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AGENDA SUMMARY PAGE

REAL ESTATE COMMITTEE MEETING OF: NOVEMBER 18, 2002

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD D. GOECKE

CONSENT

DISCUSSION

SUBJECT:

REPORT FROM REAL ESTATE COMMITTEE - Councilmen Mack and Weekly

Discussion and possible action regarding a Memorandum of Understanding (MOU) 2002-7 between the City of Las Vegas and Westbridge Association (WA) in association with the development of the Mirabelli Senior Center/Park located at 6208 Hargrove Avenue - Ward 1 (M. McDonald)

Fiscal Impact

No Impact

Amount:

Budget Funds Available

Dept./Division:

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

The MOU is associated w/the new CLV Senior Center at Mirabelli Park, the vacation of Hargrove Ave. (W. of Garwood Ave.), the conveyance of certain portions of the vacated street Right-of-Way between CLV & WA, the relocation & construction of the access drive servicing WA's apartment complex, the modification of irrigation & yard light systems, the drainage issues of WA & the possible modification &/or enhancement to the common wall &/or fence between WA's apartment complex at 6250 Hargrove Avenue & the Mirabelli Community Center/Park at 6208 Hargrove Avenue.

RECOMMENDATION:

Staff recommends approval

BACKUP DOCUMENTATION:

1. MOU 2002-7
2. Disclosure

COMMITTEE RECOMMENDATION:

COUNCILMAN WEEKLY recommended this item be forwarded to the Full Council with a "Do Pass" recommendation. COUNCILMAN MACK concurred.

MINUTES:

COUNCILMAN MACK declared the Public Hearing open.

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REAL ESTATE COMMITTEE MEETING OF NOVEMBER 18, 2002

Public Works

Item 1 - Discussion and possible action regarding a Memorandum of Understanding (MOU) 2002-7 between the City of Las Vegas and Westbridge Association (WA) in association with the development of the Mirabelli Senior Center/Park located at 6208 Hargrove Avenue - Ward 1 (M. McDonald)

MINUTES – Continued:

DAVID ROARK, Manager, Real Estate and Asset Management Division, Public Works Department, indicated that this Memorandum of Understanding will allow for the future exchange of land with the adjacent property owner in order for the City to go forward with development of a proposed senior center at Mirabelli Park. In exchange for the land, the City will provide the adjacent property owner with a new entrance into their location along with landscaping, irrigation, lights and addressing drainage issues. Staff recommended approval.

BARRY BECKER, 50 South Jones Boulevard, confirmed in discussion with MR. ROARK and DEPUTY CITY ATTORNEY TERI PONTICELLO that the City will be responsible for all permits and variances necessary to relocate the entrance to the adjacent apartment complex and for the permanent placement of apartment signage. The agreement, which will never expire and will run with the land, pre-approves all permits and variances necessary in conjunction with the relocated entrance. Once the senior center has been completed, responsibility for any future permits and/or variances will be transferred to the adjacent property owner.

JUANITA CLARK, SUE BRNA, 6365 Palmyra, and JUNE INGRAM appeared in support of renaming the Mirabelli Senior Center/Park to the Lieburn – Brna Senior Center. MS. CLARK confirmed that the senior center to be constructed on the site of the demolished Metro substation will be a City project. The signage being discussed is for the adjacent apartment complex. She advised that the Charleston Neighborhood Preservation Association has been working with staff for three years in order to have the name changed to recognize an individual who has made more recent contributions to the community. MS. BRNA outlined some of her father's contributions to the community, including his participation in establishing the ordinances under which neighborhoods are preserved and protected. MS. INGRAM concurred with the comments made.

COUNCILMAN MACK indicated that this Committee cannot address the naming issue. COUNCILMAN WEEKLY referred the speakers to the Parks and Recreation Board as well as COUNCILMAN McDONALD.

There was no further discussion.

COUNCILMAN MACK declared the Public Hearing closed.

(3:03 – 3:12)

AFFIDAVIT OF POSTING
(Posting required under the provisions of NRS Chapter 241)

STATE OF NEVADA)

) ss

COUNTY OF CLARK)

Eva Cotton, an employee of the City of Las Vegas, Nevada being first duly sworn, deposes and says that on the 12th day of **November, 2002** at the hour of **3:30 P.M.** there were posted copies of a NOTICE, the attached of which is a true and correct copy of a **Real Estate Committee Meeting** to be held on the 18th day of **November, 2002**, Las Vegas, Nevada; to be posted on Public Bulletin Boards at the following locations:

- ef* 1. In the Clark County Library, 833 Las Vegas Blvd., No.,(Faxed)
- ef* 2. In the Senior Citizens Center, 450 E. Bonanza Road;(Faxed)
- ef* 3. Clark County Government Center, 500 S. Grand Central Parkway; (Faxed)
- ef* 4. On the Public Bulletin Board at the Plaza Level of City Hall, 400 Stewart Avenue (near the entrance to the Court Clerk's Office);
- ef* 5. On the Special Bulletin Board at the Plaza Level of City Hall, 400 Stewart Avenue (in the walkway area between Metro and Municipal Court).

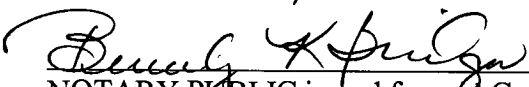


Signature

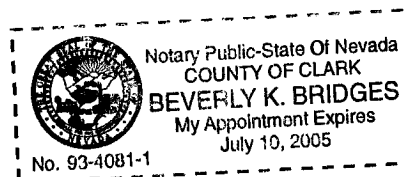
City Clerk
DEPARTMENT

Subscribed and sworn to before me

this 2ND day of December, 2002



NOTARY PUBLIC in and for said County and State



City of Las Vegas

REAL ESTATE COMMITTEE AGENDA **REAL ESTATE COMMITTEE MEETING OF: NOVEMBER 18, 2002**

- CALL TO ORDER
- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW

MINUTES:

PRESENT: COUNCILMEN MACK and WEEKLY

Also Present: DEPUTY CITY MANAGER STEVE HOUCHENS, DEPUTY CITY ATTORNEY TERESITA PONTICELLO, and ASSISTANT DEPUTY CITY CLERK VICKY DARLING

ANNOUNCEMENT MADE – Meeting noticed and posted at the following locations:

Las Vegas Library, 833 Las Vegas Boulevard North

Senior Citizens Center, 450 E. Bonanza Road

Clark County Government Center, 500 S. Grand Central Pkwy

Court Clerk's Bulletin Board, City Hall

City Hall Plaza, Posting Board

(3:03)

1-1

**MEMORANDUM OF UNDERSTANDING #2002-7
BETWEEN WESTBRIDGE ASSOCIATES & THE CITY OF LAS VEGAS**

This Memorandum of Understanding ("MOU") is entered into this _____ day of _____, 2002, (the "Commencement Date") between the City of Las Vegas, a municipal corporation of the State of Nevada ("CITY"), and Westbridge Assoc., a Nevada corporation ("WA"). The City is the owner of certain real property known as the Mirabelli Community Center/Park located at 6208 Hargrove Avenue, in the City of Las Vegas, Nevada ("Park" or "City Property"). WA is the owner of the Westbridge Apartment Complex located at 6250 Hargrove Avenue, in the City of Las Vegas, Nevada ("Apartments" or "WA Property"). This MOU confirms an understanding between the City and WA regarding certain work associated with the development of a new City of Las Vegas Senior Center located at the Park which includes the following: The vacation of Hargrove Avenue (west of Garwood Avenue); the conveyance of certain portions of the vacated street right-of-way between the CITY and WA; the relocation and construction of the access drive servicing the Westbridge Apartment complex; the modification of irrigation and yard light systems, the drainage issues of WA; and the possible modification and/or enhancement to the common wall and/or fence between the Apartments and the Park. All work referenced above shall collectively be called the "Project".

The following are a summary of points agreed upon between WA and the CITY for allowing the above noted work to occur at the Project:

1. CITY will cause all land surveys to be completed at CITY's expense. CITY will prepare appropriate Quit Claim and/or Grant, Bargain, Sale Deed documents and/or parcel maps in order to have: a) CITY transfer a certain vacated street right-of-way to WA; b) WA transfer a certain vacated street right-of-way to CITY; c) WA transfer certain privately owned land to City; and d) City transfer certain publicly owned land to WA which will create the new boundary lines to each party's property. All above-referenced transfers are hereby agreed upon with the timing of such transfers occurring when and as needed to allow construction and completion of Project requirements. WA and City acknowledge that all property transfers are agreed to be of mutual benefit to WA and City and neither party

will require any compensation from each other for such transfers. CITY will assume all recording costs for the documents to transfer property. Appropriate utility easements will be reserved by the CITY in favor of WA for all utilities and utility corridors servicing the Apartments.

2. All terms of this MOU will be in accord with the construction drawings for the Mirabelli Senior Center, Bid #02.15341.10, on file in the City's Department of Public Works. A copy of such drawings will be given to WA.
3. Relocation of the access drive servicing the Apartments will be undertaken by the CITY's contractor prior to the removal of the existing access drive to the Hargrove Avenue cul-de-sac. Upon completion of the vehicular paving and pedestrian sidewalks for the new Apartment access drive connecting to Garwood Avenue, WA will abandon the existing access drive to Hargrove Avenue and the City's contractor will demolish the Hargrove Avenue cul-de-sac and old driveway entrance. All utility, irrigation and yard light systems owned by WA will be protected, abandoned and/or relocated by the CITY's contractor at no cost to WA.
4. CITY will remove WA's existing wall sign at CITY's expense and the City will recreate a similar sign adjacent to the relocated Apartment access drive connecting to Garwood Avenue. A new directional sign to the Apartments shall be constructed and installed by CITY at the northwest corner of Hargrove Avenue and Garwood Avenue. The City shall not charge WA for the use of City Property where the sign is situated. The CITY agrees that the area depicted on Exhibit "A" for the placement of the sign shall be permanent and, upon approval of this MOU, the City acknowledges and pre-approves any necessary permits and/or variances that may be required for the placement of this sign on City Property. The sign will become the property of WA at the completion of the Project. WA will thereafter be responsible for the maintenance of the sign and any and all subsequent permits or variances to allow such sign to remain upon the CITY's Property.
5. CITY intends to retain the existing block wall between the Park site and WA's Apartment site. WA hereby authorizes CITY to raise the block wall in height with either concrete blocks or iron pickets to provide an adequate safety and security barrier between the Park

and Apartments. CITY will conduct all work and complete all improvements in accord with all applicable building codes at CITY's expense. Such fence enhancements may occur at the City's discretion, concurrent with the construction of the Project or at any time thereafter should this work be delayed for whatever reason.

6. CITY will install a new iron picket fence between the south end of the block wall fence noted in Item #5 above and Garwood Avenue per the construction drawings referenced in Item #2 above. This work shall also be at CITY's expense and, at the City's discretion, concurrent with the development of the Project or at any time thereafter.
7. CITY or CITY's designated representative will coordinate all work with WA, its Apartments or their designated representative. Such installation shall be in compliance with the applicable regulatory codes, ordinances or laws and the construction drawings referenced in Item #2 above.
8. CITY reserves the option to paint/stucco WA's perimeter wall facing CITY Property at CITY's expense.
9. WA reserves the option to paint/stucco WA's perimeter wall facing WA property at WA's expense.
10. CITY will re-route drainage waters from WA's Property through CITY's Property at CITY's expense.
11. WA will be responsible, at its own cost and expense, for all maintenance, repairs and security of the improvements on WA's Property from the newly created property boundaries after installation.
12. By way of this MOU, WA grants CITY the right to enter WA's Property to carry out the terms of the MOU. Upon Project completion, CITY will leave the WA's Property in a reasonably clean condition and in good order, normal wear and tear excepted. Any damage to the WA's Property resulting from CITY's use shall be repaired at CITY's expense.
13. WA hereby agrees to protect, indemnify, and hold the CITY, its officers, employees and agents, harmless from and against any and all claims, damages, losses, expenses, suits,

actions, decrees, judgments, awards, attorneys' fees and court costs, which the CITY, its officers, employees or agents, may suffer or which may be sought against or are recovered or obtainable from the CITY, its officers, employees or agents, as a result of, or by reason of, or arising out of or in consequence of any act or omission, negligent or otherwise, of WA or its officers, employees, contractors, subcontractors, agents, volunteers or anyone who is directly or indirectly employed by, or is acting in concert with, WA, officers, its employees, contractors, subcontractors, volunteers or agents in the performance of this MOU.

In this connection, WA expressly agrees, at its sole cost and expense, to defend the CITY, its officers, employees and agents, in any suit or action that may be brought against it or them, or any of them, by reason of any act or omission, negligent or otherwise, against which WA has agreed to indemnify the CITY, its officers, employees and agents. If WA fails so to do, the CITY shall have the right, but not the obligation to defend same and to charge all of the direct and incidental costs of such defense, including attorneys' fees and court costs, to WA.

Subject to NRS 41.035, CITY hereby agrees to protect, indemnify, and hold WA, its officers, employees and agents, harmless from and against any and all claims, damages, losses, expenses, suits, actions, decrees, judgments, awards, attorneys' fees and court costs, which WA, its officers, employees or agents, may suffer or which may be sought against or are recovered or obtainable from WA, its officers, employees or agents, as a result of, or by reason of, or arising out of or in consequence of any act or omission, negligent or otherwise, of the CITY or its officers, employees, contractors, subcontractors, agents, volunteers or anyone who is directly or indirectly employed by, or is acting in concert with, the CITY, officers, its employees, contractors, subcontractors, volunteers or agents in the performance of this MOU.

In this connection, CITY expressly agrees, at its sole cost and expense, to defend WA, its officers, employees and agents, in any suit or action that may be brought against it or them, or any of them, by reason of any act or omission, negligent or otherwise, against which the CITY has agreed to indemnify WA, its officers, employees and agents. If the CITY fails so

to do, WA shall have the right, but not the obligation to defend same and to charge all of the direct and incidental costs of such defense, including attorneys' fees and court costs, to the CITY.

14. The CITY hereby waives, and WA hereby waives, any rights each may have against the other for loss or damage to its property or property in which it may have an interest, where such loss is caused by a peril of the type generally covered by fire or hazard insurance with extended coverage or arising from any cause which the claiming party was obligated to insure against under this MOU, and the CITY and WA, each waives any right of subrogation that it might otherwise have against the other party.
15. This MOU shall remain in force and effect until such time as the CITY agrees to accept the Improvements and assumes responsibility therefore.
16. Upon approval of this initial agreement by the City Council and after it has been fully executed by signature of all parties, staff of the Real Estate & Asset Management Division shall have the authority to complete and execute any additional documents necessary for the completion of the intent of this contractual obligation during the original term of this agreement. As an example, this may include amendments, changes of address, adjustments to monetary revenue or expenditure not to exceed ten thousand (\$10,000.00) dollars, filing and recording of appropriate documents with the County Recorders Office or the County Tax Assessors Office, and recordings and filing with the City Clerk's Office. No amendment, change or modification of this Agreement shall be valid unless in writing and signed by all parties hereto.
17. Disclosure of Principals. Pursuant to Resolution R-105-99 adopted by the City Council effective October 1, 1999, Westbridge Assoc. warrants that it has disclosed, on the form attached hereto as Exhibit "B", all principals, including, partners of Westbridge Assoc., as well as all persons and entities holding more than 1% interest in Westbridge Assoc. or any principal of Westbridge Assoc. Throughout the term hereof, Westbridge Assoc. shall notify City in writing of any material change in the above disclosure within 15 days of any such change.

By execution of this MOU by authorized representatives of the CITY and WA, the CITY and WA mutually agree to the terms and conditions of the MOU. It is understood by all parties that this document, along with other related legal documents and contracts may be submitted to the Las Vegas City Council for final approval. Property conveyance documents must be submitted to the Las Vegas City Council for approval prior to recordation.

CITY OF LAS VEGAS

OSCAR B. GOODMAN, Mayor

ATTEST:

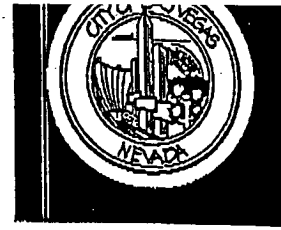
BARBARA JO RONEMUS, City Clerk

APPROVED AS TO FORM:

J. Portello 11/7/02
Date

WESTBRIDGE ASSOC.

