

**FIRST AMENDMENT
TO
MASTER DEVELOPMENT AGREEMENT**

This First Amendment to Master Development Agreement ("Amendment"), dated as of November 19, 2008 (the "Effective Date"), is made and entered into by and between **THE CITY OF LAS VEGAS**, a political subdivision of the state ("City"), **CITY PARKWAY IV A, INC.**, a Nevada non-profit corporation ("CPIVA"), **OFFICE DISTRICT PARKING I, INC.**, a Nevada non-profit corporation ("ODP," and together with CPIVA and City, the "City Parties"), **LIVEWORK, LLC**, a Delaware limited liability company ("LiveWork"), **FC VEGAS 20, LLC**, a Nevada limited liability company ("FC Vegas 20") and **FC VEGAS 39, LLC**, a New York limited liability company ("FC Vegas 39," and together with FC Vegas 20 and LiveWork, the "Developer"). The City Parties and Developer may be referred to collectively herein as the "Parties" or singularly as a "Party."

RECITALS

A. The City Parties and Developer entered into that certain Master Development Agreement dated May 21, 2008 (the "Agreement") and desire to amend the Agreement as set forth below.

B. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Agreement.

TERMS AND CONDITIONS

NOW, THEREFORE, for and in consideration of the foregoing recitals and of the terms, covenants and conditions contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. RECITAL H AND DEFINITIONS

Recital H of the Agreement is hereby deleted in its entirety and replaced with the following:

H. The Parties desire to enter into an exchange agreement (the "Exchange and Parcel P-Q Development Agreement") whereby, subject to certain conditions and the completion of the City Hall Facilities, Developer agrees to convey the Queen of Hearts Parcel to the City (or a City Affiliate) and City Parties agree to cause CPIVA, or a related entity, to convey Parcel P-Q to Developer, in contemporaneous closings at the completion of the City Hall Facilities (the "Exchange").

The definition of "Exchange Option" is hereby deleted in its entirety.

The following definition is added to the Agreement:

"Parking Agreement" means an agreement between City and Developer to provide temporary surface parking for the City Hall Facilities on Developer's property adjacent to the City Hall Facilities on such terms and conditions as may be agreed to by Developer and City.

The definition of "Transaction Documents" is hereby deleted in its entirety and replaced with the following:

"Transaction Documents" means the City Hall Lease, the City Hall Development Agreement, the Parking Agreement, the Block Project Development Agreement, the Owner Participation Agreement, the Sub-Ground Lease and the Exchange and P-Q Development Agreement, collectively.

2. EXECUTION AND FUNDING

The definition of Execution and Funding is hereby deleted in its entirety and replaced with the following:

"Execution and Funding" means the Contingencies (defined in Section 5.9) have been satisfied, completed or waived, the Transaction Documents have been executed and delivered and the COPs are executed and delivered in exchange for proceeds (or funding in connection with any other public or private financing), all to be effective contemporaneously as of the Execution and Funding Date.

3. FEASIBILITY PERIOD

Section 5.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

5.1. Feasibility Period. The feasibility period (the "Feasibility Period") shall be for a period commencing on the Effective Date and ending the earlier of January 23, 2009 and the date of Feasibility Approval; provided, however, that following the date of Feasibility Approval, the Parties shall continue to have the inspection rights described in Section 5.3 and Section 5.4 below.

4. FEASIBILITY PERIOD AND CONTINGENCY PERIOD SCHEDULE OF PERFORMANCE

The Feasibility Period Schedule of Performance attached as Exhibit C to the Agreement is hereby deleted in its entirety and replaced with the combined extended Feasibility Period Schedule of Performance and Contingency Period Schedule of Performance set forth in Exhibit C-1 attached hereto.

5. CONTINGENCY PERIOD BUDGET

The Contingency Period Budget means the City Party's budget for all costs and expenses associated with the extended Feasibility Period and the Contingency Period as set forth in Exhibit D-1 hereto. The Contingency Period Budget includes the Contingency Period Costs.

