

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("**MOU**") is made as of the 1ST day of August, 2007, by and between REI Neon, LLC, a Michigan limited liability company ("**REI**"), and the CITY OF LAS VEGAS (the "**City**"). REI and the City are sometimes referred to herein collectively as the "**Parties**."

RECITALS

A. The City has selected REI to construct a professional sports arena as part of a multi-phase project to be developed upon approximately eighty-five (85) acres of real property in Las Vegas, County of Clark, Nevada (the "**Project**").

B. It is the understanding of the Parties that the construction of the Project, including improvements, infrastructure, and amenities, will assist the City in its revitalization of the downtown area. Accordingly, REI has requested, and the City has agreed, that the Parties enter into this MOU to memorialize their agreement to negotiate and execute a final development agreement for the construction and development of the Project.

NOW, THEREFORE, REI and the City agree to proceed as follows:

1. **Performance Deposit.**

a) The Parties agree that REI will place a minimum \$1,000,000 performance deposit at the time a final development agreement (the "Development Agreement") is executed, which deposit would be non-refundable in the event REI is unable to perform its obligations under the Development Agreement, and in such case would be delivered to the City. The deposit would be held in the form of cash or an irrevocable letter of credit placed with Chicago Title, as escrow agent pursuant to agreed upon escrow instructions.

2. **Reimbursement of Costs.**

a) The Parties agree that REI will reimburse the City's reasonable upfront and ongoing costs incurred in connection with the negotiation of the Development Agreement, to include but not be limited to those set forth in the previously executed Owner Participation Agreement between REI and the City. Such costs may include but not be limited to the services of consultants, attorneys, etc.

3. **Disclose of Principals.**

a) The resulting development agreement shall require an updated Disclose of Ownership/Principals Certificate that clearly explains the joint venture between REI Neon LLC and Warbug Pincus.

4. **Final Development Agreement.**

a) The Parties agree to negotiate, determine the scope of, and execute a final Development Agreement generally consistent with REI's proposal to the Blue Ribbon Committee on July 13, 2007, including bond financing, to be considered by the Las Vegas City Council and executed within 60 days of the date hereof (and in any event prior to or simultaneously with REI's closing on its acquisition of the property), and to include, but not be limited to, the items listed below:

(1) The resolution of any additional commitments required from the City for REI to adequately complete the bond financing for the construction and development of the professional sports arena and infrastructure, including any amendments to the existing Owner Participation Agreement between the City and REI with regard to such issues as Tax Increment Financing, Tourism Improvement Districts, STAR bonds, etc.

(2) Development of appropriate deadlines for the following events:

(i) Resolution of pending Gaming Board appeal.

(ii) Closing on the purchase of the real property upon which the Project is to be built to include resolution of the lawsuit concerning the estoppel certificates.

(iii) Commencement of construction of the Project.

(iv) Resolution of any commitment by a professional sports league to the Project, if applicable.

(3) Determination of the scope and magnitude of Phase 1 of the Project.

5. **Execution in Counterparts.**

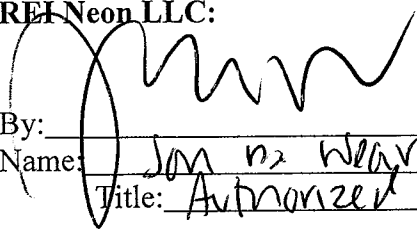
a) This MOU may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this MOU, the parties may execute and exchange by facsimile counterparts of the signature pages.

6. **Non-Binding Agreement**

a) With the exception of Section 2 above, the provisions of this MOU are not binding on either party and is intended only to set forth the current intent of the parties hereto and the general scope of a Final Development Agreement, which agreement would then be binding. With respect to Section 2, regarding the reimbursement of the City's costs in negotiating the Development Agreement, said Section is binding on the parties and it is agreed that the City costs that are incurred over the next 60 days will be reimbursed. The City's costs will include consultants and attorneys fees and their related indirect and direct expenses.

IN WITNESS WHEREOF, the parties hereto have executed this MOU on the day and year first above written.

REI Neon LLC:

By: 

Name: Jon M. Weaver

Title: Authorized Agent

CITY:

CITY OF LAS VEGAS

a Nevada municipal corporation

By: 

Name: OSCAR GOODMAN

Mayor

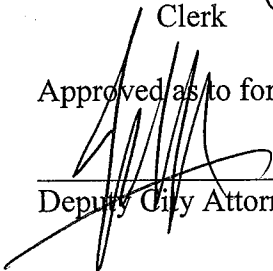
ATTEST:

By: 

Name: BEVERLY BRIDGES

Clerk

Approved as to form:


Deputy City Attorney

7/24/07
Date