific performance the obligations and rights of the Parties hereto or seek declaratory relief with respect to its rights, obligations or interpretations of this Agreement or pursue other remedies under applicable law. Notwithstanding any other provision or limitations on rights and remedies set forth in this Agreement, either Party may institute legal action to resolve any dispute regarding interpretation of the terms of this Agreement. Any action at law or in equity arising under this Agreement or brought by either Party hereto for the purpose of enforcing, construing, or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of Orange, State of California, and to the maximum extent permitted by law the Parties hereto waive all provisions of law providing for the filing, removal, or change of venue to any other court.

G. No Personal Liability of Officials, Directors, Officers, Employees, or Agents. This Agreement is between City and Disney and no official, director, officer, employee, or agent of either Party shall have any personal liability hereunder for a Default by its principal of any term or condition set forth herein.

H. Litigation Expenses. Except as expressly set forth in Section V.L of this Agreement, in the event of any litigation or arbitration proceeding arising out of or related to this Agreement, the prevailing Party shall be entitled to recover all of its reasonable litigation expenses in addition to whatever other relief to which it may be entitled, including without limitation attorney's fees, expert witness fees, costs of investigation and discovery, and other costs, whether or not the same would be recoverable under California Code of Civil Procedure Section 1033.5 in the absence of this Agreement.

V. MISCELLANEOUS

A. Notices. All notices required or provided for under this Agreement shall be in writing and shall be delivered in one or more of the following manners: (i) in person; (ii) by United States Postal Service certified mail, postage prepaid; or (iii) by reputable

overnight delivery service (such as Federal Express) that provides a receipt verifying the fact and time of delivery, and with a copy of said notice also delivered by first class United States mail, postage prepaid. Notices required to be given to City shall be addressed as follows:

To City:

City Manager, City of Anaheim
City of Anaheim
200 South Anaheim Boulevard, #733
Anaheim, CA 92805

with copies to:

City Attorney, City of Anaheim
City of Anaheim
200 South Anaheim Boulevard, #356
Anaheim, CA 92805

and

City Clerk, City of Anaheim
City of Anaheim
200 South Anaheim Boulevard, #217
Anaheim, CA 92805

Notices required to be given to Disney shall be addressed as follows:

Walt Disney Parks and Resorts U.S., d/b/a Disneyland Resort
1020 West Ball Road
Anaheim, CA 92803
Attn: President

With copies to:

Walt Disney Parks and Resorts U.S., d/b/a Disneyland Resort
1020 West Ball Road
Anaheim, CA 92803
Attn: Deputy Chief Counsel—Head of Legal

and

The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521
Attn: Asst. General Counsel—Corporate

and

The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521
Attn: Asst. General Counsel—Real Estate

A Party may change its address(es) for the delivery of notices by giving notice in writing to the other Party and thereafter notices shall be addressed and transmitted to the new address(es).

B. Entire Agreement. Except as expressly set forth hereinbelow, this Agreement sets forth and contains the entire understanding and agreement of the Parties with respect to the subject matter addressed herein, and there are no oral or written representations, understandings, ancillary covenants, undertakings, or agreements relating to the subject matter addressed in this Agreement which are not contained or expressly referred to herein. Notwithstanding the foregoing, nothing in this Agreement is intended or shall be interpreted to modify, amend, or supersede the Finance Agreement, including without limitation Section 4.18 thereof (which applies to Entertainment Taxes imposed on or before June 30, 2016).

C. Amendments. This Agreement may only be amended by a writing executed by both Parties. Only the City Council of City shall have the authority to approve an amendment on behalf of City and any such approval shall occur only at a properly agendized public meeting.

D. No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Parties and their respective successors and assigns. No other person or entity shall have any right of action based upon any provision of this Agreement.

E. Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the internal laws of the State of California, without regard to conflict of laws principles. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, both Parties having been represented by counsel in the negotiation and preparation hereof. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement. As used herein, the singular of any word includes the plural and the use of masculine, feminine, or gender-neutral words or phrases is intended to include all three, as applicable.