BARRY BECKER, General Partner



CONSULTANT



architecture
interiors
planning
landscape

**Dekker
Perich
Holmes
Sabatini**

1 Holmes Sabatini Way
Henderson, Nevada 89014
P. 702.438.1008
F. 702.438.1050

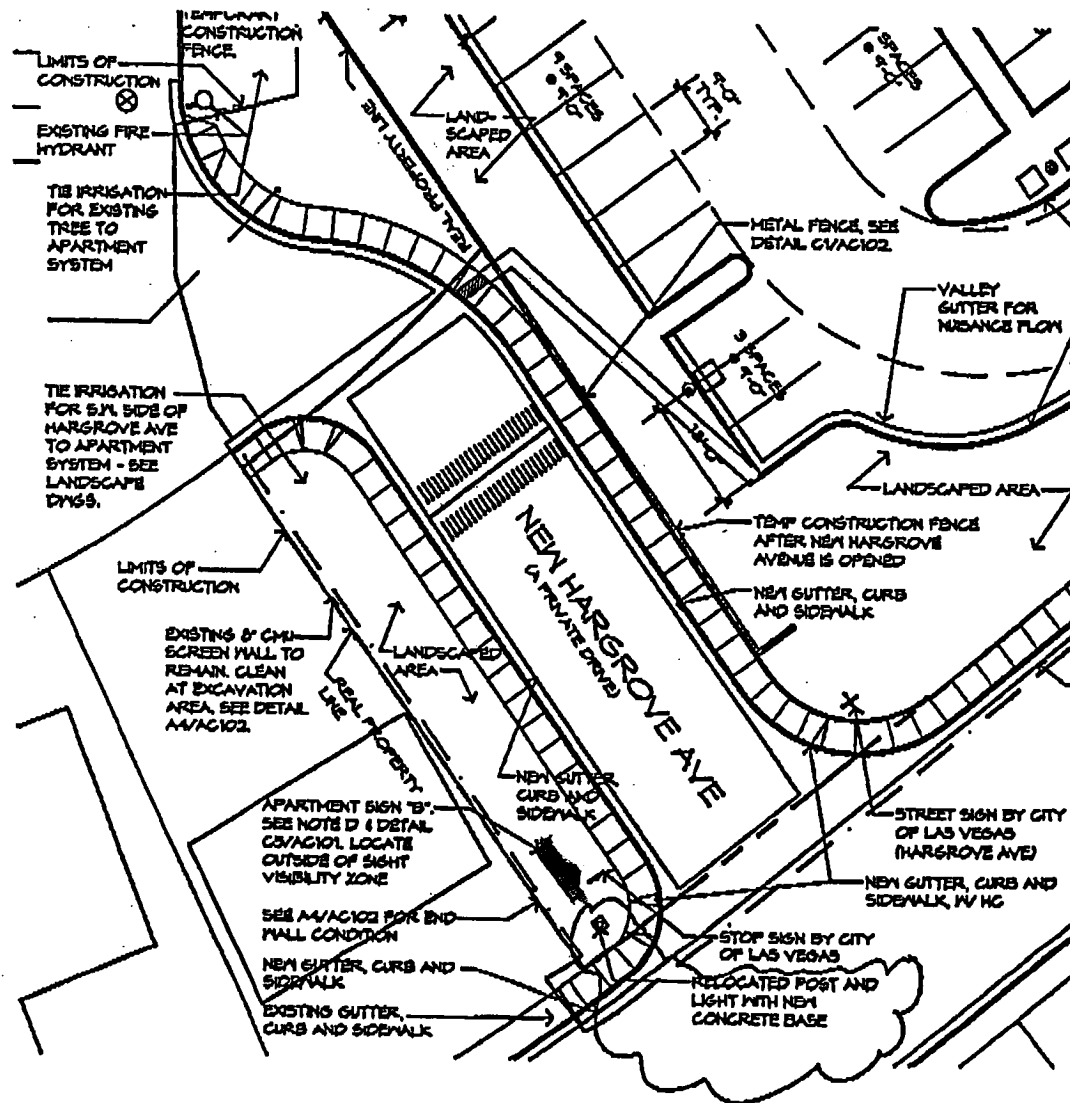
COMPILED BY
DEKKER PERICH HOLMES SABATINI

PROJECT

**MIRABELLI
SENIOR
CENTER**

DRAWING TITLE

SITE PLAN



SITE PLAN

1"=30'-0"

DPMS PROJECT

01518

DRAWING REFERENCE

AC100.DWG

DATE

10.4.02

ADDENDUM #1

BID NO

02.15341.10

CLV DWG NO

513-49F

DWG NO

ASK-01

**CERTIFICATE - DISCLOSURE OF OWNERSHIP/PRINCIPALS
(CONTINUED)**

Block 1	Contracting Entity
WESTBRIDGE ASSOCIATES	
Name	Barry W. Becker, Managing Partner
Address	50 South Jones Blvd., Suite 101
Telephone	Las Vegas NV 89107
EIN or DUNS	88-0201772

Block 2	Description
Subject Matter of Contract/Agreement	

Type of Business
<input type="checkbox"/> Individual <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Corporation

Disclosure of Ownership and Principals			
In the space below, the Contracting Entity must disclose all principals (including partners) of the Contracting Entity, as well as persons or entities holding more than one-percent (1%) ownership interest in the Contracting Entity.			
			PHONE
1.	Barry W. Becker	50 South Jones Blvd., Ste 101 Las Vegas NV 89107	702-870-0212 X6520
2.	Rene Blanchard	3131 Meade Avenue Las Vegas NV 89102	702-362-6222
3.	James M. Blasco	6767 West Tropicana, Ste 200 Las Vegas NV 89103-4343	702-367-1733
4.	Peter J. Becker	6767 West Tropicana, Ste 200 Las Vegas NV 89103-4343	702-367-1733
5.			
6.			
7.			
8.			
9.			
10.			

The Contracting Entity shall continue the above list on a sheet of paper entitled "Disclosure of Principals - Continuation" until full and complete disclosure is made. If continuation sheets are attached, please indicate the number of sheets: _____


Block 5 Disclosure of Ownership and Principals - Alternate

If the Contracting Entity, or its principals or partners, are required to provide disclosure (of persons or entities holding an ownership interest) under federal law (such as disclosure required by the Securities and Exchange Commission or the Employee Retirement Income Act), a copy of such disclosure may be attached to this Certificate in lieu of providing the information set forth in Block 4 above. A description of such disclosure documents must be included below.

Name of Attached Document Certificate - Disclosure of Ownership/Principals

Date of Attached Document Oct 24, 2002 Number of Pages 2

I certify, under penalty of perjury, that all the information provided in this Certificate is current, complete, and accurate. I further certify that I am an individual authorized to contractually bind the above named Contracting Entity.


Barry W. Becker Name

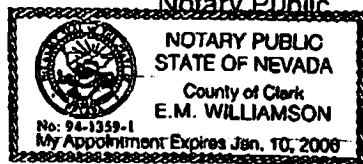
October 24, 2002

Date

Subscribed and sworn to before me this 24th
day of

October, 2002.


Notary Public



AGENDA SUMMARY PAGE

REAL ESTATE COMMITTEE MEETING OF: NOVEMBER 18, 2002

DEPARTMENT: BUSINESS DEVELOPMENT

DIRECTOR: LESA CODER

CONSENT

DISCUSSION

SUBJECT:

REPORT FROM REAL ESTATE COMMITTEE - Councilmen Mack and Weekly

Discussion and possible action to direct staff regarding a Disposition and Development Agreement with PH GSA LLC Proposal for IRS District Headquarters to be located at the southwest corner of 4th and Bonneville (139-34-311-105; 139-34-311-106; 139-34-311-107; 139-34-311-110) - Ward 1 (M. McDonald)

Fiscal Impact

No Impact

Amount:

Budget Funds Available

Dept./Division:

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

The IRS is seeking proposals from developers to build a new 85,000 square foot headquarters facility. City was approached by Molasky Companies/PH GSA LLC to locate the facility downtown. The project would bring 336 jobs, city revenues of \$443,900 annually, and \$36.5 million in new economic output downtown.

RECOMMENDATION:

Approval for officers of Office District Parking I, Inc. to enter into Disposition and Development Agreement (DDA).

BACKUP DOCUMENTATION:

1. Agenda Memo
2. Location Map
3. Disclosure of Principals
4. Economic and Fiscal Impact Analysis by Elliott D. Pollack & Company
5. Disposition and Development Agreement with Attachments
6. Submitted at meeting – Amendments to the DDA
7. Submitted at meeting – 6-pages with a written question on each page

COMMITTEE RECOMMENDATION:

COUNCILMAN WEEKLY recommended this item be forwarded to the Full Council with a “Do Pass” recommendation. COUNCILMAN MACK concurred.

MINUTES:

COUNCILMAN MACK declared the Public Hearing open.

REAL ESTATE COMMITTEE MEETING OF NOVEMBER 18, 2002

Business Development

Item 2 - Discussion and possible action to direct staff regarding a Disposition and Development Agreement with PH GSA LLC Proposal for IRS District Headquarters to be located at the southwest corner of 4th and Bonneville (139-34-311-105; 139-34-311-106; 139-34-311-107; 139-34-311-110) - Ward 1 (M. McDonald)

MINUTES – Continued:

LESA CODER, Director of the Office of Business Development, stated that the General Services Administration is seeking a new Internal Revenue Service office site. She described the four parcels already owned by the City and two parcels to be acquired by MR. MOLASKY in order to construct an 80,000 to 85,000 square foot building. The structure of the deal is that it will only be exercised contingent upon the award of the project at this location for this user. The value of the proposed project is approximately \$20,000,000, with the City donating property valued at \$1.2 million and the two additional parcels to be purchased valued at \$1.1 million.

The City is willing to provide additional subsidizes which include a 300-space parking garage proposed for the west half of this block. The spaces would be subject to a ten-year lease for the IRS at \$37.50 per space per month. The tax increment, as calculated for both the Chelsea properties and World Market, at 41% would be returned to the developer for that ten-year period. Should there be profits generated over the maximum rate of return cap of 17%, with first payment to the City for the \$1.2 million investment, they would be split 50/50 between the developer and Office District Parking. Should the IRS not renew the lease after the ten-year term, those monies would then go back into retreating and refurbishing the building for subsequent tenants.

MS. CODER submitted written amendments to the agreement to tidy the reporting and notification mechanisms in the Employment Plan and regarding the commencement date for the conveyance of properties. Staff recommends approval.

IRWIN MOLASKY confirmed that this discussion did not include the alternate site because that was not properly before the Committee. He advised that it is anticipated that the GSA will make a site determination very soon, but his information is that they are leaning toward the Grand Central Parkway site. Either of the proposed sites will be beneficial to downtown. MS. CODER indicated that the other site referenced is at F and Ogden. Office District Parking has established a due diligence period of 30 days for that site so they could potentially negotiate on that site should it be selected by GSA. MR. MOLASKY presented, but did not submit, a rendering of the proposed building. COUNCILMAN MACK stressed that the relocation of the IRS office will result in a quality project, employ hundreds of people and bring a lot of attraction to the downtown area.

AL GALLEG0, citizen of Las Vegas, submitted six pages with a written question on each page and requested that they be answered in writing. COUNCILMAN MACK directed MS. CODER to do so following this meeting.

REAL ESTATE COMMITTEE MEETING OF NOVEMBER 18, 2002

Business Development

Item 2 - Discussion and possible action to direct staff regarding a Disposition and Development Agreement with PH GSA LLC Proposal for IRS District Headquarters to be located at the southwest corner of 4th and Bonneville (139-34-311-105; 139-34-311-106; 139-34-311-107; 139-34-311-110) - Ward 1 (M. McDonald)

MINUTES – Continued:

COUNCILMAN WEEKLY concurred that the project will be beneficial to the City and downtown regardless of which site GSA selects. COUNCILMAN MACK added that the City is very pleased to have a developer of MR. MOLASKY'S quality committed to downtown.

No one appeared in opposition.

There was no further discussion.

COUNCILMAN MACK declared the Public Hearing closed.

(3:12 – 3:20)

1-293

AGENDA MEMO

REAL ESTATE COMMITTEE MEETING DATE: NOVEMBER 18, 2002

DEPARTMENT: Business Development

ITEM DESCRIPTION: PH GSA LLC Proposal for IRS District Headquarters

In June 2002, the General Services Administration (GSA) issued a Solicitation For Offer (SFO) for a new 85,000 square foot, \$20 million office building that would be leased as a district headquarters for the IRS.

The Molasky Group of Companies (acting through a wholly-owned subsidiary company, PH GSA LLC) approached the City to identify a potential site in the city center area that would work.

After an extensive site analysis process, a potentially feasible site was identified by the Developer at 4th Street and Bonneville.

The site identified includes four lots (28,000 SF total) currently owned by a wholly-owned subsidiary of the City called Office District Parking I, Inc. (ODP).

The Developer would be required to acquire an additional two lots, totaling approximately 13,995 square feet for approximately \$1.1 million (without any public assistance).

A complete Economic and Fiscal Impact Study was completed for the proposal. It is projected that the IRS building would create 336 permanent direct jobs in the downtown area with average salaries of \$55,400, and create an additional 124 direct construction jobs averaging \$52,700.

As a result of the project, an additional 266 indirect jobs would be created (construction suppliers, support staff, building management, accounting firms and law firms).

The projected annual economic output to the local economy is anticipated to be \$36.5 million per year.

The study concluded that this project will have a significant positive impact on the downtown economy and will help the business atmosphere by creating additional opportunities for law firms, accounting firms, restaurants, and day care facilities.

It is projected that the annual benefit of this project paid to the City of Las Vegas would be at least \$443,900.

The Developer is assuming unusual risks associated with a single-tenant build-to-suit building with a limited lease term of 10 years, and truncated loan-amortization period required for the permanent financing of the project.

City of Las Vegas

Real Estate Committee Meeting of November 18, 2002
Molasky/PH GSA LLC Proposal for IRS District Headquarters
Page 2

The Developer is requesting deferred payment for ODP's land contribution for ten years and has agreed to a cap on their rate of return of 17%.

Any proceeds over the permitted 17% return on investment will be paid into the reserve "Excess Cash Fund" to reconfigure the building in the event of the GSA/IRS not renewing lease and to avoid a vacant building being left in the downtown.

The Developer would not be permitted to access this fund without City approval. If, at the end of 10 years, the GSA renews the lease, the City would be paid \$1.2 million for the land, plus 50% of any additional funds in the account.

An Excess Cash Fund will be established as a reserve to re-lease the building if the GSA does not renew the lease. This will help to protect the City and Developer by providing a mechanism to reconfigure and re-lease the building.

The Developer is requesting contribution of land from ODP, participation in Tax Increment Financing (41% of total TIF is approximately \$48,000 per year) for ten years, and lease of approximately 300 parking spaces from City/ODP at a discounted rate.

The Developer will lease approximately 300 spaces in the proposed adjacent city parking garage (that will be constructed by the City in 2004) for \$37.50 per month for ten years. This rate will increase by up to 3% or CPI rate (whichever is greater) if project's rate of return exceeds 13%.

There would be an additional need for approximately 180-240 spaces in the garage, which would be met through unreserved market-rate parking.

The IRS project would provide approximately \$290,000 to \$350,000 per year in parking revenues to the parking garage. If the Developer completes the GSA/IRS building prior to the completion of the City's garage (projected for December 2004), they will lease spaces in the Fremont Street Experience (FSE) garage on an interim basis. ODP would provide a shuttle for peak hours between the office building and FSE garage during that interim period.

If the Molasky/PH GSA LLC proposal to the GSA is successful, Developer will acquire necessary sites, execute parking lease, and accept transfer of ODP property. City has first right of refusal to acquire Developer's parcels (at Developer's cost) if GSA/IRS decides not to proceed.

GSA expects to make a final decision on the location and developer by December 2002, with construction to be complete by mid-2004.

City of Las Vegas

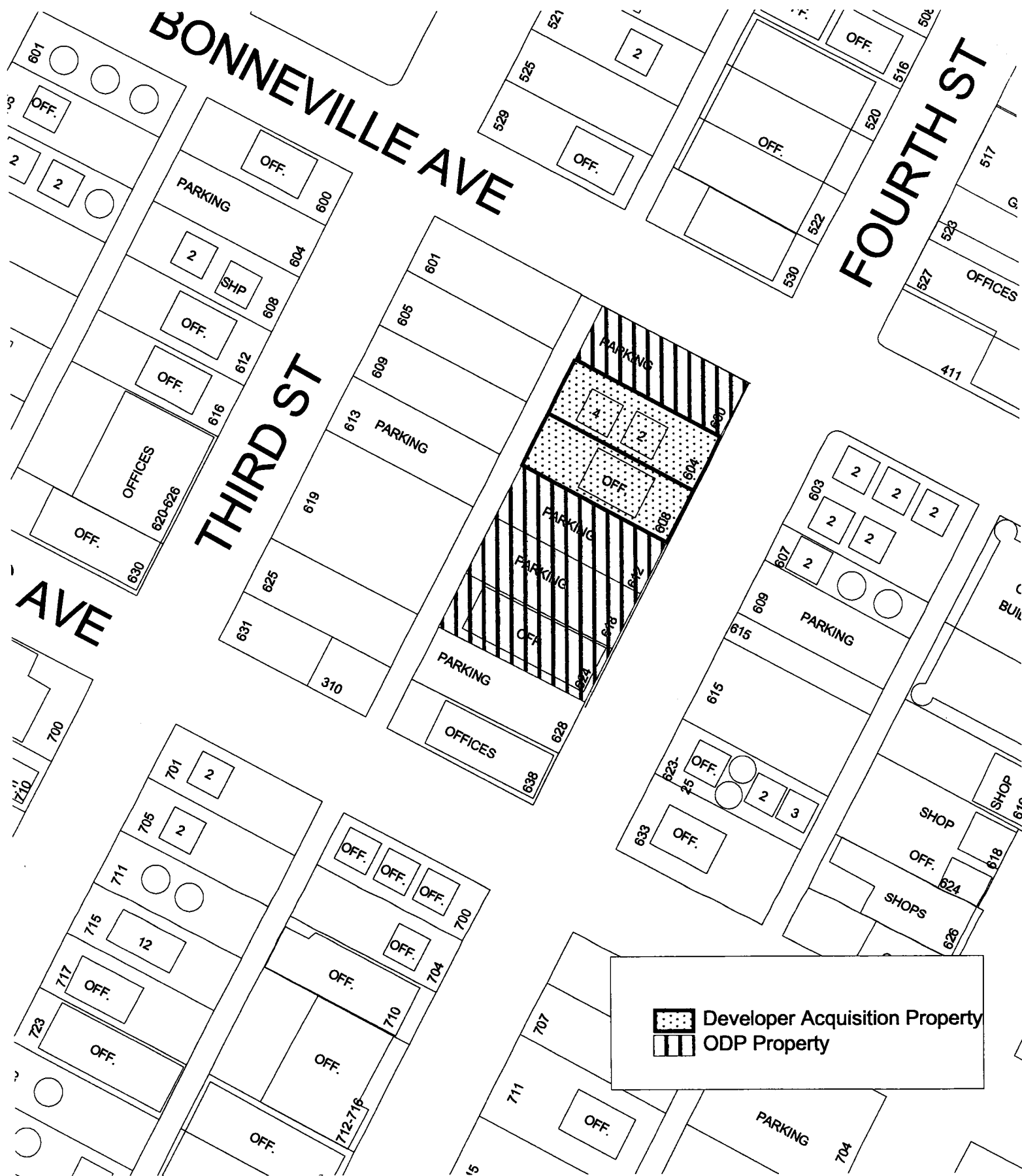
Real Estate Committee Meeting of November 18, 2002

Molasky/PH GSA LLC Proposal for IRS District Headquarters

Page 3

Subsequent vacation of an alley behind the property will be required to meet federal government security set-back requirements.

The Developer will submit a complete annual third-party audit to the City (and give complete access to project's financial reports).



SITE MAP

CERTIFICATE DISCLOSURE OF OWNERSHIP/PRINCIPALS

1. Definitions

"City" means the City of Las Vegas.

"City Council" means the governing body of the City of Las Vegas.

"Contracting Entity," means the individual, partnership, or corporation seeking to enter into a contract or agreement with the City of Las Vegas.

"Principal" means, for each type of business organization, the following: (a) sole proprietorship – the owner of the business; (b) corporation – the directors and officers of the corporation; but not any branch managers of offices which are a part of the corporation; (c) partnership – the general partner and limited partners; (d) limited liability company – the managing member as well as all the other members; (e) trust – the trustee and beneficiaries.

