

SECOND AMENDMENT
TO
GROUND LEASE AND DEVELOPMENT AGREEMENT
WITH OPTION TO PURCHASE

THIS SECOND AMENDMENT TO GROUND LEASE AND DEVELOPMENT AGREEMENT WITH OPTION TO PURCHASE ("Second Amendment") is made and entered into as of this 11th day of July, 2007, by and between 601 Fremont, LLC, a Nevada limited liability company ("Developer") and the City of Las Vegas ("City"), and hereby amends that certain Ground Lease and Development Agreement with Option to Purchase dated for reference purposes as of July 20, 2005 (the "Original Agreement"), as amended by that certain First Amendment to Ground Lease and Development Agreement with Option to Purchase dated March 21, 2006 (the Original Agreement, said Amendment thereto and this Second Amendment referred to collectively herein as the "Agreement").

WITNESSETH:

A. WHEREAS, Developer and the City entered into the Original Agreement pursuant to which Developer agreed to lease from the City certain real property located at 601 Fremont Street and to provide Developer with an option to purchase such real property on the terms and conditions set forth in the Agreement; and

B. WHEREAS, the Original Agreement contemplates that Developer may seek to develop a high density mixed use project containing residential units, commercial space, a parking structure and related amenities; and

C. WHEREAS, Seller and Buyer agree that the Effective Date of the Original Agreement is August 9, 2005 ("Original Effective Date"); and

D. WHEREAS, Seller and Buyer desire to amend the Original Agreement and Amendment as set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual terms, conditions and provisions herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby mutually agreed by and between Developer and the City that the Original Agreement and Amendment thereto be amended as follows:

1. The Recitals set forth in Paragraphs A, B C, and D above are incorporated herein and made a part hereof.

2. Capitalized terms used in this Second Amendment without definition shall have the meanings assigned to such terms in the Original Agreement and Amendment.

3. Section 4(d) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“(d) The term of the Entertainment Site Lease shall commence upon the Original Effective Date and shall continue, unless sooner terminated pursuant to the provisions of this Agreement, until the earlier to occur of (i) the Entertainment Site Closing (as defined below) or (ii) the fifth (5th) anniversary of the Original Effective Date (the "ESL Term"). Notwithstanding the above, and subject to the condition that the Developer is leasing the Entertainment Site to a tenant(s) operating with a tavern-limited license and is a Qualified Business for the Entertainment Venue as acknowledged in writing by the City, the Developer shall have the right to extend the ESL Term for three (3) periods of five (5) years each (each five (5) years period, an "Extension Period"), by delivering written notice to the City no earlier than nine (9) months, and no later than three (3) months, prior to the expiration of the original ESL Term or the applicable Extension Period.”

4. Section 4(e) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“(e) The term of the Adjacent Site Lease shall commence upon the Original Effective Date and shall continue, unless sooner terminated pursuant to the provisions of this Agreement, until the earlier to occur of (i) the Adjacent Site Closing (as defined below) or (ii) the tenth (10th) anniversary of the Original Effective Date (the "ASL Term"); provided that so long as Developer is leasing the Entertainment Site to a tenant(s) that is operating with a tavern-limited license and is a Qualified Business for the Entertainment Venue as acknowledged in writing by the City, Developer shall have the right, upon written notice to City prior to the end of the initial ASL Term, to extend the ASL Term on a month to month basis. If Developer so extends the ASL Lease, the ASL Lease shall be terminable at any time by City upon ninety (90) days' advance written notice to Developer.”

5. Section 5(d) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“(d) If the Developer exercises the Entertainment Site Option, the purchase price that the Developer shall pay the City for the Entertainment Site shall be One Million Eight Hundred Thousand Dollars (\$1,800,000) ("Entertainment Site Purchase Price") payable in cash or other immediately available U.S. funds at the Entertainment Site Closing. In addition, if the Entertainment Site Option is exercised on or after August 9, 2008, after the third Anniversary of the Original Effective Date ("Escalation Commencement Date"), the Entertainment Site Purchase Price shall be increased by one percent (1%) per month beginning on the Escalation Commencement Date and continuing until the Entertainment Site Closing.

6. Section 5(e) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“(e) If Developer exercises the Adjacent Site Option prior to the third anniversary date of the Effective Date of this Second Amendment, the purchase price that Developer shall pay the City for the Adjacent Site shall be Three Million Dollars (\$3,000,000) (“Adjacent Site Purchase Price”) payable in cash or other immediately available U.S. funds at the Adjacent Site Closing. In addition, if the Adjacent Site Option is exercised on or after the third anniversary of the Effective Date of this Second Amendment (“Adjacent Site Escalation Commencement Date”), the Adjacent Site Purchase Price shall be increased by one percent (1%) per month beginning on the Adjacent Site Escalation Commencement Date and continuing until the Adjacent Site Closing.”

7. Section 7(h) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“The parties acknowledge and agree that the Developer, as additional rent for the Entertainment Site Lease and the Adjacent Site Lease, respectively, shall pay the pro rata portion of the payment attributable to the Entertainment Site and the Adjacent Site, for Special Improvement District 1506 and Special Improvement District 1516 when such payments become due and payable by the City.”