F. Further Actions and Instruments. Each of the Parties shall cooperate with and provide reasonable assistance to the other Party to the extent contemplated hereunder in the performance of all obligations under this Agreement and the satisfaction of the

conditions of this Agreement (at no cost to the Party whose cooperation is requested, except to the extent expressly required herein). Upon the request of either Party at any time, the other Party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement or to evidence or consummate the transactions contemplated by this Agreement.

Notwithstanding the foregoing and any other provision set forth in this Agreement to the contrary, however, except as expressly set forth in this Agreement City reserves its full discretion with respect to future legislative decisions and future land use and development decisions to the extent that City would retain such discretion in the absence of this Agreement and nothing in this Agreement is intended or shall be interpreted to constitute a pre-judgment or pre-commitment by City with respect to any such future decisions or actions, including without limitation any future City action with regard to the adoption (or amendment) of an Entertainment Tax and any future City action with regard to land use or building entitlements or permits, and provided that nothing in this Agreement is intended to limit or restrict any vested rights that Disney or any Affiliate of Disney may have with respect to any such matter in the absence of this Agreement pursuant to the Development Agreement or otherwise.

G. Estoppel Certificates. Either Party may at any time deliver written notice to the other Party requesting that the other Party execute and return an estoppel certificate (the "Estoppel Certificate") certifying that: (1) this Agreement is in full force and effect and is a binding obligation of the Parties or, if the Party delivering the Estoppel Certificate asserts that this Agreement is not in full force and effect or is not a binding obligation of the Parties, a brief explanation of the basis therefor; (2) this Agreement has not been amended or modified or, if so amended, an identification of the amendments or modifications; and (3) no Default in the performance of the requesting Party's obligations under the Agreement exists or, if the Party delivering the Estoppel Certificate asserts that the requesting Party is in Default, a brief explanation of the nature of the alleged Default. The Party responding to the request for an Estoppel Certificate shall be entitled to be paid or reimbursed its reasonable costs and expenses to investigate the matters addressed in the Estoppel Certificate as a condition to the delivery of same. Otherwise, the Party receiving a request for an Estoppel Certificate shall provide a signed certificate to the requesting Party within thirty (30) days after receipt of the request. The City Manager or his/her designee shall have the authority on behalf of City, and in consultation with the City Attorney, to sign Estoppel Certificates on behalf of City. An Estoppel Certificate may be relied on by assignees and mortgagees.

H. Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

I. Force Majeure. Neither Party shall be deemed to be in Default where failure or delay in performance of any of its obligations under this Agreement is caused by floods, earthquake, supernatural causes, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond the Party's control (including the Party's employment

force), government regulations, court actions (such as restraining orders or injunctions), or other causes beyond the Party's control (collectively, an "Event of Force Majeure"). Not by way of limitation of the foregoing, the Parties agree that if any third party litigation (as referred to in Section V.L) is filed that seeks to attack, set aside, void, or annul the approval of this Agreement, City's performance of any of its obligations hereunder, or City's enforcement of any of its rights hereunder, or if a referendum petition challenging the City Council's action approving this Agreement is circulated, signed by a minimum of ten percent (10%) of the registered voters in the City, and presented to the City Clerk, as referred to in Section V.M, either such event shall be deemed to constitute an Event of Force Majeure. The duration of the Event of Force Majeure for any third party litigation shall be deemed to commence upon the commencement of such third party litigation and shall be deemed to terminate on the date that such litigation is finally resolved in favor of the validity and legality of all such matters challenged therein, whether such finality is achieved by a final non-appealable judgment, voluntary or involuntary dismissal (and the passage of time required to appeal an involuntary dismissal), or binding written settlement agreement. The duration of the Event of Force Majeure for any referendum challenge shall be deemed to commence upon the date that the referendum petition is presented to the City Clerk and shall be deemed to terminate on the earlier of the following dates: (1) the date the referendum election results are certified and the referendum election fails (*i.e.*, City's action(s) challenged through the referendum is (are) upheld and affirmed by City's voters) or (2) the date on which a final non-appealable judgment is entered in a court of competent jurisdiction determining that the challenged City actions are valid and not subject to being overturned by the referendum. If an Event of Force Majeure shall occur, the time for performance by either Party of any of its obligations hereunder so prevented or delayed by said Event of Force Majeure shall be extended for the period of time that such event continues to prevent or delay such performance, provided that the Party whose performance is prevented or delayed shall take all steps reasonably necessary and within its power to cause the Event of Force Majeure to cease or terminate at the earliest possible time. Either Party learning of an Event of Force Majeure shall, as soon as reasonably practicable, notify the other Party in writing of the occurrence of the event, which notice shall include a statement as to the date on which the Event of Force Majeure commenced. Upon the cessation of the Event of Force Majeure or its effects which prevented performance hereunder, either Party with knowledge of the cessation of the event shall notify the other Party in writing of such cessation, which notice shall include a statement as to the date on which the Event of Force Majeure ceased. In no event shall commercial impracticability, adverse market conditions, or the unavailability of financing on terms believed to be commercially reasonable by a Party be deemed to constitute an Event of Force Majeure. To the extent an Event of Force Majeure is caused by third party litigation or referendum pursuant to this Section and Section V.L and V.M of this Agreement, such Event(s) of Force Majeure shall extend the First Extended Entertainment Tax Rebate Period or the Second Extended Entertainment Tax Rebate Period, as applicable, for the period of time that such event continues to prevent or delay such performance. No other Event of Force Majeure shall extend the First Extended Entertainment Tax Rebate Period or the Second Extended Entertainment Tax Rebate Period.