2. Policy

In accordance with Resolution 79-99 and 105-99 adopted by the City Council, Contracting Entities seeking to enter into certain contracts or agreements with the City of Las Vegas must disclose information regarding ownership interests and principals. Such disclosure generally is required in conjunction with a Request for Proposals (RFP). In other cases, such disclosure must be made prior to the execution of a contract or agreement.

3. Instructions

The disclosure required by the Resolutions referenced above shall be made through the completion and execution of this Certificate. The Contracting Entity shall complete Block 1, Block 2, and Block 3. The Contracting entity shall complete either Block 4 or its alternate in Block 5. Specific information, which must be provided, is highlighted. An Officer or other official authorized to contractually bind the Contracting Entity shall sign and date the Certificate, and such signing shall be notarized.

4. Incorporation

This Certificate shall be incorporated into the resulting contract or agreement, if any, between the City and the Contracting entity. Upon execution of such contract or agreement, the Contracting Entity is under a continuing obligation to notify the City in writing of any material changes to the information in this Certificate. This notification shall be made within fifteen (15) days of the change. Failure to notify the City of any material change may result, at the option of the City, in a default termination (in whole or in part) of the contract or agreement, and/or a withholding of payments due the Contracting Entity.

Block 1	Contracting Entity
	PH GSA LLC
Name	3111 S. Maryland Las Vegas, NV 89109
Address	(702) 735-0155
Telephone	
EIN or DUNS	

Block 2	Description
	Subject Matter of Contract/Agreement
	RFP#

Block 3	Type of Business
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Partnership
<input checked="" type="checkbox"/>	Limited Liability Company
<input type="checkbox"/>	Corporation
<input type="checkbox"/>	Trust
<input type="checkbox"/>	Other:

CERTIFICATE – DISCLOSURE OF OWNERSHIP/PRINCIPALS (CONTINUED)

Block 4 Disclosure of Ownership and Principals

In the space below, the Contracting Entity must disclose all principals (including partners) of the Contracting Entity, as well as persons or entities holding more than one-percent (1%) ownership interest in the Contracting Entity.

	FULL NAME/TITLE	BUSINESS ADDRESS	BUSINESS PHONE
1.	The Molasky Family 1998 Irrevocable Trust	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
2.			
3.	The Frey Family 2000 Irrevocable Trust	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
4.			
5.	The Irwin A. Molasky 1995 Irrevocable Trust	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
6.			
7.	PH, LLC	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
8.			
9.	Richard Worthington	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
10.			

The Contracting Entity shall continue the above list on a sheet of paper entitled "disclosure of Principals – Continuation" until full and complete disclosure is made. If continuation sheets are attached, please indicate the number of sheets: _____.

Block 5 DISCLOSURE OF OWNERSHIP AND PRINCIPALS – ALTERNATE

If the Contracting Entity, or its principals or partners, are required to provide disclosure (of persons or entities holding an ownership interest) under federal law (such as disclosure required by the Securities and Exchange Commission or the Employee Retirement Income Act), a copy of such disclosure may be attached to this Certificate in lieu of providing the information set forth in Block 4 above. A description of such disclosure documents must be included below.

Name of Attached Document: _____

Date of Attached Document: _____ Number of Pages: _____

I certify under penalty of perjury, that all the information provided in this Certificate is current, complete and accurate. I further certify that I am an individual authorized to contractually bind the above named Contracting Entity

PH, LLC

Irwin A. Molasky

Name Irwin A. Molasky,
Operating Maanger

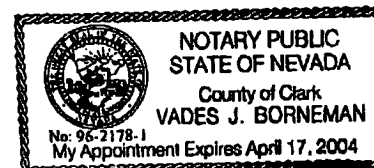
11-1-02

Date

Subscribed and sworn to before me this 1st day of

November, 2002

Vades J. Borneman
Notary Public



**Economic and Fiscal Impact
of the
Internal Revenue Service Relocation
to
Downtown Las Vegas**

Prepared For:
PH LLC

Prepared By:
Elliott D. Pollack & Company
7505 East Sixth Avenue, Suite 100
Scottsdale, Arizona 85251

October 31, 2002

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EXECUTIVE SUMMARY

Economic and Fiscal Impact of the Internal Revenue Service Relocation to Downtown Las Vegas

The relocation of the Internal Revenue Service to Downtown Las Vegas will have a significant positive impact on the Downtown Las Vegas economy. Construction of the IRS regional headquarters will strengthen the business atmosphere in the downtown area and will help to diversify economic activity. The operations of the IRS will also provide opportunities for additional businesses downtown such as law firms, accounting firms, restaurants and daycare facilities.

ECONOMIC IMPACT SUMMARY

- ❖ The construction and operations of the new IRS building will generate jobs in the downtown area:
 - 124 direct construction jobs (primarily building trades) with average annual wages of \$52,700
 - 336 direct permanent jobs (IRS/Government workers) with average annual wages of about \$55,400
- ❖ The project will generate jobs regionally (downtown and surrounding Greater Las Vegas)
 - 126 indirect and induced jobs during construction (primarily construction suppliers and support staff)
 - 140 indirect and induced jobs during operations (building management, restaurants, support functions)

FISCAL IMPACT SUMMARY

- ❖ The project will create revenues to the City of Las Vegas:
 - The revenues generated to the City during the construction phase will be approximately \$441,800.
 - The annual revenue to the City for year one of the operations of the IRS will be nearly \$443,900.
 - Additional annual revenue to the City from the potential expansion of the IRS will be about \$25,700.
 - The projected revenue to the City from ten years of operations will be nearly \$5.1 million.
 - The additional ten-year impact from the potential expansion of the IRS will be more than \$294,600.

OVERALL ECONOMIC ACTIVITY

- ❖ The annual projected economic output to the local economy resulting from the project will be \$36.5 million.
- ❖ The projected additional annual parking revenues to the City produced by the IRS will be \$260,000.

1.0 Introduction

Elliott D. Pollack and Company was retained to perform an economic and fiscal impact study of the relocation of the Internal Revenue Service (IRS) to Downtown Las Vegas. The study will evaluate the impacts related to construction of the new building and the operations of the IRS once the building is occupied.

Economic impact analysis examines the regional implications of an activity in terms of three basic measures: sales or output, earnings and job creation. Fiscal impact analysis, on the other hand, evaluates the public revenues and costs created by a particular activity. In fiscal impact analysis, the primary revenue sources of a city, county or state are analyzed to determine how the activity may financially affect them.

In this case, the IRS will relocate its operations from its current location at the intersection of Oakey and Decatur in the City of Las Vegas to its new location in Downtown Las Vegas at the corner of 4th Street and Bonneville. The IRS will have the ability to expand employment in conjunction with the relocation. This analysis will evaluate two issues related to the IRS site:

1. The economic impact of the IRS (including construction of the new site), from the standpoint of jobs and wages, including both direct and indirect effects;
2. The fiscal or tax impact of the IRS and its employees (including construction employees) on the State of Nevada, Clark County and the City of Las Vegas.

This study quantifies both the gross and the net impact of the IRS relocation. The term gross impact refers to the total affect of the IRS on the local economy. Net impact, on the other hand, only looks at the new effect of the relocation. New or net impacts include construction employment in terms of spending, property taxes and other taxes generated by the construction phase of the IRS building. In addition, a new impact can be considered if the IRS expands its operations to the new capacity. Currently, the IRS operates in 80,000 square feet with 336 employees. The new building will be 85,000 square feet of useable space, allowing for the potential addition of 22 new employees.

Construction is expected to commence in 2003. Local construction cost is estimated to be \$18,911,725.

2.0 Summary of Findings and Conclusions

The economic and fiscal impact of the construction of the IRS building in Downtown Las Vegas is significant. The new building will also clearly create some positive impacts related to additional employment in the Downtown area. In this sense, there will be a transfer of revenue generating activities from the current IRS location to the Downtown area. However, the *net, new* operations economic and fiscal impact of the IRS relocation is minimal within the Las Vegas metro area since the IRS is currently operating in the region. The new building allows for some expansion in employment and, thus, could produce some additional revenue in terms of housing production and new demand for retail goods.

Table A summarizes the primary economic and fiscal impact findings for the IRS relocation for one and ten year time frames. A more detailed breakdown follows on Tables B through D. During the construction phase, the IRS relocation to downtown Las Vegas will generate 250 jobs, \$30.1 million of economic output and \$1.6 million of revenues to the State of Nevada, Clark County and the City of Las Vegas. The existing operations of the IRS generate a total of 476 direct, indirect and induced jobs, \$36.5 million of output and \$1.7 million annually in fiscal revenues to the State, County and City. In the event the IRS expands its operations at the new site, a total of 31 jobs will be created with \$2.4 million in economic activity and annual revenues of \$111,200 to State, County and City governments. The ten year *net, new* fiscal impact (including the construction phase and possible expansion of employment) is estimated at \$2.9 million to State, County and City governments.

Economic Impact			
	During Construction	Existing Operations	Potential Expansion
Jobs	250	476	31
Wages	\$11,244,000	\$23,870,000	\$1,556,000
Output	\$30,050,000	\$36,470,000	\$2,377,000
Fiscal Impact			
Construction and Year One of Operations			
Governmental Entity	During Construction	Year One Existing Operations	Year One Potential Expansion
State of Nevada	\$539,500	\$695,700	\$45,300
Clark County	\$599,300	\$617,500	\$40,200
City of Las Vegas	\$441,800	\$443,900	\$25,700
Total	\$1,580,600	\$1,757,100	\$111,200
Construction and Ten Years of Operations			
Governmental Entity	Gross Impact	Net Impact	
State of Nevada	\$8,515,000	\$1,059,000	
Clark County	\$7,679,000	\$1,060,000	
City of Las Vegas	\$5,530,000	\$736,000	
Total	\$21,724,000	\$2,855,000	

Source: Elliott D. Pollack & Company; IMPLAN; State of Nevada, Department of Taxation.

2.1 Economic Impact Summary

The construction of the new IRS building in Downtown Las Vegas will create 250 total direct, indirect and induced jobs. The local economic output during construction is \$30.1 million. Based on the population to jobs ratios for the area, the construction activity will support 540 people.

During Construction		
Jobs	250	
Direct	124	
Indirect	62	
Induced	64	
Population	540	
Personal Income (\$mil)	\$11.2	
Output (\$mil)	\$30.0	
Annual Operations	Existing Operations	Potential Expansion
Jobs	476	31
Direct	336	22
Indirect	12	1
Induced	129	8
Population	1,029	67
Personal Income (\$mil)	\$23.9	\$1.6
Output (\$mil)	\$36.5	\$2.4

Source: Elliott D. Pollack & Company; IMPLAN.

The gross economic impact of existing IRS operations support a total of 476 jobs with \$36.5 million of output. Since the IRS currently operates within the Las Vegas area, the net new impact is calculated based on the potential expansion of its operations. The new building will allow for the addition of 22 employees supporting an additional 9 indirect and induced jobs and \$2.4 million of output.

2.2 Fiscal Impact Summary

Fiscal impacts are calculated for the State, Clark County and the City of Las Vegas based on the current tax structure of these governments. Fiscal impacts occur as a result of construction sales taxes, spending by construction and IRS employees, taxes levied on the homes they occupy and other taxes levied as a result of daily activities. Indirect and induced employment supported by construction and IRS operations will also create fiscal impacts resulting from the spending of their wages. Only a portion of the employees will live inside the City of Las Vegas. Others are assumed to live within Clark County, outside of the City of Las Vegas in surrounding communities.

The construction of the IRS site in Downtown Las Vegas produces significant positive effects for the State of Nevada, Clark County and the City of Las Vegas. During construction of the project, a total of more than \$539,500 in revenues is generated to the State, \$599,300 to the County and \$441,800 to the City of Las Vegas.

Table C			
IRS in Downtown Las Vegas Revenue Impact Summary During New Building Construction			
Impact Type	State of Nevada	Clark County	City of Las Vegas
Direct Revenues	\$395,900	\$380,000	\$314,300
Indirect Revenues	\$70,200	\$107,400	\$49,100
Induced Revenues	\$73,400	\$111,800	\$78,400
Total Revenues	\$539,500	\$599,300	\$441,800

Source: Elliott D. Pollack & Company; IMPLAN; State of Nevada, Department of Taxation.

The current gross fiscal impact on the State, County and City from IRS employment and operations totals \$1.8 million annually. About \$695,700 accrues to the State of Nevada, \$617,500 to Clark County and \$443,900 accrues to the City. In the event the IRS adds jobs as a result of the relocation, the *net new* impact of its operations (due to the ability to increase employment by 22 jobs) would be an additional \$45,300 to the State, \$40,200 to the County and \$25,700 to the City annually.

Table D			
IRS in Downtown Las Vegas Revenue Impact Summary During Operations			
Existing Operations			
Impact Type	State of Nevada	Clark County	City of Las Vegas
Direct Revenues	\$535,100	\$435,400	\$316,700
Indirect Revenues	\$13,600	\$15,300	\$9,400
Induced Revenues	\$146,900	\$166,800	\$117,800
Total Revenues	\$695,700	\$617,500	\$443,900
Potential Expansion of Operations			
Impact Type	State of Nevada	Clark County	City of Las Vegas
Direct Revenues	\$34,900	\$28,400	\$17,500
Indirect Revenues	\$900	\$1,000	\$600
Induced Revenues	\$9,600	\$10,900	\$7,700
Total Revenues	\$45,300	\$40,200	\$25,700

Source: Elliott D. Pollack & Company; IMPLAN; State of Nevada, Department of Taxation.

2.3 Impact on Downtown Las Vegas

In addition to the ***regional*** economic and fiscal impact of the IRS relocation, there will be other impacts on the Downtown Las Vegas area, some of which are quantifiable and others that are intangible. For example, the construction of the new IRS building will strengthen the business atmosphere in the Downtown area and help to diversify economic activity. The operations of the IRS will also provide opportunities for additional businesses downtown such as law firms, accounting firms, restaurants and daycare facilities. Based on information supplied by the City of Las Vegas, impacts on the Downtown area can be quantified as follows:

- With the construction of the IRS building, parking revenues paid to the City are estimated at \$135,000 annually. The IRS and its operations will provide support for the construction of a new City parking structure.
- IRS employees will purchase tangibles such as meals and convenience goods that will have an impact ranging from \$840,000 to \$895,000 annually.
- The IRS is expecting at least 100 visitors each day, or 26,000 persons per year, to the Taxpayer Assistance Center at the new building. Those visitors will likely park in the adjacent city garage and eat in establishments downtown. Potential spending is estimated at \$125,000 annually.

Total potential spending in the Downtown area related to the IRS relocation is estimated at \$1.1 million annually.

3.0 Economic Impact of the Relocation of the IRS to Downtown Las Vegas

This portion of the report will outline the economic impacts of both the construction of the new IRS site as well as its operations. Analysis of the fiscal impacts of the project is provided in the Section 4.0. All dollar figures, unless otherwise stated, are expressed in current dollars.

3.1 Multiplier Analysis

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. These indirect and induced ripple effects occur as the wages of direct and indirect employees are re-spent in local businesses on retail goods and services. In response to this spending, local businesses hire more staff and expand their operations, creating additional jobs in retailing, wholesaling, manufacturing, transportation and other service sectors. These secondary effects are captured in the analysis conducted in this study.

The Minnesota IMPLAN Group developed the multipliers used in this study. The IMPLAN multipliers are used to estimate the impacts of project expenditures (gross receipt or sales), earnings (the sum of wages and salaries, proprietors income, and other labor income), and employment (number of jobs) on a region. Table 1 provides the final demand multipliers used in this study for both the construction phase and during operations of the IRS.

Multiplier Type	Construction	Federal Government
Output	1.589	1.543
Earnings	0.595	1.010
Jobs per \$1 million of output	13.2	20.2

Source: Minnesota IMPLAN Group, 1999

3.2 Economic Impact Analysis Methodology

Economic impact analysis examines the economic implications of an activity in terms of sales or output, earnings, and employment. For this study, the following two economic activities associated with the IRS were evaluated:

- the construction of the IRS building and
- the operations of the IRS once the building is completed.

Construction phase economic impacts are generally short-term effects related to onsite and offsite construction employment and other industries that support the construction. The long-term consequences of a project are the operational phase impacts. These include employment, earnings and expenditures that recur over the long-term.

The different types of economic impacts are known as direct, indirect, and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by the project employees. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation or construction of the project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the wages and salaries of the direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the metropolitan area.

This study will provide both the *gross* impact and the *net* impact of the IRS relocation to Downtown Las Vegas. The term “gross impact” refers to the total effect of a particular economic activity on a local or regional economy. By contrast, the “net” economic and fiscal impact of an activity refers to the new, additional effects that may result due to the relocation or expansion of a facility, over and above the existing condition. For instance, the IRS currently operates out of a building at the intersection of Oakey and Decatur, approximately eight miles west of downtown. Based on current IRS employment levels, a gross economic impact of the existing operations can be calculated. This impact will not change as a result of the proposed relocation to Downtown. Thus, the current economic impact of the IRS operations on the metropolitan Las Vegas area is not considered to be a net or new impact.

The net impact is the sum of all new spending that occurs within the Las Vegas metropolitan area as a result of the IRS relocation. This new spending is related to the construction of the building and the possible increase in IRS employment that might result from relocating to a larger building. The construction of the building will create a large economic and fiscal impact for approximately a one-year period. The new building will be approximately 6.5% larger than the current building. The net new impact of IRS operations on the metropolitan area is based on the potential for an increase of 22 employees due to the expanded workspace capacity. These new employees will spend their incomes at in retail shops, pay property taxes, etc. This spending creates new jobs throughout all sectors of the regional economy and provides additional revenue for local, county and state governments.

Lastly, there will be new impacts generated in Downtown Las Vegas as a result of the IRS relocation – essentially a transfer of economic activity from the current IRS site. The impacts result from employee spending in the Downtown on retail goods, parking and restaurants and similar spending by visitors to the facility.

3.3 Project Data

The local construction cost for the Downtown Las Vegas site is approximately \$18.9 million. The building will be approximately 89,000 gross square feet and 85,215 leaseable square feet. The building will be designed as a low-maintenance and energy efficient building, incorporating a number of security elements. In addition, ample parking will be provided immediately adjacent to the building structure through the construction of a new 1,720 car, City-owned parking garage. The cost of the parking garage construction is not included in the scope of this

study. The City of Las Vegas will construct the garage and the developer (PH LLC) will lease 300 spaces per year in the garage at a rate of \$37.50 per space per month.