8. Section 10(a) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“(a) Developer shall have the option pursuant to the Entertainment Site Option to purchase the Entertainment Site from the City for the Entertainment Site Purchase Price as set forth in Section 5(d) of the Agreement by delivering written notice to the City and Escrow Agent at any time during the ESL Term (as such term may be extended under the terms of Section 4(d) of this Agreement); provided, however, that prior to exercise of the Entertainment Site Option, Developer must have complied with the following: (i) Developer must have completed the Required Renovations; (ii) Developer must have secured a lease with a Qualified Business for the Entertainment Venue(s) of not less than ten thousand (10,000) square feet of tavern-limited space, and Developer must have received from the City written approval of each Qualified Business for the Entertainment Venue; (iii) Developer must have received City written approval of the exterior plans for the building on the Entertainment Site; and (iv) Developer must have a financing commitment from a lender in reasonable and customary form reasonably acceptable to the City as acknowledged in writing for the purchase of the Entertainment Site, if Developer is using third party financing for the purchase.”

9. Section 10(b) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“(b) Developer shall have the option ("Adjacent Site Option") to purchase the Adjacent Site from the City for the Adjacent Site Purchase Price as set forth in Section 5 (e) by

delivering written notice to the City and Escrow Agent at any time during the ASL Term (as such term may be extended under the terms of Section 4(e) of this Agreement); provided, however, that prior to exercise of the Adjacent Site Option, Developer must have complied with the following conditions, to the satisfaction of the City as acknowledged in writing: (i) Developer must have completed the Required Renovations; (ii) Developer must have secured a lease with one or more Qualified Business(es) for the Entertainment Venue(s) of not less than ten thousand (10,000) square feet of tavern-limited space; (iii) Developer must have made submissions for all necessary City entitlements for the development of a portion of the site with a hotel project containing not less than two hundred (200) rooms or units, a minimum of ten thousand (10,000) square feet of commercial space, a parking structure and related amenities ("Project"); (iv) Developer must have a financing commitment from a lender in reasonable and customary form reasonably acceptable to the City, as acknowledged in writing, for the development and construction of the Project; (v) Developer must have applied for those construction permits for the Project for which Developer can reasonably apply prior to taking title to the Adjacent Site; (vi) Developer has obtained written approval from the City of the Hotel operator, which shall not be unreasonably withheld, to operate the hotel project; and (vii) Developer must have exercised the Entertainment Site Option; provided further, however, if at any time prior to the exercise of the Adjacent Site Option the Entertainment Venue is vacant for a continuous period of twenty-four (24) months, then the Adjacent Site Option shall terminate."

10. Section 23, Reserved in the Original Agreement, is amended to state as follows:

"If, during the course of the Entertainment Site Lease, the tavern-limited license business(es) cease to operate for a period of 24 consecutive months, then the City shall have the right to terminate the Entertainment Site Lease upon written notification by the City to the Developer, at least 90 days before termination." 11. This Second Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one in the same instrument. Facsimiles of originals shall be deemed originals.

12. Except as amended hereby, the Agreement is hereby ratified and remains in full force and effect.

The Effective Date of this Second Amendment is the date which the Las Vegas City Council has approved the form of this Second Amendment.

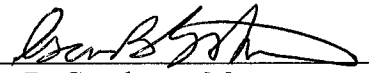
The foregoing terms of this Second Amendment are hereby accepted and approved by the undersigned as of the Effective Date of this Second Amendment.

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Date of City Approval:

July 11, 2007

CITY OF LAS VEGAS

By: 
Oscar B. Goodman, Mayor
"CITY"

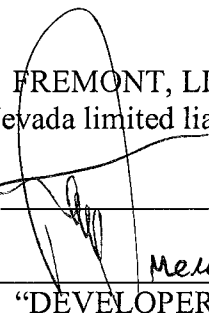
APPROVED AS TO FORM:

Thomas R. Green 6/28/07
Thomas R. Green Date
Office of the City Attorney

ATTEST:


BEVERLY BRIDGES, City Clerk

601 FREMONT, LLC
a Nevada limited liability company

By: 
Its: Member
"DEVELOPER"

SCHEDULE OF PERFORMANCE FOR ADJACENT SITE LEASE

<u>Action</u>	<u>Date</u>
1. Developer conducts Due Diligence on Adjacent Site.	Effective Date of Agreement – Aug. 2012.
2. Developer provides written Election Notice to City of its intent to purchase Adjacent Site and develop mixed-use development no later than (5) five years after effective date of new Adjacent Site Lease. The following milestones are to be submitted as a part of the Developer's Election Notice: a) Site Development Plan, b) Tentative Map Approval, c) Civil Plans Submission d) Construction Plan Submission e) Letter of Commitment from Specified Tenant	No later than August 9, 2012
3. Developer Closes Escrow and takes title to the Site.	No later than August 9, 2015