6. APPROPRIATION FOR EXTENDED FEASIBILITY PERIOD AND CONTINGENCY PERIOD COSTS

A new sentence is added to the end of Section 22.23 as follows:

Effective as of the Effective Date of this Amendment, the additional sum of \$5,100,000.00 has been appropriated by the City to pay for the costs and expenses to be paid pursuant to Section 6 of the Agreement together with the costs and expenses set forth in the Contingency Period Budget. The Parties project that such additional sum is sufficient to complete the items required to complete construction documents for the City Hall Facilities in order to obtain a guaranteed maximum price construction contract for the construction of the City Hall Facilities.

7. JOINT APPROVAL

Section 5.8 of the Agreement is hereby deleted in its entirety and replaced with the following:

In the event City Parties timely deliver the City Parties' Feasibility Notice to Developer and Developer timely delivers the Developer's Feasibility Notice to City Parties (collectively, "Feasibility Approval"), then the Parties shall proceed as set forth in Section 5.9 below.

8. CONTINGENCY PERIOD

Section 5.9 of the Agreement is hereby deleted in its entirety and replaced with the following:

5.9. Contingency Period. The period of time from the date of Feasibility Approval through May 22, 2009 at 5:00pm PST is the "Contingency Period."

(a) During the Contingency Period, the Parties shall address the contingency items (the "Contingencies") described below and, subject to satisfaction, completion or waiver of the Contingencies, prepare a joint approval certificate (the "Joint Approval Certificate"). The Joint Approval Certificate shall confirm that each of the Contingencies set forth in this Section 5.9 have been satisfied, completed or waived.

(b) During the Feasibility and/or Contingency Period, City Parties shall take such action as is necessary to (i) obtain the requisite approvals and entitlements to permit non-restricted gaming operations (as defined in NRS Section 463.0177) to be conducted on Parcel P-Q (except that portion owned by ODP) and such approvals and entitlements shall be final and beyond the time limits for appeal, with no appeal pending, and (ii) restrict non-restricted gaming operations through deed restrictions or other means reasonably acceptable to Developer on all other parcels in Union Park, except for Parcel A-1, the Lou Ruvo

Brain Institute, which has already been conveyed to a third party without deed restrictions. In connection with 5.9(b)(i), Developer agrees to reasonably cooperate with City Parties. Developer's reasonable costs and expenses ("Developer's GED Costs") incurred after November 1, 2008 in connection with such cooperation shall be offset by a credit against the Temporary Utility Relocation Cost (defined below) up to a maximum of \$200,000. Developer shall provide documentation of Developer's GED Costs as reasonably requested by the City Parties.

(c) During the Feasibility Period and/or Contingency Period, Developer shall apply to the Agency for Tax Increment Financing in connection with the Block Project and obtain Agency approval of the Owner Participation Agreement.

(d) During the Feasibility Period and/or Contingency Period, the Parties will proceed to complete the remaining design of the City Hall Facilities, approve a guaranteed maximum price construction contract for the construction of the City Hall Facilities, approve the costing for construction of the City Hall Facilities, and complete the final forms of the Transaction Documents.

(e) The Parties will agree on the conditions and timing for Execution and Funding during the Contingency Period and submit such conditions to the Council for approval in the Joint Approval Certificate.

(f) The Parties acknowledge and agree that in the event the Contingencies are not satisfied, completed or waived within the Contingency Period as evidenced by approval of the Joint Approval Certificate, in the Parties respective sole discretion, then such event shall not be a default and there shall be no obligation on any Party to enter into the Transaction Documents, and the Parties shall proceed pursuant to Section 5.11.