The IRS currently has 336 employees operating out of approximately 80,000 square feet. The new building will include 85,215 of useable space. Thus, the IRS will have the potential to increase employment by 22 employees (assuming the employee per square foot ratios remain constant).

From this data, the IMPLAN economic multipliers are used to calculate the total impact of the project.

3.4 Economic Impact of Construction

The construction of the new IRS building in Downtown Las Vegas will create 250 total direct, indirect and induced jobs. The construction activity will result in the creation of 124 direct, full time jobs over a one-year period. Additional indirect and induced employment will total another 126 jobs. The local economic output during construction is \$30.1 million. Based on the population to jobs ratios for the area, the construction of the building will support about 540 people during construction.

Impact Type	Jobs	Population	Personal Income	Output
Direct	124	269	\$6,565,000	\$18,912,000
Indirect	62	133	\$2,256,000	\$5,479,000
Induced	64	138	\$2,423,000	\$5,659,000
Total	250	540	\$11,244,000	\$30,050,000

NOTES

1 All dollar figures are expressed in 2002 dollars.
2 All figures are based on 1999 IMPLAN multipliers.

Source: Elliott D. Pollack & Company; Clark County Multipliers, IMPLAN.

3.5 Economic Impact of Operations

The IRS currently employs 336 people with an average wage of \$55,400. Based on the indirect and induced multipliers, the existing operations of the IRS building support a total of 476 jobs in the local economy with \$36.5 million of output annually. Table 3 provides the **gross** annual economic impact of operations by type (direct, indirect and induced). For a definition of gross impact, see Section 3.2 of this report.

Table 3
IRS in Downtown Las Vegas
Current Operations Economic Impact Summary

Impact Type	Year 1
Direct	
Jobs	336
Population	725
Personal Income	\$18,615,000
Output	\$23,643,000
Indirect	
Jobs	12
Population	25
Personal Income	\$487,000
Output	\$1,353,000
Induced	
Jobs	129
Population	278
Personal Income	\$4,768,000
Output	\$11,474,000
Total	
Jobs	476
Population	1,029
Personal Income	\$23,870,000
Output	\$36,470,000

NOTES
 1 All dollar figures are expressed in 2002 dollars.
 2 All figures are based on 1999 IMPLAN Multipliers.

Source: Elliott D. Pollack & Company; IMPLAN.

Since the IRS currently operates within the Las Vegas area, the net new impact is calculated based on the potential expansion of its operations. The new building will allow for the possible addition of 22 employees based on current employee/square foot ratios. In the event an expansion occurs, an additional nine indirect and induced jobs and \$2.4 million of output annually will be supported. Table 4 summarizes the potential net, new annual impact by type.

Table 4
IRS in Downtown Las Vegas
Net New Operations Economic Impact

Impact Type	Year 1
Direct	
Jobs	22
Population	47
Personal Income	\$1,213,000
Output	\$1,541,000
Indirect	
Jobs	1
Population	2
Personal Income	\$32,000
Output	\$88,000
Induced	
Jobs	8
Population	18
Personal Income	\$311,000
Output	\$748,000
Total	
Jobs	31
Population	67
Personal Income	\$1,556,000
Output	\$2,377,000

NOTES

1 All dollar figures are expressed in 2002 dollars.

2 All figures are based on 1999 IMPLAN Multipliers.

Source: Elliott D. Pollack & Company; IMPLAN.

The impacts described above are regional in nature and only a portion of the effect will occur within the City of Las Vegas. For instance, employees might commute long distances to work in the IRS building. Most likely, these workers and their families will purchase their daily needs at stores close to their place of residence, not in the Downtown area. Thus, the economic impact will affect the entire metropolitan Las Vegas area.

Table 5 illustrates the multiplier effect of the IRS's 336 employees on individual industry categories. As supplies are purchased by the IRS or as employees spend their wages throughout the region, a variety of industries are affected. The predominant effect of the IRS operations is on the retail trade and health services employment. Once again, the 336 IRS employees support an additional 140 indirect and induced employees.

	YEAR 1	
	Jobs	Output (\$)
1 Farms	0.0	1,600
24 Forestry Products	0.0	0
25 Commercial Fishing	0.0	0
26 Ag Services	0.5	18,500
28 Metal mining	0.0	300
37 Coal Mining	0.0	0
38 Oil mining	0.0	1,200
40 Non-metal mining	0.0	3,600
48 Construction	3.3	505,800
58 Food processing	0.6	163,600
104 Tobacco mfg	0.0	3,600
108 Textiles	0.0	300
124 Apparel	0.3	40,700
133 Wood products	0.1	10,900
148 Furniture	0.2	18,700
161 Pulp and paper	0.0	300
174 Printing and publishing	0.6	70,000
186 Chemicals and allied	0.2	57,300
210 Petroleum products	0.0	5,400
215 Rubber products	0.0	1,200
221 Leather products	0.0	1,800
230 Stone, glass and clay	0.0	1,400
254 Primary metals	0.0	100
273 Fabricated metal	0.0	2,100
307 Industrial machinery	0.1	12,700
355 Electrical equipment	0.2	39,300
384 Transportation equipment	0.1	24,400
400 Scientific instruments	0.1	19,900
415 Miscellaneous mfg	0.1	11,900
433 Railroads and Related Services	0.0	0
434 Local, Interurban Passenger Transit	0.6	44,000
435 Motor Freight Transport and Warehousing	1.8	211,600
436 Water Transportation	0.2	29,800
437 Air Transportation	1.9	167,400
438 Pipe Lines, Except Natural Gas	0.0	0
439 Transportation Services	0.4	27,500
441 Communications	1.6	348,600
443 Utilities	1.3	544,200
447 Wholesale Trade	4.2	515,500
448 Retail Trade	44.4	2,320,800
456 Banking	2.2	512,400
457 Credit Agencies	3.8	142,900
458 Security and Commodity Brokers	0.6	57,500
459 Insurance Carriers	1.3	213,500
460 Insurance Agents and Brokers	0.4	23,700
461 Real estate	3.6	1,750,500
463 Hotels and Lodging Places	2.0	185,600
464 Personal services	3.7	153,400
469 Business services	8.1	560,600
477 Automotive services	2.0	198,300
480 Repair services	0.4	35,700
483 Motion Pictures	0.6	61,700
484 Recreation services	3.1	214,900
490 Health services	15.8	1,393,100
494 Legal Services	2.0	189,700
495 Education services	1.6	67,400
498 Social services	2.7	134,200
502 Non-profit organizations	2.2	74,700
506 Professional services	3.1	273,600
510 State & local non-ed government	5.0	455,500
513 Federal non-military	340.3	23,948,800
516 Special sectors	0.0	0
519 Federal Government - Military	4.5	420,500
522 State & Local Government - Education	3.4	158,700
525 Domestic Services	1.3	16,800
ALL INDUSTRIES	476	\$36,470,000

4.0 Fiscal Impact of the Relocation of the IRS to Downtown Las Vegas

4.1 Background

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e. taxes) are analyzed to determine how an activity may affect the various jurisdictions. This section will only evaluate the impact on the primary governmental entities, excluding special districts or other tax entities.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census; the U.S. Department of Labor; the Internal Revenue Service; the Nevada State Department of Taxation; and the U.S. Consumer Expenditure Survey.

Elliott D. Pollack and Company has relied upon PH LLC for construction cost estimates. Unless otherwise stated, all dollar values are expressed in current, inflated dollars using a 3% annual inflation rate.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The different types of economic impacts are known as direct, indirect, and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by the project employees. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation or construction of the project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the wages and salaries of the direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the metropolitan area.

Construction impacts relate to the revenues generated from construction of the new Downtown Las Vegas building. The construction fiscal effects include the state, county, and local sales taxes levied on construction materials as well as any taxes paid by the direct, indirect and induced employees supported by construction.

In addition to the construction impacts, fiscal effects also occur as a result of the IRS operations. For instance, PH LLC will pay property taxes on the new building. Employees will spend part of their salaries on local goods and services and pay taxes on the homes they occupy. The IRS will also bring new jobs to the Downtown area, supporting merchants and service providers in the area.

4.2 Revenue Sources

This section outlines the applicable tax rates of the various jurisdictions and the types of taxes that will be collected from construction and operation of the IRS in Downtown Las Vegas. The analysis attempts to represent all major revenue sources. The figures are intended only as a

general guideline as to how the State, County, and the City could be impacted by the IRS in Downtown Las Vegas.

4.2.1 State of Nevada Taxes and Fees

- **Sales Taxes**

Sales taxes in Nevada vary by county. In Clark County, the total sales tax rate is 7¼%. However, only 2% of the sales tax collections are allocated to the State General Fund. The remaining taxes are disbursed to school districts, counties and cities through a consolidated tax sharing program.

- **Sales Tax on Construction Materials**

The State levies the same sales tax on construction materials as all other tangible property. The tax is charged at the point of delivery, thus, the construction of the IRS building will create a fiscal impact on the State of Nevada, Clark County and the City of Las Vegas (through disbursements). For this study, the tax is calculated under the assumption that 65% of the construction cost of the facility and its land improvements are related to construction materials with the remaining 35% devoted to labor. The sales tax rate is then applied to the 65% materials figure. The sales tax on construction materials is a one-time collection by the governmental entity. The State currently levies a 7¼% sales tax in Clark County. While 2.0% remain in the State General Fund, the remaining collections are allocated to school districts, counties and cities through a consolidated tax program.

- **Property Taxes**

The State of Nevada's property tax rate is 0.1650 per \$100 of assessed value. Direct, indirect and induced employees supported by the construction and operation of the IRS will pay State, county and city property taxes on homes they occupy. The value of a typical housing unit in Clark County has been calculated at approximately \$139,500.

The developer of the new IRS building (PH LLC) has estimated that the taxable value of the new IRS building will be \$19.2 million after completion. PH LLC will be receiving property tax incentive under the Tax Incremental Financing (TIF) program. Estimates of property tax will be provided in Section 4.2.3 under the fiscal impact on the City of Las Vegas.

- **Motor Fuel Tax**

Gasoline is taxed at \$0.23 per gallon in the State of Nevada. However, only \$0.1765 is allocated to the State Highway Fund. The remaining \$0.0535 goes to the counties for construction, maintenance and repair of county and city streets. The tax revenue is calculated based on the average vehicle traveling 12,000 miles per year at 20 miles per gallon.

- **Vehicle Registration Tax**

The vehicle registration tax is a tax placed on vehicles at the time of annual registration. The basic registration fee is \$33. In addition, there is a Governmental Service Tax of \$0.04 per \$1.00 of valuation. The valuation is 35% of the depreciated Manufacturers Suggested Retail Price. The MSRP is depreciated by 15% after the first year and 10% per year thereafter. There is a minimum valuation of 5% of MSRP and a minimum Governmental Service Tax of \$6.00. The average tax in the State of Nevada is \$155 based on an assumed average value of \$10,000 per vehicle.

- **Business Tax**

The Business License Fee is imposed on the privilege of conducting business in the State of Nevada at the rate of \$25 per quarter for each full-time employee. Since governmental entities are exempt from this tax, the revenues are not calculated from the direct employment of the IRS.

- **Tire Surcharge Tax**

Tires sold at retail are subject to a \$1.00 per tire surcharge fee. Revenues from the tire surcharge tax are calculated based on a vehicle needing four new tires every three years.

- **Insurance Premium Tax**

In Nevada, insurers pay 3.5% of the total direct premiums written for the preceding calendar year. Revenues are calculated based on the per capita insurance premium tax revenue of \$65.

4.2.2 Clark County Taxes and Fees

- **Consolidated Taxes**

Consolidated taxes consist of six different revenue sources that are collected at the State level and disbursed by the State Treasurer's office. Consolidated taxes include Basic County-City Relief Tax (BCCRT), Supplemental City-County Relief Tax (SCCRT), liquor excise tax, cigarette tax, real property transfer tax and motor vehicle privilege tax. The average per capita consolidated tax revenue is \$153 in Clark County.

- **Sales Tax on Construction Materials**

The State levies a 7.25% tax rate in Clark County. The tax is collected by the State and disbursed based on the consolidated tax program. The counties receive revenues based on the Basic City-County Relief Tax (BCCRT) of 0.50%. The BCCRT taxes are distributed to the county where the sale was made. In addition to the BCCRT, 2.25% of the 7.25% sales tax rate is disbursed to the County school districts.

Construction sales taxes are charged at the point of delivery, thus, the construction of the IRS building will create a fiscal impact on Clark County. That tax is calculated under the assumption that 65% of the construction cost of the facility

and its land improvements are related to construction materials with the remaining 35% devoted to labor. The sales tax rate is then applied to the 65% materials figure.

- **School District Sales Tax**

The State levies a 7.25% tax rate in Clark County. The tax is collected by the State and disbursed based on the consolidated tax program. The State disburses 2.25% of the 7.25% sales tax rate to the County school districts.

- **Property Taxes**

Clark County's property tax rate is 0.6377 per \$100 of assessed value. In addition, the County library district and County school districts levy property taxes at 0.0971 and 1.3034 per \$100 assessed value.

Direct, indirect and induced employees supported by the construction and operation of the IRS will pay State, county and city property taxes on homes they occupy. The value of a typical housing unit in Clark County has been calculated at approximately \$139,500.

The developer of the new IRS building (PH LLC) has estimated that the taxable value of the new IRS building will be \$19.2 million after completion. PH LLC will be receiving property tax incentive under the Tax Incremental Financing (TIF) program. Estimates of property tax will be provided in Section 4.2.3 under the fiscal impact on the City of Las Vegas.

- **Charges for Services**

Clark County's revenues from Charges for Services approximate \$69 per capita annually.

- **Fines and Forfeitures**

The average person in Clark County pays approximately \$8 per year in fines or forfeitures.

4.2.3 City of Las Vegas Taxes and Fees

- **Consolidated Taxes**

Consolidated tax consists of six different revenue sources that are collected at the State level and disbursed by the State Treasurers office. Consolidated taxes include Basic County-City Relief Tax (BCCRT), Supplemental City-County Relief Tax (SCCRT), liquor excise tax, cigarette tax, real property transfer tax and motor vehicle privilege tax. The average per capita consolidated tax revenues is \$356 in the City of Las Vegas.

- **Sales Tax on Construction Materials**

The State levies a 7¼% tax rate in Clark County. The tax is collected by the State and disbursed based on the consolidated tax program. The cities receive revenues based on the Supplemental City-County Relief Tax (SCCRT) of 1.75%. The

SCCRT taxes are distributed to the city where the sale was made. Construction sales taxes are charged at the point of delivery, thus, the construction of the IRS building will create a fiscal impact on the City of Las Vegas. That tax is calculated under the assumption that 65% of the construction cost of the facility and its land improvements are related to construction materials with the remaining 35% devoted to labor. The sales tax rate is then applied to the 65% materials figure.

- **Property Taxes**

The City of Las Vegas's property tax rate is 0.7817 per \$100 of assessed value. In addition, the Las Vegas Metro Police Manpower, the Las Vegas Metro Police 911 System and the Las Vegas Artesian Basin levy property taxes totaling 0.2872 per \$100 assessed value. The assessment ratio is 35% of the market value.

Direct, indirect and induced employees supported by the construction and operation of the IRS will also pay State, county and city property taxes on homes they occupy. The value of a typical housing unit in Clark County has been calculated at approximately \$139,500.

The developer of the new IRS building (PH LLC) has estimated that the assessed value of the new IRS building will be \$14.7 million after completion. PH LLC will be receiving property tax incentive under the Tax Incremental Financing (TIF) program. Revenues from the property are based on the tax rates in Table 6, provided by the City of Las Vegas.

	Rate
CLV Operating	0.6765
CLV Pre-11/5/96 Debt	0.0102
County Operating	0.4313
County Override	0.1557
County Pre-11/5/96 Debt	0.0482
CC/LV Library Operating	0.0742
CC/LV Library pre-11/5/96 Debt	0.0251
CCSD Operating	0.7500
CCSD Pre-11/5/96 Debt	0.2810
State of Nevada	0.1500
LVMPD Manpower Pre-11/5/96 Override	0.0800
LVMPD 911 Pre-11/5/96 Override	0.0050
LV Artesian Basin	0.0020
RDA Rate	2.6892
LV Fire Safety Post 11/5/96 Override	0.0950
CCSD Post-11/5/96 Debt	0.2724
LVMPD Manpower Post-11/5/96 Override	0.2000
Total Rate	3.2566

Source: The City of Las Vegas

Based on the tax rates in Table 6, the City estimates that the Tax Increment will be \$119,383 (after completion tax of \$140,368 less the tax increment base of \$20,985). The developer of the IRS building will receive a TIF rebate of 41% of the increment, or \$48,947. Another \$48,947 in property taxes will flow to the City.

- **Charges for Services**

The City of Las Vegas's revenues from Charges for Services approximate \$35 per capita annually.

- **Fines and Forfeitures**

The average person in the City of Las Vegas pays approximately \$20 per year in fines or forfeitures.

4.3 Fiscal Impact of Construction

The construction of the IRS site in Downtown Las Vegas will produce significant positive effects for the State of Nevada, Clark County and the City of Las Vegas. During construction of the project, assumed to require one year, a total of about \$539,500 in revenues will be generated to the State, \$599,300 to the County and \$441,800 to the City of Las Vegas. Table 7 provides the revenue impact by tax category.