I. Severability. If any term, provision, covenant, or condition set forth in this Agreement shall be determined by a final non-appealable judgment of a court of

competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement and so long as neither Party is thereby deprived of the material benefits of this Agreement to such Party.

J. Authority to Execute and Administer. The City Manager shall have the authority to execute and administer this Agreement on behalf of City. Each person executing this Agreement on behalf of Disney warrants and represents that he/she has the authority to execute this Agreement on behalf of Disney and warrants and represents that he/she (together with any other signatories, as applicable) has/have the authority to bind Disney to the performance of its obligations hereunder.

K. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when taken together, shall constitute one and the same instrument.

L. Third Party Litigation. Disney shall indemnify, defend, and hold harmless City and City's officials, officers, employees, and agents, including without limitation City's attorneys, contractors, subcontractors, and consultants, (collectively, the "City's Affiliated Parties"), from and against any claim, action, or proceeding (hereinafter, collectively, a "Claim") against City or City's Affiliated Parties seeking to attack, set aside, void, or annul the approval of this Agreement, City's performance of any of its obligations hereunder, City's enforcement of any of its rights hereunder, or any acts or omissions of Disney or any Affiliate of Disney relating hereto (including without limitation with respect to the construction, operation, and maintenance of the Qualified Capital Improvements). Said indemnity obligation shall include payment of attorney's fees, expert witness fees, and court costs. City shall promptly notify Disney of any such Claim and City shall cooperate with Disney in the defense of such Claim. If City fails to promptly notify Disney of such Claim, Disney shall not be responsible to indemnify, defend, and hold City harmless from such Claim until Disney is so notified and if City fails to cooperate in the defense of a Claim Disney shall not be responsible to defend, indemnify, and hold harmless City during the period that City so fails to cooperate or for any losses attributable thereto. City (through the City Attorney or designee) shall have the right to approve the legal counsel selected by Disney to represent City and City's Affiliated Parties with respect to any such Claim, with City's approval not to be unreasonably withheld, conditioned, or delayed. In addition, Disney shall contractually require its counsel who is selected to represent City and City's Affiliated Parties to consult with the City Attorney of City (or designee) with respect to all factual matters involving actual or alleged City acts or omissions and with respect to all legal claims asserted against City in order to provide City with an adequate opportunity, in both circumstances to confirm that City's interest and position with respect to such matters are accurately and properly represented. Disney shall pay any attorneys' fees, expert witness fees, costs, interest, and other amounts that may be awarded against City or Disney, or both, resulting from the Claim. Each Party shall keep the other Party informed of the status of any pending or threatened Claim upon the other Party's request and promptly after there is any change in the status of the Claim. In the event Disney performs its indemnity obligations

as set forth herein and either City or Disney recovers any attorney's fees, expert witness fees, costs, interest, or other amounts from the party or parties asserting the Claim, Disney shall be entitled to retain the same.