9. EXECUTION AND FUNDING

Section 5.10 of the Agreement is hereby deleted in its entirety and replaced with the following:

During the Feasibility and/or Contingency Period, the City Parties shall take such action as is necessary to present and seek the approvals for the COPs (or other public or private financing) from the Clark County Debt Management Commission (the "DMC") and the Nevada Department of Taxation ("Department of Taxation"). The Parties acknowledge that the approvals of the Council (and the Agency in connection with the Owner Participation Agreement), before and after the DMC and the Department of Taxation approvals, are discretionary, and that in the event any required approval of the Council (and the Agency in connection with the Owner Participation Agreement), the DMC or the Department of Taxation is not provided for any reason whatsoever on or before the expiration of the Term, this Agreement shall be deemed terminated, such event shall not be

considered a default, and there shall be no obligation on any Party to enter into the Transaction Documents. Notwithstanding the execution of the Joint Approval Certificate, if the COPs are not executed and delivered (or funding in connection with any other public or private financing) as scheduled and projected for any reason whatsoever, then such event shall not be a default and there shall be no obligation on any Party to enter into the Transaction Documents. In the event that any approval required under this Section is disapproved and it is conclusive that the COPs will not be executed and delivered, the Parties, only upon written notice by either Party, shall proceed pursuant to Section 5.11.

10. CONTINUED FEASIBILITY ANALYSIS

Section 5.11 of the Agreement is hereby deleted in its entirety and replaced with the following:

5.11. Continued Feasibility Analysis. In the event the Joint Approval Certificate is not approved within the Contingency Period or Execution and Funding is not consummated as set forth in Section 5.10 above, the Parties shall continue to explore possible alternatives to complete the Transactions, provided, however that the Parties shall be under no obligation to enter into the Transaction Documents or any other transaction whatsoever, and either Party may terminate this Agreement upon 30 days written notice to the other Party. In the event of any termination, the Parties shall have no liability or obligations to the other except for those obligations surviving pursuant to Section 18.3 below. In no event will this Section 5.11 in any way operate to extend the Term.

11. EXTENSION OF FEASIBILITY PERIOD OR CONTINGENCY PERIOD

A new sentence is added to the end of Section 5.12 as follows:

The Contingency Period may be extended for 2 periods of up to 60 days each by a writing executed and delivered by both City Parties' Representative and Developer's Representative, in their respective sole discretion.

12. CITY HALL LEASE

The Parties acknowledge that the City Hall Lease shall contain a construction period lease back to Developer of the Queen of Hearts Parcel until substantial completion of the City Hall Facilities under the City Hall Development Agreement.

13. EXCHANGE OF PARCEL PQ FOR QUEEN OF HEARTS PARCEL

Section 10.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

10.1 Exchange and Parcel P-Q Development Agreement. It is the intent of the Parties that Developer (or a Developer Affiliate) and City Parties shall enter into the Exchange and Parcel P-Q Development Agreement, to be effective as of the Execution and Funding

Date, which will set forth the terms and conditions of the Exchange. The closing of the Exchange will be upon completion of the City Hall Facilities.

Section 10.2 of the Agreement is hereby deleted in its entirety and replaced with the following:

10.2 Exchange Property Values. The Parties have determined the value of the Queen of Hearts Parcel to be \$33,170,000. The Parties have determined the value of Parcel P-Q to be \$33,170,000, assuming it is the only property within Union Park upon which non-restricted gaming operations (as defined in NRS Section 463.0177) may be conducted. Accordingly, the Exchange and Parcel P-Q Development Agreement will provide that the purchase price for the Queen of Hearts Parcel is \$33,170,000, and the purchase price for Parcel P-Q is \$33,170,000. In addition, the Exchange and Parcel P-Q Development Agreement will provide the terms and conditions by which Developer will expend up to \$7,080,747 to complete the following activities in connection with the development of Parcel P-Q: an agreed environmental remediation of Parcel P-Q, the construction on Parcel P-Q by Developer of the metro police and City fire rescue substation described in Section 11.1 and the sharing in the costs of acquiring air rights over the Union Pacific rail line and constructing a pedestrian bridge connecting Parcel P-Q over the Union Pacific rail line to downtown Las Vegas. Such agreement will be contained in the Declaration of Special Land Use Restrictions to be recorded against Parcel P-Q at the closing of the Exchange.