Table 7									
IRS in Downtown Las Vegas									
Revenue Impact Summary									
During New Building Construction									
STATE OF NEVADA									
Impact Type	Construction Materials Sales Tax	Employees Spending Sales Tax	Property Tax	Motor Fuel Tax	Vehicle Registration Tax	Business Tax	Tire Surcharge Fee	Insurance Premium Tax	Total Revenues
Direct Revenues	\$245,852	\$57,864	\$8,202	\$13,179	\$40,831	\$12,444	\$166	\$17,386	\$395,924
Indirect Revenues	N/A	\$24,549	\$4,058	\$6,520	\$20,202	\$6,157	\$82	\$8,602	\$70,170
Induced Revenues	N/A	\$25,873	\$4,228	\$6,793	\$21,045	\$6,414	\$86	\$8,961	\$73,399
Total Revenues	\$245,852	\$108,286	\$16,488	\$26,491	\$82,078	\$25,016	\$334	\$34,948	\$539,493
CLARK COUNTY									
Impact Type	Construction Materials Sales Tax	School District Sales Tax	Consolidated Tax Revenues	Property Tax	Charges For Services	Fines and Forfeitures	Total Revenues		
Direct Revenues	\$153,658	\$65,097	\$41,100	\$99,536	\$18,402	\$2,219	\$380,011		
Indirect Revenues	N/A	\$27,618	\$20,335	\$49,246	\$9,105	\$1,098	\$107,401		
Induced Revenues	N/A	\$29,107	\$21,184	\$51,302	\$9,105	\$1,144	\$111,842		
Total Revenues	\$153,658	\$121,822	\$82,619	\$200,084	\$36,611	\$4,460	\$599,254		
CITY OF LAS VEGAS									
Impact Type	Construction Materials Sales Tax	Consolidated Tax Revenues	Property Tax	Charges For Services	Fines and Forfeitures	Total Revenues			
Direct Revenues	\$215,121	\$58,542	\$31,465	\$5,822	\$3,334	\$314,284			
Indirect Revenues	N/A	\$28,964	\$15,568	\$2,881	\$1,649	\$49,062			
Induced Revenues	N/A	\$30,173	\$43,556	\$3,001	\$1,718	\$78,449			
Total Revenues	\$215,121	\$117,679	\$90,590	\$11,704	\$6,702	\$441,796			
NOTES									
1 All dollar figures are expressed in 2002 dollars. Inflation has not been included.									
2 All figures are based on 1999 IMPLAN multipliers.									
3 All of the above figures are representative of the major revenue sources for the State, County, and City.									
The figures are intended only as a general guideline as to how the State, County, and the City could be impacted by the IRS in Downtown Las Vegas.									
Source: Elliott D. Pollack & Company, IMPLAN, State of Nevada, Department of Taxation.									

4.4 Fiscal Impact on the State of Nevada

The State of Nevada realizes a fiscal impact of approximately \$695,700 annually from the existing operations of the IRS in Las Vegas. With the potential expansion of its operations by 22 employees, the IRS will generate \$45,300 in additional annual revenues to the State of Nevada. Table 8 provides the fiscal impact on the State of Nevada by major tax category.

Table 8
**IRS in Downtown Las Vegas
Operations Revenue Impact
on the State of Nevada**

Impact Type	Existing Operations	Potential Expansion of Operations
Direct Revenues		
Sales Tax	\$159,890	\$10,421
Property Tax	\$22,146	\$1,444
Motor Fuel Tax	\$35,582	\$2,320
Vehicle Registration Tax	\$110,244	\$7,187
Business Tax	IRS EXEMPT	IRS EXEMPT
Tire Surcharge Fee	\$448	\$29
Insurance Premium Tax	\$46,941	\$3,060
Total Revenues	\$535,142	\$34,881
Indirect Revenues		
Sales Tax	\$4,923	\$322
Property Tax	\$776	\$51
Motor Fuel Tax	\$1,247	\$81
Vehicle Registration Tax	\$3,863	\$252
Business Tax	\$1,177	\$77
Tire Surcharge Fee	\$16	\$1
Insurance Premium Tax	\$1,645	\$107
Total Revenues	\$13,647	\$891
Induced Revenues		
Sales Tax	\$51,536	\$3,360
Property Tax	\$8,484	\$553
Motor Fuel Tax	\$13,632	\$888
Vehicle Registration Tax	\$42,236	\$2,753
Business Tax	\$12,872	\$839
Tire Surcharge Fee	\$172	\$11
Insurance Premium Tax	\$17,984	\$1,172
Total Revenues	\$146,915	\$9,577
Total Revenues		
Total Sales Tax	\$216,348	\$14,103
Property Tax	\$31,406	\$2,047
Motor Fuel Tax	\$50,461	\$3,289
Vehicle Registration Tax	\$156,343	\$10,191
Business Tax	\$14,050	\$916
Tire Surcharge Fee	\$635	\$41
Insurance Premium Tax	\$66,570	\$4,339
Total Revenues	\$695,703	\$45,348

NOTES

- 1 All dollar figures are expressed in 2002 dollars. Inflation has not been included.
- 2 All figures are based on 1999 IMPLAN multipliers.
- 3 All of the above figures are representative of the major revenue sources for the State.

Source: Elliott D. Pollack & Company; IMPLAN; State of Nevada, Department of Taxation.

4.5 Fiscal Impact on Clark County

The existing operations of the IRS in the Las Vegas area currently have an annual tax impact of approximately \$617,500 in Clark County. With the potential expansion of its operations by 22 employees, the IRS will generate \$40,200 in additional annual revenues to Clark County.

Table 9

IRS in Downtown Las Vegas Operations Revenue Impact on Clark County

Impact Type	Existing Operations	Potential Expansion of Operations
Direct Revenues		
Consolidated Tax Revenues	\$110,971	\$7,234
Property Tax	\$268,746	\$17,519
Charges for Services	\$49,685	\$3,239
Fines and Forfeitures	\$5,991	\$391
Total Revenues	\$435,393	\$28,382
Indirect Revenues		
Consolidated Tax Revenues	\$3,888	\$253
Property Tax	\$9,417	\$614
Charges for Services	\$1,741	\$113
Fines and Forfeitures	\$210	\$14
Total Revenues	\$15,256	\$994
Induced Revenues		
Consolidated Tax Revenues	\$42,514	\$2,771
Property Tax	\$102,959	\$6,711
Charges for Services	\$19,035	\$1,241
Fines and Forfeitures	\$2,295	\$150
Total Revenues	\$166,803	\$10,872
Total Revenues		
Consolidated Tax Revenues	\$157,373	\$10,258
Property Tax	\$381,122	\$24,843
Charges for Services	\$70,461	\$4,593
Fines and Forfeitures	\$8,496	\$554
Total Revenues	\$617,453	\$40,248

NOTES

- 1 All dollar figures are expressed in 2002 dollars. Inflation has not been included.
- 2 All figures are based on 1999 IMPLAN multipliers.
- 3 All of the above figures are representative of the major revenue sources for the County.

Source: Elliott D. Pollack & Company; IMPLAN; Clark County, Department of Finance and Assessor Office.

4.6 Fiscal Impact on the City of Las Vegas

The City of Las Vegas receives approximately \$443,900 annually in revenues generated by the operations currently of the IRS in the Las Vegas area. The potential expansion of 22 employees due to the relocation of the IRS to Downtown Las Vegas would increase City revenues by \$25,700 annually.

Table 10

IRS in Downtown Las Vegas Operations Revenue Impact on the City of Las Vegas

Impact Type	Existing Operations	Potential Expansion of Operations
Direct Revenues		
Consolidated Tax Revenues	\$158,063	\$10,304
Property Tax	\$133,904	\$5,538
Charges for Services	\$15,720	\$1,025
Fines and Forfeitures	\$9,001	\$587
Total Revenues	\$316,689	\$17,453
Indirect Revenues		
Consolidated Tax Revenues	\$5,539	\$361
Property Tax	\$2,977	\$194
Charges for Services	\$551	\$36
Fines and Forfeitures	\$315	\$21
Total Revenues	\$9,382	\$611
Induced Revenues		
Consolidated Tax Revenues	\$42,514	\$2,771
Property Tax	\$53,995	\$3,519
Charges for Services	\$19,035	\$1,241
Fines and Forfeitures	\$2,295	\$150
Total Revenues	\$117,839	\$7,680
Total Revenues		
Consolidated Tax Revenues	\$206,115	\$13,436
Property Tax	\$190,876	\$9,251
Charges for Services	\$35,306	\$2,301
Fines and Forfeitures	\$11,612	\$757
Total Revenues	\$443,909	\$25,745

NOTES

- 1 All dollar figures are expressed in 2002 dollars. Inflation has not been included.
- 2 All figures are based on 1999 IMPLAN multipliers.
- 3 All of the above figures are representative of the major revenue sources for the City.

Source: Elliott D. Pollack & Company; IMPLAN; City of Las Vegas.

4.7 Ten-Year Fiscal Impact

Table 11 provides the gross and net impact on the State of Nevada, Clark County and the City of Las Vegas over a ten-year operations period. The figures are based on the current year tax structure and assume that no changes are made to tax rates. A 3% inflation rate has been used in the analysis. The net new impact (including construction) over the ten-year period would be about \$1.1 million to the State and the County, while the City would realize a tax impact of \$736,400.

Existing Operations			
Year	State of Nevada	Clark County	City of Las Vegas
Construction Phase	\$539,500	\$599,300	\$441,800
Year 1	\$695,700	\$617,500	\$443,900
Year 2	\$716,600	\$636,000	\$457,200
Year 3	\$738,100	\$655,100	\$470,900
Year 4	\$760,200	\$674,800	\$485,000
Year 5	\$783,000	\$695,000	\$499,600
Year 6	\$806,500	\$715,900	\$514,600
Year 7	\$830,700	\$737,400	\$530,000
Year 8	\$855,600	\$759,500	\$545,900
Year 9	\$881,300	\$782,300	\$562,300
Year 10	\$907,700	\$805,800	\$579,200
Total	\$8,514,900	\$7,678,600	\$5,530,400
Potential Expansion of Operations			
Impact Type	State of Nevada	Clark County	City of Las Vegas
Construction Phase	\$539,500	\$599,300	\$441,800
Year 1	\$45,300	\$40,200	\$25,700
Year 2	\$46,700	\$41,400	\$26,500
Year 3	\$48,100	\$42,600	\$27,300
Year 4	\$49,500	\$43,900	\$28,100
Year 5	\$51,000	\$45,200	\$28,900
Year 6	\$52,500	\$46,600	\$29,800
Year 7	\$54,100	\$48,000	\$30,700
Year 8	\$55,700	\$49,400	\$31,600
Year 9	\$57,400	\$50,900	\$32,500
Year 10	\$59,100	\$52,400	\$33,500
Total	\$1,058,900	\$1,059,900	\$736,400

Source: Elliott D. Pollack & Company; IMPLAN; State of Nevada, Department of Taxation.

5.0 Impact on Downtown Las Vegas

In addition to the **regional** economic and fiscal impact of the IRS relocation, there will be other impacts on Downtown Las Vegas, some of which are quantifiable and some of which are intangible. For example, the construction of the new IRS building will strengthen the business atmosphere in the Downtown area and help to diversify economic activity. The operations of the IRS will also provide opportunities for additional businesses downtown such as restaurants and daycare facilities. This is probably not a net, new impact on the City of Las Vegas, but rather a transfer of economic activity from the current IRS site to the Downtown area. Impacts on the Downtown area can be quantified as follows:

5.1 Parking Revenues

The construction of the IRS building in Downtown Las Vegas has created support for a City-owned parking structure. The City of Las Vegas is constructing a 1720-space parking garage directly adjacent to the IRS property. As part of an agreement with PH LLC, the City will be leasing 300 spaces per year in the garage at a rate of \$37.50 per month (\$135,000 annually) for the first 10 years and then market rates thereafter.

5.2 Employee Spending Revenues

The IRS will have a direct impact on Downtown Las Vegas revenues. Average spending per day for this study is estimated to be \$10 per employee for purchases such as convenience goods, meals and other tangibles. Based on the employment estimates of 336, with possible expansion to 358 employees, this would translate into additional spending in Downtown Las Vegas ranging from \$840,000 to \$895,000 annually.

Some of this impact is already accounted for in the fiscal impact generated regionally (see Section 4.0 of this report). For example, the multipliers used in this report account for spending of employees and this would include the estimates of employee spending in Downtown Las Vegas. Thus, these figures are provided only as a means to quantify the impact on Downtown Las Vegas and should not be considered additional revenues to the City.

5.3 Visitor Revenues

The IRS is expecting at least 100 visitors each day to the Taxpayer Assistance Center at the new building. These visitors will likely park in the adjacent city garage and eat in establishments downtown. If each visitor spends an average of \$5 on parking and meals, this would mean an additional impact of \$125,000 annually.

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

OFFICE DISTRICT PARKING I, INC.

and

PH GSA LLC

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ATTACHMENTS

- Attachment No. 1 Map of the Site
- Attachment No. 2 Legal Description of the Site
- Attachment No. 3 Schedule of Performance
- Attachment No. 4 Scope of Development
- Attachment No. 5 Form of Grant Deed
- Attachment No. 6 Form of Promissory Note
- Attachment No. 7 Security Agreement
- Attachment No. 8 Form of Parking Lease
- Attachment No. 9 Form of Second Deed of Trust
- Attachment No. 10 Form of TIF Agreement
- Attachment No. 11 IRS Lease Terms
- Attachment No. 12 Construction Budget
- Attachment No. 13 Employment Plan

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into as of the ___ day of _____ 2002, by and between OFFICE DISTRICT PARKING I, INC., a Nevada not-for-profit corporation ("ODP") and PH GSA LLC, a Nevada limited liability company (the "Developer"). ODP and the Developer agree as follows:

I. SUBJECT OF AGREEMENT

1.01 Purpose of This Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan (the "Redevelopment Plan") for the Downtown Las Vegas Redevelopment Area (the "Redevelopment Area") by providing for the redevelopment of certain real property (the "Site") included within the boundaries of the Redevelopment Plan.

The redevelopment of the Site pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City of Las Vegas, Nevada (the "City"), and the health, safety, morals and welfare of its residents and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

1.02 The Redevelopment Plan

This Agreement is subject to the provisions of the Redevelopment Plan that was approved and adopted on March 5, 1986, by the City Council of the City of Las Vegas, Nevada ("City"), and the health, safety, morals and welfare of its residents and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

1.03 The Redevelopment Area

The Redevelopment Area is located in the City and the exact boundaries thereof are specifically described in the Redevelopment Plan.

1.04 The Site

The Site is that portion of the Redevelopment Area shown on the Map of the Site (Attachment No. 1). A portion of the Site is currently owned by ODP. Another portion of the Site as shown on Attachment No. 1 is owned by third parties and will be acquired by the Developer at Developer's sole cost and expense (the "Acquisition Parcels"). The portion of the Site owned by ODP, which will be conveyed by ODP to the Developer, consists of approximately 27,991 square feet (the "Conveyance Parcels"). The Conveyance Parcels and the Acquisition Parcels are collectively referred to herein as the "Developer Parcel". The Developer will develop an office building (the "Office Building" or the "Project") on the Developer Parcel pursuant to this Agreement. Adjacent to the Site is a parcel which shall be retained by ODP on which ODP shall construct a parking garage (the "Parking Parcel"). The Developer Parcel and the Parking Parcel are shown on the Map of the Site and Parking Parcel (Attachment No.1). The Parking Parcel, the Conveyance Parcels, the Acquisition Parcels and the Developer Parcel all are described separately in the Legal Description (Attachment No. 2).

The Developer has entered into written agreements for the purchase and sale of the Acquisition Parcels (the "Acquisition Agreements"), true and correct copies of which the Developer has delivered to ODP. Developer agrees that its purchase of the Acquisition Parcels must be in accordance with the terms and conditions of the Acquisition Agreements and any material modification thereto must be approved in advance by ODP.

1.05 Parties to This Agreement

- (a) ODP is a Nevada not-for-profit corporation. The office of ODP is located at 400 Stewart Boulevard, Las Vegas, Nevada 89101. "ODP" as used in this Agreement, includes Office District Parking I, Inc. and any assignee of or successor to its rights, powers and responsibilities. ODP shall have the right to assign this Agreement to the City or the City of Las Vegas Redevelopment Agency (the "Agency").
- (b) The Developer is PH GSA LLC, a Nevada limited liability company. The principal office of the Developer is located at 3111 South Maryland Parkway, Las Vegas, Nevada 89109. Wherever the term "Developer" is used herein, such term shall include any permitted nominee, assignee or successor in interest as herein provided, including any development entity controlled by the Developer. The Developer shall disclose to ODP its principals in accordance with Agency Resolution No. RA-4-99.
- (c) The qualifications and identity of the Developer are of particular concern to the City and ODP, and it is because of such qualifications and identity that ODP has entered into this Agreement with the Developer. Prior to the issuance of a Certificate of Occupancy pursuant to Section 3.05, and except as expressly set forth herein:
 - 1. no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein; and
 - 2. the Developer shall not assign all or any part of this Agreement without the prior written approval of ODP.
- (d) This Agreement may be terminated by ODP if there is any significant change (voluntary or involuntary) in the membership, management or control of the Developer prior to the issuance of the Certificate of Occupancy, except as expressly provided herein.
- (e) Notwithstanding the foregoing, the following shall be permitted transfers and shall not require ODP's approval hereunder:
 - 1. A transfer to any person or entity in which the Developer has a minimum of fifty-one percent (51%) of the ownership interest and management control;
 - 2. A transfer resulting from the death or mental or physical incapacity of an individual;
 - 3. A transfer or assignment in trust for the benefit of a spouse, children, grandchildren, other family members or for charitable purposes;

4. A transfer of stock in a publicly held corporation or of the beneficial interest in any publicly held partnership or real estate investment trust; and
5. Any mortgage, deed of trust, sale and leaseback or other form of conveyance required for any reasonable method of financing or refinancing the development of the Developer Parcel.

1.06 Related Agreements

- (a) Prior to the close of escrow, ODP and the Developer shall execute and enter into:
 1. a Parking Lease ("Parking Lease") in the form attached hereto as Attachment No. 8, pursuant to which ODP agrees to construct a parking garage and lease to Developer a number of spaces in the garage and in which ODP agrees to maintain the garage. Attached as part of the Parking Lease are a number of exhibits which must be mutually agreed upon by ODP and the Developer prior to the close of escrow, including a written plan for the management of the parking garage, and
 2. a Security Agreement and Account Control Agreement ("Security Agreement") in the form attached hereto as Attachment No. 7, which creates an account at a financial institution in which (i) the Developer will deposit the Annual Excess Cash (hereinafter defined) and (ii) ODP will have a security interest to secure payment of the Deferred Compensation (hereinafter defined).
- (b) Prior to the close of escrow, the City of Las Vegas Redevelopment Agency (the "Agency") and the Developer shall enter into an Owner Participation Agreement in the form attached hereto as Attachment No. 10 (the "TIF Agreement") whereby the Agency agrees to pay to the Developer 41% of the increase in the ad valorem real estate taxes against the Developer Parcel generated by the Project, all on the terms and conditions set forth in the TIF Agreement.
- (c) Prior to the close of escrow, the Developer shall (i) shall have been awarded by the General Services Administration of the United States ("GSA") a lease whereby the Developer leases the Office Building to the GSA for occupancy by the Internal Revenue Service on the terms and conditions set forth on Attachment No. 11 hereto (the "IRS Lease") and (ii) have entered into the IRS Lease with the GSA.