In addition to the foregoing, City shall have the right, in its sole and absolute discretion and at its own cost and expense, to retain separate legal counsel to represent City and City's Affiliated Parties with respect to any Claim.

To the maximum extent permitted by law, the provisions set forth in this Section V.L are intended to be independent of any other provision set forth in this Agreement and shall survive the voluntary or involuntary termination of this Agreement.

M. Referendum, Referendum Costs, and Referendum Litigation. Neither Party believes that this Agreement is subject to referendum. If, however, within the period provided for by law a referendum petition challenging the City Council's action approving this Agreement is circulated, signed by a minimum of ten percent (10%) of the registered voters in the City, and presented to the City Clerk, the City Council reserves the right to (1) rescind its action approving this Agreement, in which case this Agreement shall be deemed to have never been approved and shall not come into effect, or (2) call an election in accordance with the California Elections Code and the City Charter and Municipal Code at which the referendum shall be presented to the City's voters to either approve or disapprove the City Council's initial action approving this Agreement. In the event the City Council takes the action referred to in clause (2) of the preceding sentence, Disney shall have the option to either (1) terminate this Agreement by delivery of written notice to City no later than fifteen (15) days prior to the applicable deadline in the California Elections Code for cancellation of the call for the referendum election, in which event this Agreement shall be deemed to have never been in effect; or (2) pay all of City's actual and reasonable out-of-pocket costs incurred to conduct the referendum election, including without limitation costs paid to the Orange County Registrar of Voters' office with respect thereto. In addition, any lawsuit filed by any person concerning the referendum or matters related thereto ("Referendum Litigation") shall be deemed a Claim within the meaning of Section V.L of this Agreement and Disney and City shall have the same rights and obligations with respect to the Referendum Claim as set forth in said Section with respect to other types of third party Claims.

N. Prevailing Wage Laws. City makes no representation or warranty to Disney as to whether this Agreement in general or City's agreement to provide Entertainment Tax Rebates to Disney in particular will trigger a legal requirement for Disney to comply with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the California Labor Code and the regulations promulgated by the Director of the California Department of Industrial Relations thereunder (California Code of Regulations, Title 8, Section 16000 *et seq.*), as the same may be amended from time to time (collectively, the "Prevailing Wage Laws"), whether prior or subsequent to the time City actually adopts an Entertainment Tax and the Entertainment Tax Rebate provisions set forth in this Agreement become operative. Disney represents and warrants that it has consulted with its own legal counsel with respect to such matters, that Disney is familiar with the Prevailing Wage Laws, and that Disney is not relying upon any advice or

opinions of City with respect thereto. If the Prevailing Wage Laws do apply in whole or in part to work performed by Disney or an Affiliate of Disney as a result of this Agreement, then Disney covenants to comply with all such applicable Prevailing Wage Laws and Disney acknowledges that its indemnity obligations set forth in Section V.L of this Agreement shall apply to any Claims relating thereto. In addition, nothing in this Agreement is intended or shall be construed to require City to rely upon its charter city exemption from the Prevailing Wage Laws and nothing in this Agreement shall prohibit or prevent City from taking such actions that City reasonably determines it must take to avoid being disqualified from receiving state funding or financial assistance under California Labor Code Section 1782, as the same may be amended from time to time.

[Signatures on next page]

Dated: July __, 2015

CITY OF ANAHEIM, a charter city and
municipal corporation of the State of
California

By: _____
Name: Paul Emery
Title: City Manager

APPROVED AS TO FORM:

MICHAEL R.W. HOUSTON, City Attorney

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: Linda Andal
Title: City Clerk

Dated: _____, 2015

Walt Disney Parks and Resorts U.S., Inc.,

By: _____
Name: Michael A. Colglazier
Title: President - Disneyland Resort

Exhibit A

Map Depicting Disney Properties