Section 10.4 of the Agreement is hereby deleted in its entirety and replaced with the following:

10.4 City Option to Purchase Queen of Hearts Parcel. The Exchange and Parcel P-Q Development Agreement shall provide that in the event the Exchange is not consummated, commencing upon termination of the Exchange and Parcel P-Q Development Agreement and continuing for the term of the City Hall Lease, the City shall have an option to purchase the Queen of Hearts Parcel. In the event the City exercises its option to purchase the Queen of Hearts Parcel within 18 months after the termination of the Exchange and Parcel P-Q Development Agreement and the City has satisfied all conditions to closing within 60 days of the exercise of the option, including funding, the purchase price for the Queen of Hearts Parcel will be as set forth in Section 10.2 above. In the event the City does not exercise its option to purchase the Queen of Hearts Parcel within 18 months after the termination of the Exchange and Parcel P-Q Development Agreement and satisfy all conditions to closing within 60 days of the exercise of the option, including funding, the purchase price for the Queen of Hearts Parcel will thereafter be pursuant to a process to determine fair market value as agreed upon by the Parties. The form of the Exchange and Parcel P-Q Development Agreement shall be subject to the approval of the Council and the Agency pursuant to Section 5.9 above and shall be attached hereto as Exhibit "K".

14. **SECTION 11.3**

Section 11.3 of the Agreement is hereby deleted.

15. PARKING WITHIN BLOCK PROJECT

Section 12.3 of the Agreement is hereby supplemented with Schedule 12.3 attached hereto and incorporated into Section 12.3 by this reference.

16. RELOCATION OF POWER LINES

(a) The portion of South Main Street between Lewis Avenue and Garces Avenue is referred to below as the Main Street Utility Corridor. The Parties acknowledge and agree that the existing power transmission lines located along the eastern side of the Main Street Utility Corridor are contemplated to be relocated (the "Temporary Utility Relocation") as temporary power transmission lines to the western side of the Main Street Utility Corridor. The cost for the Temporary Utility Relocation (the "Temporary Utility Relocation Cost") is presently anticipated to be approximately \$2 million. The City will initially fund the Temporary Utility Relocation Cost (which the City may at its sole option include in the City Hall Development Budget), but will be reimbursed as provided in Section 16(b) below even if included in the City Hall Development Budget.

(b) The Temporary Utility Relocation Cost shall be allocated one-third each to the Queen of Hearts Parcel (the "Queen of Hearts Parcel Reimbursement Obligation"), Block A (the "Block A Reimbursement Obligation"), and Block C (the "Block C Reimbursement Obligation"), and shall be covenants running with the land, binding the owners of such land to reimburse the City for their respective allocable portion of the Temporary Utility Relocation Cost. Whether or not Execution and Funding occurs the Temporary Utility Relocation Costs shall be reimbursed to the City as follows: (i) Block A shall be subject to a covenant running with the land to reimburse the City for the Block A Reimbursement Obligation payable 30 days after a building permit is issued for a vertical structure or combination of vertical structures equaling not less than 50,000 square feet upon Block A; and (ii) Block C shall be subject to a covenant running with the land to reimburse the City for the Block C Reimbursement Obligation payable 30 days after a building permit is issued for a vertical structure or combination of vertical structures equaling not less than 50,000 square feet upon Block C. In the event of Execution and Funding, Developer shall have no obligation to reimburse the City in connection with the Queen of Hearts Parcel Reimbursement Obligation. In the event Execution and Funding does not occur, the Queen of Hearts Parcel shall be subject to a covenant running with the land to reimburse the City for the Queen of Hearts Parcel Reimbursement Obligation payable 30 days after a building permit is issued for a vertical structure or combination of vertical structures equaling not less than 50,000 square feet upon the Queen of Hearts Parcel. The reimbursement obligations shall not bear interest unless not paid within 30 days after the date due. In the event any of the reimbursement obligations are not paid within 30 days of the date due, such reimbursement obligation(s) shall bear interest at the legal rate then in effect pursuant to NRS 99.040. Notwithstanding the forgoing, the first to occur of the Block A Reimbursement Obligation and the Block C Reimbursement Obligation shall be reduced by Developer's GED Costs. For the avoidance of doubt, it is the intention of the Parties that Developer receive a credit of the amount of Developer's GED Costs (up to a maximum of \$200,000) against the first reimbursement obligation Developer is required to pay for the Temporary Utility Relocation Cost.