1.07 Deposit

Prior to the execution of this Agreement, the Developer has delivered to ODP in cash a total Deposit (the "Deposit") in the amount of Fifty Thousand Dollars (\$50,000) to be held by ODP as security for the performance of the Developer under this Agreement, including, without limitation, the Developer's obligation to complete the Project. The Deposit shall be treated as set forth in Article V below.

ODP shall be under no obligation to pay or earn interest on the Deposit, but if interest is paid thereon, such interest shall become part of the Deposit.

1.08 Representations and Warranties of ODP

ODP represents and warrants to the Developer that as of the date hereof and the date of close of escrow:

- (a) ODP is duly organized and existing under the laws of the State of Nevada.
- (b) ODP has all requisite power and authority to carry out its business as now and whenever conducted and to enter into and perform its obligations under this Agreement.
- (c) By proper action of ODP, ODP's signatories have been duly authorized to execute and deliver this Agreement.
- (d) To ODP's actual knowledge, no condemnation, eminent domain or similar proceedings have been instituted or threatened against the Conveyance Parcels.
- (e) To ODP's actual knowledge, there is no existing or proposed plan to construct, modify, widen or realign any street or highway adjacent to or within the boundaries of the Conveyance Parcels.
- (f) To ODP's actual knowledge, there are no legal actions pending or threatened against the Conveyance Parcels or against ODP which would inhibit ODP's ability to perform its obligations under this Agreement.
- (g) To ODP's actual knowledge, there are no actions suits or proceedings, pending or threatened, before any judicial body or any governmental or quasi-governmental authority, against or affecting the Conveyance Parcels.
- (h) To ODP's actual knowledge, the execution, delivery and performance of this Agreement by ODP will not (i) conflict with or be in contravention of any provision of law, order, rule or regulation applicable to ODP or the Conveyance Parcels, or (ii) result in any lien, charge or encumbrance of any nature on the Conveyance Parcels other than as permitted by this Agreement.

As used in this Agreement, the term "ODP's actual knowledge" means the actual knowledge of the President of the ODP, Lesa Coder, without a duty to investigate City or ODP files.

1.09 Representations and Warranties of the Developer

The Developer represents and warrants to ODP that as of the date hereof and the date of close of escrow:

- (a) The Developer is a Nevada limited liability company duly organized and existing under the laws of the State of Nevada.
- (b) The Developer has all requisite power and authority to carry out its business as now and whenever conducted and to enter into and perform its obligations under this Agreement.
- (c) By proper action of the Developer, the Developer's signatories have been duly authorized to execute and deliver this Agreement.

- (d) The execution of this Agreement by the Developer does not violate any provision of any other agreement to which the Developer is a party.
- (e) Except as may be specifically set forth in this Agreement, no approvals or consents not heretofore obtained by the Developer are necessary in connection with the execution of this Agreement by the Developer or with the performance by the Developer of its obligations hereunder.
- (f) Neither the Developer nor any of its members is currently a debtor in a case under the Bankruptcy Code (Title 11 U.S.C.), is the subject of an involuntary petition under the Bankruptcy Code, has made an assignment for the benefit of creditors or is insolvent and unable to pay its debts as they become due.
- (g) The Acquisition Agreements remain in full force and effect and have not been modified.

II. DISPOSITION OF THE DEVELOPER PARCEL

2.01 Conveyance of Conveyance Parcels

- (a) In accordance with and subject to all the terms, covenants and conditions of this Agreement, ODP agrees to convey to the Developer, in consideration of the payment of the Deferred Consideration (hereinafter defined), the Conveyance Parcels.
- (b) As used in this Agreement the following terms shall have the following definitions:
 1. "Deferred Consideration" means the following amount payable solely out of the Excess Cash Fund, and only to the extent funds are available in the Excess Cash Fund: the sum of \$1,200,000 plus fifty percent (50%) of any funds in the Excess Cash Fund in excess of \$1,200,000.
 2. The "Excess Cash Fund" means the total amount of the Annual Excess Cash generated by the Project during the Excess Calculation Period and all earnings thereon.
 3. "Annual Excess Cash" means the annual excess, if any, of Net Operating Income over the Developer's Preferred Return during the Excess Calculation Period.
 4. "Net Operating Income" shall mean for each Operating Year the Gross Income less Operating Expenses less Debt Service (both as defined below).
 5. "Gross Income" shall mean, for each Operating Year and determined on a cash basis, any and all gross rentals receipts, fees, proceeds and amounts of any kind actually received by the Developer arising out of the Developer Parcel or the improvements developed thereon, including, without limitation, all amounts whatsoever received from or in respect of the IRS Lease or any other leases (including awards, damages or

settlements received in connection with the IRS Lease or other leases), any Lender's Reserves (hereinafter defined) or other reserves deposited with third parties that are released to the Developer, concessionaires' income, other agreements for use or occupancy such as fixed rentals, minimum rentals, rental computed on the basis of sales or other criteria, proceeds of business interruption and rental loss insurance and casualty and disaster award proceeds to the extent not used towards restoration, but excluding from the foregoing gross proceeds received by the Developer from a debt financing secured by the Developer Parcel.

6. "Operating Expenses" shall mean, for each Operating Year and determined on a cash basis, all costs and expenses paid by the Developer in connection with the use, maintenance or operation of the Developer Parcel and the improvements thereon, including any payments due under the Parking Lease, during such Operating Year which are recognized as operating expenses under generally accepted accounting principles (but without duplication and to the extent that in dealing with affiliates of Developer, such costs and expenses shall be reasonable and at no higher than market rates and that all dealings with affiliates of Developer shall be disclosed in writing to the ODP in advance). Operating Expenses includes, without limitation: (i) all real estate taxes, assessments for non-capital items, sales taxes and any other governmental impositions; (ii) insurance premiums and the cost of collecting any insurance claim (iii) occupancy and rent taxes (if any) (iv) wages, salaries, fringe benefits, payroll taxes and other labor-related costs of onsite personnel, including, without limitation, employees of the Developer or affiliates of the Developer, (v) fuel, gas, electricity, water sewer, steam, cable services and other utilities, (vi) management fees, provided that if paid to the Developer, such management fee shall not exceed what is customary and reasonable; (vii) costs and expenses incurred in leasing including, without limitation leasing commissions, lease take-over costs, advertising, , signs, brochures, mailing and brokerage fees and commissions paid over the term of the lease to brokers or to the Developer provided that if paid to the Developer such fees or commissions shall not exceed what is customary and reasonable, (viii) costs and expenses of all necessary licenses and permit; (ix) fees, costs and expenses for accounting and legal services, (x) expenditures for repair and maintenance, and (xi) the reasonable cost of promoting, marketing and advertising the development including promotion events which costs are actually incurred by the Developer. No depreciation, amortization or other noncash charges will be included in Operating Expenses.

No portion of capital expenditures shall be considered an Operating Expense except for that sum (the "Capital Reserve") which is the greater of either (i) a reserve per year of twenty-five cents (\$0.25) per square foot of building area increased each year by the rate of inflation as measured by the Consumer Price Index for the Las Vegas metropolitan area published by the U S Department of Labor or in the event the

Consumer Price Index is no longer published by a substitute index reasonably approved by the parties as measuring the rate of inflation. or (ii) the Lender Reserve, if any.

7. "Debt Service" means the amount of any regularly scheduled payments of principal and/or interest paid by Developer on any Project Debt (hereinafter defined) during any Operating Year. "Project Debt" means either of the (i) the construction loan to finance the construction of the Project or (ii) the permanent financing on the Project or any refinancing thereof. Any prepayments of principal or interest by Developer shall not be included in Debt Service paid in any Operating Year. The debt service paid by the Developer on any secondary financing shall not be included in Debt Service.
8. "Developer's Preferred Return" means, for each Operating Year, the cumulative total of an amount calculated on a daily, noncompounded basis equal to .00046575% of Developer's Equity (as defined below). In the event the full Developer's Preferred Return is not paid in any Operating Year, the unpaid amount shall not accumulate and shall not be carried forward to succeeding Operating Years.
9. "Developer's Equity" means an amount calculated on a daily basis equal to the sum of (i) the amount by which the Project Costs exceed the amount of either of the following which is in place at the time of determination: (x) the principal amount of any construction financing against the Developer Parcel still in place at the commencement of the first Operating Year and (y) the original principal amount of the permanent financing placed on the Developer Parcel plus (ii) the Construction Return (hereinafter defined). Developer's Equity shall not be increased by the amount of any principal reduction in the original amount of the permanent financing.
10. "Project Costs" shall mean (i) the actual final costs of those line items shown on the Construction Budget attached hereto as Attachment No. 12 and (ii) the costs of repairs or capital improvements incurred after issuance of a Certificate of Completion to refurbish or remodel improvements shall be included in Project Costs, but only to the extent such repairs or capital improvements exceed the Capital Reserve and are not included as an Operating Expense. Following issuance of a Certificate of Completion, Developer shall submit to ODP a sworn affidavit of the final actual Project Costs along with such supporting documentation as requested by ODP and the Developer and ODP shall execute a joint memorandum detailing Project Costs and identifying the total of Project Costs incurred to date. At the end of each Operating Year, ODP and the Developer shall execute an additional joint memorandum identifying Project Costs for that Operating Year, if any.
11. "Operating Year" means a period of twelve (12) consecutive calendar months commencing upon the first day of the calendar month in which the

obligation of the GSA to pay rent under the IRS Lease commences and each twelve consecutive calendar month thereafter.

12. "Excess Calculation Period" means that period commencing on the date the term of the IRS Lease commences and terminating on the original expiration date of the IRS Lease.
 13. "Lender's Reserve" means the amount, if any, that any Project Lender (hereinafter defined) requires that the Developer deposit with the Project Lender as a reserve to pay for future costs related to the operation and maintenance of the Project such as repairs, replacements or costs related to releasing the Project upon termination of the IRS Lease.
 14. "Project Lender" means (i) the construction lender for the Project which is secured by a first deed of trust or other mortgage on the Project and (ii) the permanent lender for the Project which is secured by a first deed of trust or other mortgage on the Project. No secondary lenders shall be included in the definition of Project Lender.
 15. "Construction Return" means the cumulative total of a daily, noncompounded return, commencing on the commencement of construction of the Project through the date of the issuance of the Certificate of Completion, of .00046575% times the sum of (i) the daily outstanding amount of the total, actual costs of the line items shown on the Construction Budget (Attachment No. 12) minus (ii) the daily outstanding balance of the Developer's construction loan.
- (c) The Developer shall deposit into the account required by the Security Agreement (the "Security Account") each month during the Excess Calculation Period an amount equal to one-twelfth (1/12th) of the estimated amount of the Annual Excess Cash for the current Operating Year. No later than ten (10) days after the completion of the audit required by paragraph (d) next below, the Developer will deposit in the Security Account the amount of the difference between the monthly estimated deposits of Annual Excess Cash for the Operating Year if the amount of the deposits are less than the Annual Excess Cash. If the amount of the monthly deposits exceeded the actual amount of Annual Excess Cash, then the amount of such excess shall be applied as a credit against the monthly amounts due for the next succeeding Operating Year in the order first coming due. Any amounts not required to be deposited in the Security Account may be used at Developer's discretion, including, without limitation, distribution to the members of the Developer. In the event the full amount of any of the Developer's Preferred Return is not paid in any Operating Year, the unpaid amount shall not accumulate or be carried over to succeeding Operating Years.
- (d) Within ninety (90) days after the end of each Operating Year, the Developer shall submit to ODP the following statements prepared by an independent certified public accountant setting forth the following:

1. the amount in the Excess Cash Fund as of the end of the Operating Year,
2. the Net Operating Income for the Operating Year,
3. the Gross Income for the Operating Year,
4. the Operating Expenses for the Operating Year,
5. the Debt Service for the Operating Year,
6. the Developer's Equity for the Operating Year,
7. the Project Costs for the Operating Year,
8. in connection with the first Operating Year, the calculation of the Construction Return,,
9. the amount of Developer's Preferred Return and the amount thereof distributed by Developer,
10. either (i) the amount of Excess Cash to be deposited in the Security Account by Developer in excess of the monthly deposits made for such Operating Year or (ii) the amount by which Developer's monthly deposits exceed the Excess Cash for the Operating Year and the amount to be credited to Developer for the next Operating Year,
11. the total amount of any Capital Reserves to date and the application of any Capital Reserves in connection with the Project.
12. the amount of the monthly payment of estimated Excess Cash required by Developer for the next Operating Year.

All such statements shall be certified to ODP and shall be prepared in accordance with generally accepted accounting principles. ODP shall have the right to have such statements reviewed by its own internal auditors or such independent auditors as ODP may determine in its sole discretion. The Developer shall cooperate in all respects with such review and use its good faith efforts to have the accountant who prepared such statements cooperate in such review.. The Developer shall pay the reasonable costs of such review in the event ODP engages a third party to conduct such review.

- (e) ODP and Developer agree that payment of the Deferred Compensation to ODP is contingent upon the term of the IRS Lease being extended beyond the original term of the IRS Lease. If the term of the IRS Lease is extended by the GSA at anytime beyond its original term and on any terms and conditions whatsoever (including, without limitation, having an occupant other than the IRS), then payment to ODP of the Deferred Compensation shall be vested and payable to ODP. The Deferred Compensation shall be due and payable no later than thirty (30) days after the end of the original term of the IRS Lease. The Deferred Compensation shall be paid to ODP by distributing the amount in the Excess Cash Fund at the end of the expiration of the original term of the IRS Lease as follows:

1. the first \$1,200,000 in the Excess Cash Fund shall be distributed to ODP,
next

2. the balance, if any, will be distributed fifty percent (50%) to ODP and fifty percent (50%) to the Developer.
- (f) ODP and the Developer mutually agree that if the GSA does not renew the IRS Lease, then the Excess Cash Fund will be used to assist in the releasing of the Project in payment of various expenses related to the releasing of the Project. ODP and the Developer agree that the Excess Cash Fund can be used to pay for the following expenses in connection with the releasing of the Project (the "Tenant Concessions"):
1. tenant improvements at the going market rate,
 2. free rent at the then going market rate not to exceed twelve (12) months,
 3. brokerage commissions at the then going market rate, and
 4. any expenditures required to bring the Project in compliance with any city, county, state or federal laws, rules and regulations applicable to the Project so long as (i) such expenditures are required only as a result of tenant improvements constructed as a part of releasing the Project and (ii) such laws, rules and regulations did not apply to the Project as of the date of this Agreement.

The Developer agrees that the funds in the Excess Cash Fund may be used only to pay for the Tenant Concessions required for specific lease transactions and only at the going market rate for the Tenant Concessions. The Developer agrees that if a specific lease transaction requires concessions above the then going market rate that Developer will not be permitted to use the funds in the Excess Cash Funds to pay for such concessions in excess of the then going market rate. The Developer will have a period of thirty-six months after the expiration of the IRS Lease to use the funds in the Excess Cash Fund in connection with the releasing of the Project. At the end of such thirty-six month period, all funds remaining in the Excess Cash Fund, if any, will be distributed pursuant to paragraph (e) immediately above. The Developer agrees that any Capital Reserves not previously applied in connection with the Project shall first be applied to the payment of Tenant Concessions prior to the application of any funds in the Excess Cash Fund to the payment of Tenant Concessions.

ODP and the Developer will use their best efforts to agree on the going market rate for the Tenant Concessions. In the event ODP and the Developer cannot agree on the going market rate for the Tenant Concessions, they will refer it to the resolution procedure set forth in paragraph (g) immediately next below.

- (g) Not later than thirty (30) days prior to the end of the expiration of the term of the IRS Lease, the Developer may give ODP written notice of its election to use the funds in the Excess Cash Fund to pay for Tenant Concessions. and the Developer shall thereafter negotiate in good faith for a period of thirty (30) days to determine the going market rate for the Tenant Concessions.
1. If at the conclusion of such thirty (30) day period the ODP and the Developer are unable to agree upon the going market rate for the Tenant

Concessions, the going market rate for the Tenant Concessions shall be determined by an appraiser selected by ODP and an appraiser selected by the Developer. ODP and the Developer shall select their respective appraisers not later than five (5) days following the expiration of such thirty (30) day period.

2. If such appraisers are unable to agree upon the going market rate for the Tenant Concessions within thirty (30) days of their appointment, then the going market rate for the Tenant Concessions shall be determined by a third appraiser jointly selected by such appraisers within ten (10) days of the expiration of such thirty (30) day period or, if such appraisers are unable to agree upon the selection of a third appraiser, by the presiding judge of the District Court for Clark County upon the petition of either ODP or the Developer. The third appraiser shall be an MAI appraiser.
 3. Within ten (10) days of selection of the third appraiser, the appraiser for ODP and the appraiser for the Developer shall submit to the third appraiser their written appraisals of the going market rate for the Tenant Concessions. Within twenty (20) days of such submission the third appraiser shall determine the going market rate for the Tenant Concessions by selecting the going market rate for the Tenant Concessions, submitted by either ODP or the Developer which is nearest to the third appraiser's opinion of the going market rate for the Tenant Concessions.
 4. Upon such determination of the going market rate for the Tenant Concessions, such determination shall control the distribution of funds from the Excess Cash Fund to pay for Tenant Concessions.
- (h) The Developer's obligation to pay the Deferred Compensation shall be evidenced by a promissory note executed by the Developer at close of escrow in favor of ODP (the "Note") in the form attached hereto as Attachment No. 6. The Note shall be secured by a second deed of trust on the Project in the form attached hereto as Attachment No. 9 and secured by the Excess Cash Fund as set forth in Security Agreement. ODP's security interest in the Excess Cash Fund will be the only lien permitted on the Excess Cash Fund, provided, however, that the Developer shall be permitted to pledge its interest in the Excess Cash Fund to its lenders for the Project. ODP hereby agrees and acknowledges that the Developer's obligation to pay the Deferred Compensation is limited to the amount of funds in the Excess Cash Fund and in the event the amount of funds in the Excess Cash Fund is not sufficient to pay the Deferred Compensation at the end of the Excess Cash Calculation Period, the Developer shall have no liability to contribute any funds in payment of the Deferred Compensation, including any amounts distributed to the Developer as part of the Developer's Preferred Return.
- (i) The Developer shall have the right to prepay the Deferred Consideration at anytime by payment to ODP of the Prepayment Amount (hereinafter defined).

“Prepayment Amount” means the greater of (i) the discounted present value of \$1,200,000 or (ii) the discounted present value of the estimated (in accordance with generally accepted accounting principles) final amount of the Excess Cash Fund based on the assumption that the GSA renews the IRS Lease. The discounted present value of either amount shall be determined by discounting the respective amount from the original date of expiration of the IRS Lease to the date of prepayment at the then discount rate announced by the Federal Reserve Bank of the United States.