(c) The Parties agree to record a memorandum of the Queen of Hearts Parcel Reimbursement Obligation against the Queen of Hearts Parcel, a memorandum of the Block A Reimbursement Obligation against Block A, and a memorandum of the Block C Reimbursement Obligation against Block C. Such memorandums shall be agreed upon and recorded prior to the City authorizing, or expending funds for, the Temporary Utility Relocation.

17. EASEMENTS FOR UNDERGROUND TRANSMISSION LINES

Whether or not Execution and Funding occurs, but only if the Temporary Utility Relocation occurs, Developer covenants to provide to City certain easements for underground conduit and transmission line purposes within property owned by Developer. Such easements shall be in locations to be mutually agreed upon between the Parties as set forth in a legal description to be prepared during the Contingency Period, but shall be generally located within an envelope described as follows:

20 feet from the back of the existing curb (as of the date hereof) along the eastern side of the Main Street Utility Relocation Corridor.

Such covenants shall be included in the memorandum described in Section 16(c) above.

18. SURVIVING OBLIGATIONS

A new Section 18.3(f) is added as follows:

(f) The covenants contained in Section 16 and Section 17 of that First Amendment to Master Development Agreement entered into by the Parties.

19. OTHER MATTERS

(a) Except as amended by this Amendment, the Agreement is and shall remain in full force and effect.

(b) This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one instrument.

(c) If there is any conflict between any of the provisions of this Amendment and any of the provisions of the Agreement, the provisions of this Amendment shall control.

[signature pages follow]

IN WITNESS WHEREOF, City Parties and Developer have executed this Amendment as of the Effective Date.

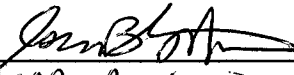
DEVELOPER:

LIVEWORK, LLC,
a Delaware limited liability company

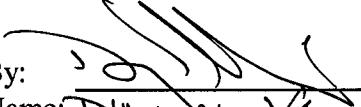
By: 
Name: David Mitchell
Title: Managing Partner

CITY:

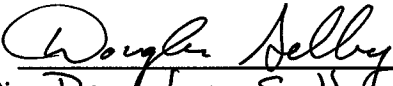
CITY OF LAS VEGAS, NEVADA,
a political subdivision of the State of Nevada

By: 
Name: OSCAR B. GOODMAN
Title: Mayor

FC VEGAS 20, LLC.,
a Nevada limited liability company

By: 
Name: DIMITRI VAZELAKIS
Title: VICE PRESIDENT

CITY PARKWAY IV A, INC.,
a Nevada non-profit corporation

By: 
Name: Douglas Selby
Title: President

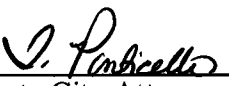
FC VEGAS 39, LLC,
a New York limited liability company

By: 
Name: DIMITRI VAZELAKIS
Title: VICE PRESIDENT

OFFICE DISTRICT PARKING I, INC.,
a Nevada non-profit corporation

By: 
Name: Douglas Selby
Title: President

APPROVED AS TO FORM:

 11/10/08
Deputy City Attorney


City Clerk

By: Beverly K. Bridges, CMC
City Clerk

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

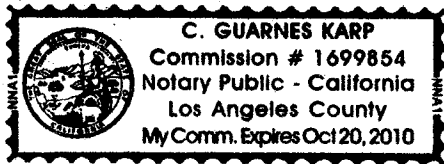
State of California

County of Los Angeles

On Nov. 25, 2008 before me, C. Guarnes Karp, Notary Public

personally appeared

Dimitri Vazelakis
Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature C. Guarnes Karp
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: 1st Amendment to Master Development Agreement

Document Date: Nov. 25, 2008 Number of Pages: 9

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Dimitri Vazelakis

- ☐ Individual
☒ Corporate Officer — Title(s): Vice President
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

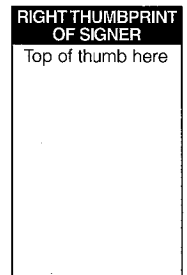
Signer Is Representing: FC Vegas 20, LLC and FC Vegas 39, LLC



Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____



**Exhibit C-1
Feasibility Period Schedule of Performance**

All dates listed below are estimates and may be subject to change.

	Finish Date
Completion of physical due diligence for Parcel P/Q (Developer)	1/23/09
Completion of physical due diligence for Queen of Hearts Parcel (City)	1/23/09
Complete and approve form of Reversionary Map (Developer and City)	1/23/09

Contingency Period Schedule of Performance

All dates listed below are estimates and may be subject to change.

	Finish Date
Complete Design Development Drawings (Developer)	Nov. 2008
Initiate COPs (City)	Nov. 2008
Cost Estimating upon Completion of Design Development Drawings (Developer)	Nov. 2008
Invitation of Trade Bids (Developer)	April 2009
Establish GMP (Developer)	May 2009
Complete Final Forms of Transaction Documents (Developer and City Parties)	May 2009
Complete Construction Documents (Developer)	May 2009
COPs Closing (City)	May 2009
Temporary Relocation of Transmission Lines (City and Developer)	May 2009

Exhibit D-1
Contingency Period Budget

This budget has been established for the work necessary to prepare the feasibility analysis and to complete the Developer's items listed on Exhibit C-1 for the development of the City Hall Facilities. The scope of work will include architectural and feasibility work up to the completion of construction documents.

Architecture

Complete Design Development Drawings

Complete Construction Documentation for Core and Shell

Pre-Construction Services
(FC and CM at Risk)

Invitation of Trade Bids

Establishing GMP

Cost Estimating

Reimbursable (10%)

Contingency (15%)

Developer Reimbursables

Developer Fee (5%)

Temporary Relocation of Transmission Lines by Nevada Power

Sub-total of above	\$5,950,000
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Uncommitted portion from previously approved Feasibility Budget	(\$850,000)
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Total	\$5,100,000
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Schedule 12.3

POSSIBLE MECHANISMS FOR PUBLIC ASSISTANCE OF PARKING

The revitalization of Downtown Las Vegas clearly will require development of retail and additional first class office space as an extension and complement to the new City Hall Facilities. At the same time, general market conditions and the need to provide expensive structured parking suggest that, even in a more robust general office market, it will be difficult to make new retail and first class office development feasible so long as competing locations can offer surface parking. Therefore, the Parties agree to consider future possible mechanisms for providing public assistance for parking construction at such time as development of retail and/or first class office space on Blocks A, C or D becomes a near term or imminent possibility.

There are several mechanisms by which the City and/or Agency could assist in the development of the required parking. Current City/Agency budget constraints and the current uncertain state of municipal finance would appear to reduce the probability of use of certain readily identifiable options in the short term. Nevertheless it is useful to identify several possible mechanisms as a guide to future discussions.

OVERVIEW OF TYPES OF ASSISTANCE

Broadly speaking, the generic types of assistance available include:

1. Direct public ownership and funding of parking;
2. Lowering the annual cost through lower cost financing;
3. Formation of a public district with the twin benefits of lower cost financing and spreading the costs over all properties that benefit directly or indirectly;
4. Allocating future unencumbered revenues to fund or reimburse the costs of providing parking; and
5. Integration of parking management to secure the benefits of shared parking.