2.02 Conditions of Closing

- (a) ODP’s obligation to proceed with the close of escrow is subject to the fulfillment or waiver by ODP of each of the conditions precedent described below, which are solely for the benefit of ODP and which shall be fulfilled or waived prior to close of escrow:
1. The Developer shall not be in default of any of its obligations under the terms of this Agreement.
 2. The Developer has submitted to ODP and ODP has approved the Developer’s evidence of financing pursuant to Section 2.15 of this Agreement.
 3. The Developer is prepared at close of escrow to execute and enter into the Parking Lease and all Exhibits thereto have been agreed upon..
 4. The Developer is prepared at the close of escrow to execute and enter into the TIF Agreement.
 5. The Developer is prepared at the close of escrow to execute and deliver the Note, the Second Deed of Trust and the Security Agreement along with all financing statements required to perfect ODP’s security interest under the Security Agreement.
 6. Developer simultaneously has closed the acquisition of the Acquisition Parcels pursuant to the terms and conditions of the Acquisition Agreements.
 7. The Developer and the GSA have entered into the Lease at or prior to the close of escrow.
 8. There shall be no litigation pending with respect to this Agreement.
 9. The estimated cost of constructing the Parking Garage (including all hard and soft costs) does not exceed \$25,000,000 and ODP has identified adequate funds which have been committed or set-aside to pay for construction of the Parking Garage.
- (b) The Developer’s obligation to proceed with the close of escrow is subject to the fulfillment by ODP or waiver by the Developer of each of the conditions precedent described below, which are solely for the benefit of the Developer and which shall be fulfilled or waived prior to close of escrow:
1. ODP shall not be in default of any of its obligations under the terms of this Agreement.

2. The Developer shall have approved the conditions of title of the Developer Parcel pursuant to Section 2.06 of this Agreement.
3. The Developer shall have obtained necessary equity capital and commitments for construction financing for the development of the Developer Parcel.
4. ODP is prepared at close of escrow to execute and enter into the Parking Lease and all Exhibits thereto have been agreed upon.
5. The Agency is prepared at close of escrow to execute and enter into the TIF Agreement.
6. The Developer and the GSA have entered into the Lease at or prior to the close of escrow.
7. There shall be no litigation pending with respect to this Agreement.
8. The Developer shall have received final approval from ODP, the City and all other applicable governmental entities of its construction plans and drawings (including, without limitation, approvals required under Section 3.01 of this Agreement) and shall have received a building permit from the City to construct the Office Building on the Developer Parcel and the Parking Garage on ODP Parcel.
9. To the satisfaction of the Developer's lender, ODP has identified adequate funds which have been committed or set-aside to pay for construction of the Parking Garage.

The parties agree to cooperate in good faith to timely satisfy all conditions of close of escrow.

2.03 Escrow

ODP agrees to open an escrow with Nevada Title, attention Troy Lochhead, or any other escrow company approved by ODP and the Developer, as escrow agent (the "Escrow Agent"), in Las Vegas, Nevada, within the time established in the Schedule of Performance (Attachment No. 3). This Agreement constitutes the joint escrow instructions of ODP and the Developer, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of escrow. ODP and the Developer shall provide such additional escrow instructions as shall be necessary and consistent with this Agreement. The Escrow Agent hereby is empowered to act under this Agreement and, upon indicating its acceptance of the provisions of this Section 2.03 in writing, delivered to ODP and to the Developer within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Agent hereunder.

The Developer shall deposit with the Escrow Agent the Note, the Security Agreement and Uniform Commercial Code financing statements in accordance with the provisions of Section 2.08 of this Agreement.

The Developer shall also pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Developer of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for the close of escrow:

- (a) All of the escrow fee;
- (b) All of the premium for the title insurance policy or special endorsements;
- (c) Any state, county or city documentary transfer tax; and
- (d) An amount not to exceed \$23,000 to reimburse ODP for the fees of its outside counsel incurred in connection with the negotiation of this Agreement.

ODP shall timely and properly execute, acknowledge and deliver a deed conveying to the Developer title to the Conveyance Parcels in accordance with the requirements of Section 2.05 of this Agreement, together with an estoppel certificate certifying that the Developer has completed all acts necessary to entitle the Developer to such conveyance, if such be the fact.

ODP shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified ODP of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for the close of escrow:

- (a) Costs necessary to place title to the Conveyance Parcels in the condition for conveyance required by the provisions of this Agreement;
- (b) Cost of drawing the deed;
- (c) Recording fees;
- (d) Notary fees;
- (e) Ad valorem taxes, if any, upon the Conveyance Parcels for any time prior to conveyance of title; and

Upon delivery of a deed to the Escrow Agent by ODP pursuant to Section 2.07 of this Agreement, the Escrow Agent shall record such deed when title can be vested in the Developer in accordance with the terms and provisions of this Agreement. The Escrow Agent shall buy, affix and cancel any transfer stamps required by law and pay any transfer tax required by law. Any insurance policies governing the Conveyance Parcels are not to be transferred.

The Escrow Agent is authorized to:

- (a) Pay and charge ODP and the Developer, respectively, for any fees, charges and costs payable under this Section 2.03. Before such payments are made, the Escrow Agent shall notify ODP and the Developer of the fees, charges and costs necessary to clear title and close the escrow;
- (b) Disburse funds and deliver the deed and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by ODP and the Developer; and
- (c) Record the grant deed, a memorandum of the Parking Agreement, the Second Deed of Trust and any instruments delivered through this escrow, if necessary or proper, to vest title in the Developer in accordance with the terms and provisions of this Agreement.

All funds received in this escrow shall be deposited by the Escrow Agent with other escrow funds of the Escrow Agent in a general escrow account or accounts with any state or national bank doing business in the State of Nevada. Such funds may be transferred to any other

such general escrow account or accounts. All disbursements shall be made by check of the Escrow Agent. All adjustments shall be made on the basis of a thirty (30) day month.

If this escrow is not in condition to close before the time for conveyance established in Section 2.04 of this Agreement, either party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, terminate this Agreement and demand the return of its money, papers or documents from the Escrow Agent. Thereupon all obligations and liabilities of the parties under this Agreement shall cease and terminate. If neither ODP nor the Developer shall have fully performed the acts to be performed before the time for conveyance established in Section 2.04, no termination or demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its or their principal place or places of business. If any objections are raised within the ten (10) day period, the Escrow Agent is authorized to hold all money, papers and documents with respect to the Site until instructed in writing by both ODP and the Developer or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the escrow shall be closed as soon as possible. Nothing in this Section 2.03 shall be construed to impair or affect the rights or obligations of ODP or the Developer to specific performance.

Any amendment of these escrow instructions shall be in writing and signed by both ODP and the Developer. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from the Escrow Agent to ODP or the Developer shall be directed to the addresses and in the manner established in Section 6.01 of this Agreement for notices, demands and communications between ODP and the Developer.

The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Sections 2.03 to 2.09, both inclusive, of this Agreement.

Neither ODP nor the Developer shall be liable for any real estate commissions or brokerage fees that may arise hereunder. ODP and the Developer each represent that neither has engaged any broker, agent or finder in connection with this transaction.

2.04 Conveyance of Title and Delivery of Possession

Provided that the Developer is not in default under this Agreement and all conditions precedent to such conveyance have occurred, and subject to any mutually agreed upon extensions of time, conveyance to the Developer of title to the Conveyance Parcels shall be completed on or prior to the date specified in the Schedule of Performance (Attachment No. 3). ODP and the Developer agree to perform all acts necessary to conveyance of title in sufficient time for title to be conveyed in accordance with the foregoing provisions.

Possession shall be delivered to the Developer concurrently with the conveyance of title, except that limited access may be permitted before conveyance of title as permitted in Section 2.14 of this Agreement. The Developer shall accept title and possession on or before said date.

2.05 Form of Deed

ODP shall convey to the Developer title to the Conveyance Parcels in the condition provided in Section 2.06 of this Agreement by grant deed in substantially the form set forth in Attachment No. 5.

2.06 Condition of Title

ODP shall convey to the Developer fee simple title to the Conveyance Parcels in the condition approved by the Developer as set forth in this Section 2.06. ODP shall, upon the signing of this Agreement, order from the Title Company and cause to be delivered to the Developer a preliminary title report and legible copies of all documents referred to therein covering or relating to the Conveyance Parcels. The Developer shall have thirty (30) days following receipt of such report and documents within which to disapprove the exceptions listed herein by giving ODP written notice thereof. Failure to give written notice of disapproval to ODP of some or all of the exceptions shall be deemed to be approval of all exceptions, except for monetary liens other than current taxes. ODP agrees to take all reasonable action to remove or insure over any disapproved title matters. If the Developer disapproves any exceptions, ODP shall have ten (10) days within which to agree in writing to remove the exception. Failure to give written notice of such agreement to the Developer shall be deemed to be refusal, except that ODP shall automatically be deemed to agree to remove monetary liens other than current taxes. If ODP does not agree to remove any other exceptions properly and timely disapproved by the Developer, this Agreement shall terminate without further liability to either party, unless the Developer waives its objection within a second ten (10) day period. If ODP shall agree to remove any exception objected to by the Developer, ODP shall then have until the date for close of escrow within which to remove such exception. If ODP is unable to remove any exception objected to by the Developer and which ODP has agreed to remove by the date for close of escrow, the Developer may elect to (1) terminate this Agreement and receive a return of the Deposit; or (2) waive the Developer's objection and close escrow.

2.07 Time for and Place of Delivery of Deed

Subject to any mutually agreed upon extensions of time, ODP shall deposit the grant deed for the Conveyance Parcels with the Escrow Agent on or before the date established for the conveyance of the Conveyance Parcels in the Schedule of Performance (Attachment No. 3).

2.08 Delivery of the Note and Recordation of Deed

The Developer shall deposit the Note, the Second Deed of Trust, the Financing Statements, and other sums required hereunder with the Escrow Agent prior to the date for conveyance thereof provided that the Escrow Agent shall have notified the Developer in writing that the grant deed, properly executed and acknowledged by ODP, has been delivered to the Escrow Agent and that title is in condition to be conveyed in conformity with the provisions of Section 2.06 of this Agreement. Upon the close of escrow, the Escrow Agent shall file the grant deed, the Second Deed of Trust and the Financing Statements, shall deliver the Note and other required sums to ODP and shall deliver to the Developer a title insurance policy insuring title in conformity with Section 2.09 of this Agreement.

2.09 Title Insurance

Concurrently with recordation of the grant deed, Nevada Title, or some other title insurance company satisfactory to ODP and the Developer having equal or greater financial responsibility ("Title Company"), shall provide and deliver: to the Developer an ALTA extended coverage title insurance policy issued by the Title Company insuring that title is vested in the

Developer in the condition required by Section 2.06 of this Agreement. The Title Company shall provide ODP with a copy of the title insurance policy, and the title insurance policy shall also insure ODP's interest in the Second Deed of Trust. The Developer shall pay for all of the premiums for title insurance coverage or special endorsements.

Concurrently with the recording of the grant deed conveying title to the Conveyance Parcels, the Title Company shall, if requested by the Developer, provide the Developer with an endorsement to insure the amount of the Developer's estimated development costs of the improvements to be constructed upon the Conveyance Parcels. The Developer shall pay the entire premium for any such increase in coverage requested by it.

2.10 Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Conveyance Parcels, and taxes upon this Agreement or any rights hereunder, levied, assessed or imposed for any period commencing prior to conveyance of title shall be borne by ODP. All such ad valorem taxes and assessments levied or imposed for any period commencing after closing of the escrow shall be paid by the Developer and shall be prorated as of the close of escrow, on the basis of a thirty (30) day month.

2.11 Conveyance Free of Possession

Except as otherwise provided in the Scope of Development (Attachment No. 4), the Conveyance Parcels shall be conveyed free of any possession or right of possession by any person except that of the Developer and the easements of record.

2.12 Zoning of the Site; Parcel Map

All governmental approvals required to develop the Project shall be the sole obligation and expense of the Developer, provided, however, that ODP agrees that it shall cooperate with the Developer to the extent necessary to obtain such approvals, including, without limitation, signing any applications or submittals which require the signature of ODP as an applicant. 2.13

2.13 Condition of the Site

- (a) Except for the express warranties contained herein, the Developer is taking the Conveyance Parcels "AS-IS," in reliance upon its own inspection of the Conveyance Parcels and its own investigation of such matters affecting the Conveyance Parcels as it deems relevant and in reliance only upon those specific representations and warranties of ODP set forth in this Agreement. The Developer shall be conclusively deemed to accept the Conveyance Parcels "AS IS" in its current physical condition and with the existing zoning and any other legal entitlements relating in any way to the Conveyance Parcels, with no warranties, express or implied, as to the physical condition thereof, the presence or absence of any latent or patent condition thereon or therein, including, without limitation, any Hazardous Material thereon or therein, and any other matters affecting the Conveyance Parcels. The Developer understands and acknowledges that, except as provided in the Parking Lease, (a) the Developer is solely responsible for the performance of all work necessary to complete the Project, (b) ODP will not be responsible for any work required to complete the Project, and (c) ODP will not be responsible for cost overruns or unforeseen expenditures which may be incurred in order to complete the Project.

- (b) ODP and the Developer each hereby mutually release and waive all rights, causes of action and claims which either has or may have in the future against the other, its officers, employees, agents, attorneys, representatives, legal successors and assigns, arising out of or in connection with any Hazardous Materials (as defined herein) at, on, in, beneath or from the Site, except where caused in whole or in part by the other party.
- (c) As used in this Agreement, the term "Hazardous Materials" means any substance, material or waste which is:
 - (1) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste" or "restricted Hazardous waste" under any provision of Nevada law;
 - (2) petroleum;
 - (3) asbestos;
 - (4) polychlorinated biphenyls;
 - (5) radioactive materials;
 - (6) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251 et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317);
 - (7) defined as a "hazardous substance" pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903); or
 - (8) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601).
- (d) As used in this Agreement, the term "Environmental Laws" shall mean any and all laws (whether common or statutory), compacts, treaties, conventions, rules, regulations, codes, plans, requirements, criteria, standards, orders, decrees, judgments, injunctions, notices or demand letters issued, promulgated or entered thereunder by any federal, state or local governmental entity relating to public or employee health and safety, pollution or protection of the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendment and Reauthorization Act and otherwise ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA"), the Federal Safe Drinking Water Act, the Federal Water Pollution Control Act, and any and all other federal, state and local laws, rules, regulations and orders relating to reclamation of land, wetlands and waterways or relating to use, storage, emissions, discharges, cleanup, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or Hazardous Materials on or into the workplace or the environment (including without limitation, ambient air, oceans, waterways, wetlands, surface water, ground water (tributary and nontributary), land surface or subsurface strata) or otherwise relating to the

manufacture, processing, distribution, use, treatment, storage, disposal, transportation or handling of pollutants, contaminants, chemicals or industrial, toxic, hazardous or similar substances.

2.14 Preliminary Work by the Developer

Prior to the conveyance of title by ODP, representatives of the Developer shall have the right of access to the Conveyance Parcels at all reasonable times for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement. The Developer shall hold ODP harmless from any injury or damages arising out of any activity pursuant to this section. The Developer shall have access to all data and information on the Conveyance Parcels available to ODP, but without warranty or representation by ODP as to the completeness, correctness or validity of such data and information.

Any preliminary work undertaken on the Conveyance Parcels by the Developer prior to conveyance of title thereto shall be done only after written consent of ODP and at the sole expense of the Developer. The Developer shall save and protect ODP against any claims resulting from such preliminary work, access or use of the Conveyance Parcels. Copies of data, surveys and tests obtained or made by the Developer on the Conveyance Parcels shall be filed with ODP. Any preliminary work by the Developer shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

2.15 Submission of Evidence of Equity Capital and Mortgage Financing

If the Developer finances the acquisition and development of the Developer Parcel and related activities, such financing shall be subject to the approval of ODP, which approval will not be unreasonably withheld, conditioned or delayed.

No later than the time specified in the Schedule of Performance (Attachment No. 3), the Developer shall submit to ODP evidence satisfactory to ODP that the Developer has the equity capital and firm and binding commitments for construction financing necessary for acquisition and development of the Developer Parcel.

III. DEVELOPMENT OF THE SITE

3.01 Development of the Site

- (a) The Project shall be developed as provided in the Scope of Development (Attachment No. 4), including, without limitation, the Basic Concept Drawings and the Plans and Drawings. (b) Within the time set forth in the Schedule of Performance (Attachment No. 3), the Developer shall prepare and submit to ODP for review and written approval Basic Concept Drawings and related documents containing the overall plan for development of the Project. The Basic Concept Drawings shall conform to this Agreement, including the Scope of Development (Attachment No. 4). The Basic Concept Drawings shall include a site plan, elevations and an architect's rendering. ODP shall approve or disapprove the Basic Concept Drawings within the time established in the Schedule of Performance. Failure by ODP to either approve or disapprove within such time shall be deemed an approval. Any disapproval shall state in writing the reasons for disapproval.

- (c) The Project shall be developed as generally established in the Basic Concept Drawings and related documents except as changes may be mutually agreed upon between the Developer and ODP. Any such changes shall be within the limitations of the Scope of Development (Attachment No. 4).
- (d) Within the time set forth in the Schedule of Performance (Attachment No. 3), the Developer shall prepare and submit to ODP for review and written approval the following plans drawings, related documents and any subsequent revisions thereto ("Plans and Drawings"):
 - 1. Final Architectural Plans;
 - 2. Final Plot Grading Utility Plans;
 - 3. Final Structural Plans;
 - 4. Final Mechanical and Electrical Plans; and
 - 5. Final Landscaping Plans.

The Developer agrees to construct the Project in accordance with the approved Plans and Drawings.