Associated with each of these are issues of risk allocation, timing of funding commitments by the parties and the specific legal structure of the vehicle to be used. These aspects are discussed briefly below. Note that the elements of assistance could overlap and often work best in combination.

DIRECT PUBLIC OWNERSHIP AND FUNDING OF PARKING

Many cities have considered---and some have exercised---the option of direct municipal construction and ownership of downtown parking for the benefit of additional private development. Although on its face, this alternative seems to be fiscally unattractive, it could work well if combined with a management agreement or master lease in which the developer/owner commits to cover, from parking receipts or its own funds, a lease payment that

would cover all or a part of the annual cost. If bond financing were used that might also mean use of taxable rather than tax exempt bonds.

LOWERING THE ANNUAL COST THROUGH LOWER COST FINANCING

Any one of a number of alternative mechanisms exist for the use of tax exempt financing including direct public ownership or formation of a public district. In addition there may be an opportunity to lower the interest cost through the use of credit enhancement and so-called "low floaters" if that part of the municipal finance market recovers well from recent shocks. How such credit enhancement is obtained and at what cost are to be determined but a 300 basis point reduction in interest cost even if only for the first 5-7 years would materially reduce the issue of parking infeasibility

FORMATION OF A PUBLIC DISTRICT

Whether or not the City would consider a larger downtown parking district with appropriate special taxes, augmented property taxes or perhaps a parking tax will depend on a variety of factors. But this alternative is particularly attractive since it can deal with the interaction of all demands for parking, e.g. tourism, entertainment, and gaming as well as office demand.

The City also could consider, subject to applicable law and consent from private property owners, using a special improvement district (SID) encumbering all phases of the Block Project. Although this approach would create some benefits simply from availability of long term tax exempt rates, i.e. all-in rates up to 100-150 basis points lower than conventional debt, the real benefit is the ability to offset debt service with other revenues. This in turn leads to the final and perhaps most significant mechanism.

ALLOCATING FUTURE UNENCUMBERED REVENUES

The City and Agency have on several occasions noted that they cannot pledge either City revenues or tax increment since these revenue sources are currently fully encumbered by existing or future known obligations. There are, however, at least three potential sources of additional funds which may, over time, become available even if they are not in a form that would allow the City or Agency to bond them.

One such source is the growth in tax increment. Unless this growth has already been encumbered by bonds with rising debt service payments, it should be available although probably not in a "bankable" or bondable form.

The second such source is the coverage that exists in current or proposed tax increment financings. Public securities inevitably require encumbering a public revenue stream larger than what is needed to pay the bonds. Whether the surplus coverage is 10% (a debt service coverage ratio of 110%) or 30% (a DSC of 130%), a subordinated pledge to the developer of that additional increment not needed for debt service could be quite helpful.

A third source is the possible use of TID (Tourist Improvement District) bonding which taps into TOT funds. The enabling legislation for this type of financing is supposed to expire in less than

a year but there are also indications from the redevelopment agency that there are efforts being made to extend it.

Finally, in addition to the three enumerated funding sources, there does exist the possibility, however remote, that additional legislation at the City and State level would allow allocation of other taxes to this purpose as part of new financing mechanisms.

INTEGRATION OF PARKING MANAGEMENT TO SECURE THE USE OF SHARED PARKING

Technically speaking, this may not be a form of public financial assistance since it does not require that public funds be spent for the benefit of a private development. Instead, this mechanism contemplates the integration of management of numerous parking lots in the same geographic area so as to provide benefits of shared parking. By meeting the needs of multiple user populations such as office workers, visitors to public offices, shoppers and tourists under one manager of multiple lots, it should be possible to adequately serve such multiple needs with substantially less parking that might result from separate and independent facilities each dedicated to its own market. Obviously, the financial benefits of such an arrangement will depend on the distance between parking facilities and the maximum effectively feasible distance between each facility and the building or venue creating the parking demand.