- (e) If the Developer desires to make any material change to the Project after approval of the Plans and Drawings, the Developer shall submit the proposed changes to ODP for its approval. ODP shall notify the Developer within fifteen (15) days after receipt of its approval or disapproval. Such changes in the Plans and Drawings shall, in any event, be deemed approved by ODP unless rejected, in whole or part, by written notice thereof to the Developer setting forth in detail the reasons therefor, and such rejection shall be made within such 15-day period.
- (f) ODP and the Developer agree that the parking garage shall be constructed by ODP pursuant to the Parking Lease at ODP's sole cost and expense on the terms and conditions set forth in the Parking Lease. ODP and the Developer agree that the rights and obligations of ODP and the Developer in connection with the parking garage to be constructed by ODP on the Parking Parcel are set forth solely and entirely in the Parking Lease and that the Parking Lease shall supersede in all respects this Agreement in connection with the parking garage to be constructed by ODP on the Parking Parcel.
- (g) After the close of escrow, the Developer shall promptly begin and thereafter diligently prosecute to completion the construction of the Project. The Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance (Attachment No. 3) or such reasonable extension of said dates as may be granted by ODP or as provided in Section 6.04 of this Agreement. During the period of construction, but not more frequently than once a month, the Developer shall submit to ODP a written progress report of the construction.
- (h) Prior to the commencement of construction of the Office Building or any portion thereof, the Developer shall furnish or cause to be furnished to ODP duplicate

originals or appropriate certificates of bodily injury and property damage insurance policies in the amount of at least ONE MILLION DOLLARS (\$1,000,000) for any person, FIVE MILLION DOLLARS (\$5,000,000) for any occurrence and FIVE HUNDRED THOUSAND DOLLARS (\$500,000) property damage, naming ODP and the City as additional or coinsureds. The Developer shall also furnish or cause to be furnished to ODP evidence satisfactory to ODP that any contractor with whom it has contracted for the performance of work on the Office Building carries workers' compensation insurance as required by law. The obligations set forth in this paragraph (i) shall remain in effect only until a final Certificate of Occupancy has been issued by the City covering the Office Building as hereinafter provided in Section 3.06.

- (i) Except as otherwise specifically provided herein, before commencement of construction or development of any buildings or other work of improvement related to the Office Building (unless such construction, development or work is to be commenced before the conveyance of title), the Developer shall, at its own expense, secure or cause to be secured any and all permits that may be required by the City or any other governmental agency affected by such construction, development or work. ODP shall provide all reasonable assistance to the Developer in securing these permits as set forth in Section 2.12 above.
- (j) For the purposes of assuring compliance with this Agreement, representatives of ODP and the City shall have the reasonable right of access to the Site without charges or fees and at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the improvements. Such representatives of ODP or the City shall be those who are so identified in writing by the Executive Director of ODP. ODP and the City shall indemnify the Developer and hold it harmless from any damage caused or liability arising out of this right to access. The foregoing indemnity is subject to the provision of NRS 41.035.
- (k) The Developer shall carry out the construction of the improvements in conformity with all applicable laws, including, without limitation, NRS 279.500. The Developer shall require all contractors and subcontractors performing new construction work on the Site to pay construction workers prevailing wages for each craft and classification as determined by the Labor Commissioner pursuant to NRS 338.030 or its successor statute. The term "new construction work" as used in this paragraph (l) shall apply to all construction and development work within the Site. The Developer also agrees to comply with the terms and conditions of the Employment Plan attached hereto as Attachment No. 13.
- (l) The Developer agrees to indemnify, pay, protect and hold harmless ODP (on demand of and to the satisfaction of ODP) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, proceedings, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, all reasonable costs and expenses of defense, appeal and settlement of any and all suits, actions or proceedings instituted against ODP and all costs of investigation in connection therewith) which may be imposed on, incurred by, or asserted against ODP in any way relating to or arising out of, or

alleged to relate to or arise out of, (i) the presence of Hazardous Materials at, on, beneath or from the Site or any violation of Environmental Laws in connection with the Site, including any conditions existing at the time of the conveyance of the Conveyance Parcels and (ii) the construction, development and operation of the Project, including, without limitation any claims for amounts due in connection with the construction of the Project, any defects in the construction of the Project, and any claims relating to the IRS Lease. If any action, suit or proceeding shall be pending or threatened against ODP relating to or arising out of, or alleged to relate to or arise out of, any such action or non-action, ODP shall have the right to employ, at the expense of the Developer, separate counsel of ODP's choice in such action, suit, or proceeding and the Developer shall advance the reasonable out-of-pocket expenses of such ODP in connection therewith.

3.02 Responsibilities of ODP

ODP, without expense to the Developer or assessment or claim against the Site, shall perform all work specified herein and in the Scope of Development (Attachment No. 4) for ODP to perform within the times specified in the Schedule of Performance (Attachment No. 3).

3.03 Prohibition Against Transfer of Developer Parcel, the Buildings or Garages Thereon and Assignment of Agreement

After conveyance of title and prior to the issuance by the City of a Certificate of Occupancy as described in Section 3.06, the Developer shall not, except as expressly permitted by this Agreement, sell, transfer, convey, assign or lease the whole or any part of the Developer Parcel or the buildings or improvements thereon without the prior written approval of ODP. This prohibition shall not apply subsequent to the issuance of the Certificate of Occupancy for the Developer Parcel. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Developer Parcel or to prohibit or restrict the leasing of any part or parts of a building when said improvements are completed.

In the absence of specific written agreement by ODP, no such transfer, assignment or approval by ODP shall be deemed to relieve the Developer or any other party from any obligations under this Agreement until completion of development as evidenced by the issuance of a Certificate of Occupancy therefor.

3.04 Security Financing; Rights of Holders

- (a) Notwithstanding Section 3.03 of this Agreement, mortgages, deeds of trust, sales and leases-back or any other form of conveyance required for any reasonable method of financing are permitted at anytime, including before issuance of a Certificate of Occupancy, but only for the purpose of securing loans of funds to be used for financing the acquisition of the Developer Parcel, the construction of improvements on the Developer Parcel and any other expenditures necessary and appropriate to develop the Developer Parcel under this Agreement. The Developer shall notify ODP in advance of any mortgage, deed of trust, sale and lease-back or other form of conveyance for financing if the Developer proposes to enter into the same before issuance of a Certificate of Occupancy. The Developer shall not enter into any such conveyance for financing without the prior written

approval of ODP, which approval ODP agrees to give if any such conveyance is given to a responsible financial or lending institution or other reasonably acceptable person or entity. Such lender shall be deemed approved unless rejected in writing by ODP within ten (10) days after notice thereof to ODP by the Developer. In any event, the Developer shall promptly notify ODP of any mortgage, deed of trust, sale and lease-back or other financing conveyance, encumbrance or lien that has been created or attached thereto prior to completion of the construction of the improvements on the Developer Parcel whether by voluntary act of the Developer or otherwise. The words "mortgage" and "deed of trust," as used herein, include all other appropriate modes of financing real estate acquisition, construction and land development. Upon written request by the Developer, ODP will promptly provide any lender with an estoppel certificate certifying that, to ODP's knowledge, the Developer is not then in default under the terms of this Agreement, if such be the case, and such other matters as the Developer or the lender may reasonably request.

- (b) The holder of any mortgage, deed of trust or other security interest authorized by this Agreement may have the right, but shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion, nor shall any covenant or any other provision in the grant deed for the Developer Parcel be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Developer Parcel to any uses or to construct any improvements thereon other than those uses or improvements provided for or authorized by this Agreement.
- (c) Whenever ODP shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in completion of construction of the improvements, ODP shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement who has previously made a written request to ODP therefor. Each such holder shall (insofar as the rights of ODP are concerned) have the right, at its option, within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest. In the event there is more than one such holder, the right to cure or remedy a breach or default of the Developer under this paragraph (c) shall be exercised by the holder first in priority or as the holders may otherwise agree among themselves, but there shall be only one exercise of such right to cure and remedy a breach or default of the Developer under this paragraph (c). Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to ODP by written agreement satisfactory to ODP. The holder in that event must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates and

submit evidence satisfactory to ODP that it has the qualifications and financial responsibility necessary to perform such obligations.

- (d) In any case where, six (6) months after default by the Developer in completion of construction of improvements under this Agreement, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Developer Parcel has not exercised the option to construct, or if it has exercised the option and has not proceeded diligently with construction, ODP may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the Developer Parcel has vested in the holder, ODP, if it so desires, shall be entitled to a conveyance of the Developer Parcel from the holder to ODP upon payment to the holder of an amount equal to the sum of the following:
1. The unpaid mortgage, deed of trust or other security interest debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);
 2. All expenses with respect to foreclosure;
 3. The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Developer Parcel;
 4. The costs of any authorized improvements made by such holder; and
 5. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by ODP.
- (e) In the event of a default or breach by the Developer of a mortgage, deed of trust or other security interest with respect to the Developer Parcel prior to the completion of development, and the holder has not exercised its option to complete the development, ODP may, upon thirty (30) days notice to the Developer, cure the default prior to completion of any foreclosure. In such event, ODP shall be entitled to reimbursement from the Developer of all costs and expenses incurred by ODP in curing the default. ODP shall also be entitled to a lien upon the Developer Parcel to the extent of such costs and disbursements. Any such lien shall be subject to mortgages, deeds of trust or other security interests executed for the sole purpose of obtaining funds to purchase and develop the Developer Parcel as authorized herein.

3.05 Right of ODP to Satisfy Other Liens on the Developer Parcel After Title Passes

After the conveyance of title and prior to the issuance of a Temporary Certificate of Occupancy for construction and development, and after the Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the Developer Parcel, ODP shall have the right to satisfy any such liens or encumbrances, provided, however, that nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or mortgage so long as the Developer in good faith shall contest the validity or

amount thereof, and so long as such delay in payment shall not subject the Developer Parcel to forfeiture or sale.

3.06 Certificate of Occupancy

Promptly after completion of all construction and development to be completed by the Developer upon the Developer Parcel in order that occupancy by the Internal Revenue Service is permitted under the IRS Lease, the Developer shall make application to the City for a Certificate of Occupancy. As used in this Agreement, the term “Certificate of Occupancy” shall mean the Certificate issued by the City evidencing completion of not only the core and shell of the Office Building but also completion of tenant improvements in the condition required by the IRS Lease so that the Internal Revenue Service can occupy the Office Building pursuant to the IRS Lease.

Issuance of a Certificate of Occupancy by the City shall be conclusive determination of satisfactory completion of the construction required by this Agreement upon the Developer Parcel and of full compliance with the terms hereof. After issuance of such Certificate of Occupancy, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Developer Parcel shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the deed, lease, mortgage, deed of trust, contract or other instrument of transfer in accordance with the provisions of Article IV of this Agreement. Except as otherwise provided herein, after the issuance of a Certificate of Occupancy for the Developer Parcel, neither ODP, the City nor any other person shall have any rights, remedies or controls with respect to the Developer Parcel that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Developer Parcel shall be as set forth in the grant deed of the Developer Parcel from ODP to the Developer, which shall be in accordance with the provisions of Article IV of this Agreement.

Such Certificate of Occupancy shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage or any insurer of a mortgage securing money loaned to finance the improvements or any part thereof.

IV. USE OF THE DEVELOPER PARCEL

4.01 Uses

The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest that during construction and thereafter, the Developer and its successors and assignees shall devote the Developer Parcel to the uses specified in the Redevelopment Plan, the grant deed and this Agreement for the periods of time specified therein. The foregoing covenant shall run with the land.

4.02 Effect and Duration of Covenants

Except as otherwise provided, the covenants contained in this Agreement and the grant deed shall remain in effect until March 5, 2026 (the termination date of the Redevelopment Plan). The covenants established in this Agreement and the grant deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of ODP, its

successors and assigns, the City and any successor in interest to the Developer Parcel or any part thereof.

ODP is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants shall run in favor of ODP without regard to whether ODP has been, remains or is an owner of any land or interest therein in the Developer Parcel, any parcel or subparcel, or in the Redevelopment Area. ODP shall have the right, if this Agreement or the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and the covenants may be entitled.

4.03 Rights of Access — Public Improvements and Facilities

ODP, for itself and for the City and other public agencies, at their sole risk and expense, reserves the right to enter the Developer Parcel or any part thereof at all reasonable times and with as little interference as possible for the purposes of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located on the Developer Parcel. Any such entry shall be made only after reasonable notice to the Developer, and ODP shall indemnify and hold the Developer harmless from any claims or liabilities pertaining to any entry. Any damage or injury to the Developer Parcel resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for the entry.

V. DEFAULTS, REMEDIES AND TERMINATION; TERMINATION RELATED TO GARAGE COST.

5.01 Events of Default

Subject to the extensions of time set forth in Section 6.04, any failure by either party to perform any material term or provision of this Agreement shall constitute an Event of Default (1) if such defaulting party does not cure such failure within thirty (30) days following written notice of default from the other party, or (2) if such failure is not of a nature which can be cured within such thirty (30) day period, the defaulting party does not within such thirty (30) day period commence substantial efforts to cure such failure, or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure.

Any notice of default given hereunder shall specify in detail the nature of the failure in performance which the noticing party claims constitutes the Event of Default and the manner in which such Event of Default may be satisfactorily cured in accordance with the terms and conditions of this Agreement.

During the time periods herein specified for cure of a failure to perform, the party charged therewith shall not be considered to be in default of this Agreement for any purposes, including, but not limited to, termination of this Agreement or institution of legal proceedings. Except as otherwise expressly provided in this Agreement, any failure or delay by the Developer or ODP in asserting any of its rights or remedies as to any Event of Default shall not operate as a waiver of any Event of Default or of any such rights or remedies or deprive such party of its right

to institute and maintain any actions or proceedings which it may deem necessary to protect, asset or enforce any such rights or remedies.

5.02 Remedies Prior to Conveyance

- (a) In the event there is a failure of one or more conditions described in Sections 2.02 that are not waived, the party for whose benefit the condition is established may terminate this Agreement by written notice to the other party prior to the close of escrow, in which event this Agreement shall be terminated. In the event of termination pursuant to this Section 5.02, ODP shall retain the Deposit and the parties shall have no further rights or liabilities to the other under this Agreement, except that if ODP terminates this Agreement for failure of the conditions described in paragraphs 7 and 9 of paragraph (a) of Section 2.02 , ODP shall promptly return the Deposit to the Developer.
- (b) Upon the occurrence of an Event of Default by the Developer prior to conveyance of the Conveyance Parcels, ODP may terminate this Agreement by written notice to the Developer. In the event of termination pursuant to this paragraph (b), ODP shall retain the Deposit and the parties shall have no further rights or liabilities to the other under this Agreement.
- (c) Upon the occurrence of an Event of Default by ODP prior to conveyance of the Conveyance Parcels, the Developer may initiate an action for specific performance of the terms of this Agreement or for damages caused by such default, provided, however, that the amount of such damages shall not exceed the Deposit, plus the Developer's actual out-of-pocket expenditures incurred in the performance of this Agreement.

5.03 Remedies Following Conveyance

- (a) Upon the occurrence of an Event of Default following conveyance of the Conveyance Parcels, the nondefaulting party shall have the right to institute any action at law or in equity to cure, correct, prevent or remedy any default, or to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the District Court of Clark County, State of Nevada, or in the appropriate Federal district Court in the State of Nevada. The laws of the State of Nevada shall govern the interpretation and enforcement of this Agreement. ODP and the Developer agree that the rights and obligations of ODP and the Developer in connection with the parking garage to be constructed by ODP on the Parking Parcel are set forth solely and entirely in the Parking Lease and that the Parking Lease shall supersede in all respects this Agreement in connection with the parking garage to be constructed by ODP on the Parking Parcel. Upon the occurrence of an Event of Default by ODP following conveyance of the Conveyance Parcels), ODP shall retain the Deposit.
- (b) Upon the occurrence of an Event of Default by the Developer following conveyance of the Conveyance Parcels, ODP shall have the additional right at its option to enter and take possession of the entire Developer Parcel with all

improvements thereon if, after conveyance of title to the Developer Parcel and prior to the issuance of the Certificate of Occupancy therefor, the Developer:

1. Fails to proceed with the construction of the improvements on the Developer Parcel as required by this Agreement for a period of ninety (90) days after written notice thereof from ODP; or
2. Abandons or substantially suspends construction of improvements on the Developer Parcel for a period of ninety (90) days after written notice of such abandonment or suspension from ODP; or
3. Transfers, or suffers any involuntary transfer of the Developer Parcel or any part thereof in violation of this Agreement.

This option shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage, deed of trust or other security instrument permitted by this Agreement; or
2. Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

The right to enter and take possession shall be exercised, if at all, only by giving written notice of exercise no later than the times set forth herein. The term of this right shall commence on the ninety-first (91st) day following the date of the written notice of failure to proceed with or abandonment of construction, as set forth above or the date ODP becomes aware of such transfer or such involuntary transfer (the "Effective Date"), unless, in the event of an occurrence under either paragraph 1 or 2 above, the Developer commences or resumes construction as required by this Agreement and proceeds diligently and continuously with such construction to completion, within the ninety (90) day cure period, and the term of this right shall expire six (6) months after the Effective Date. ODP may rescind its election to exercise its right to repurchase, reenter and take possession of the Developer Parcel by written notice to the Developer at any time prior to expiration of such right. To exercise its right to repurchase, reenter and take possession with respect to the Developer Parcel, ODP shall pay to the Developer in cash an amount equal to:

1. The costs actually incurred by the Developer for the cost of acquiring the Acquisition Parcels and for the cost of on-site labor and materials for the construction of the improvements existing on the Developer Parcel at the time of the repurchase, reentry and repossession, exclusive of amounts financed; less
2. Any gains or income withdrawn or made by the Developer from the Developer Parcel or the improvements thereon; and less
3. The amount of liens on the Developer Parcel and any unpaid assessments against the Developer Parcel.

As a condition to ODP's exercise of the right to enter and take possession of the Developer Parcel, ODP must either assume or pay in full the amount of any liens or unpaid assessments on the Developer Parcel.

5.04 Termination by ODP Due to Cost of Parking Garage

In the event that, ODP determines that the total cost of constructing the Parking Garage (including all hard and soft costs) will exceed the sum of \$25,000,000, ODP may terminate this Agreement by written notice to the Developer. Within thirty (30) days after the date of termination pursuant to this Section 5.04:

- (a) ODP shall return the Deposit to the Developer; and
- (b) ODP shall reimburse the Developer for all actual, out-of-pocket third party costs incurred by the Developer in the performance of this Agreement from the date of execution of this Agreement by the parties until the date of such termination; and
- (c) The Developer shall convey the Developer Parcel to ODP in accordance with the following terms:
 1. ODP shall cancel the Note; and
 2. ODP shall pay to Developer in cash an amount equal to the costs actually incurred by the Developer for the cost of acquiring the Acquisition Parcels and for the cost of on-site labor and materials for the construction of the improvements existing on the Developer Parcel at the time of the repurchase, reentry and repossession, exclusive of amounts financed; less
 - (i) Any gains or income withdrawn or made by the Developer from the Developer Parcel or the improvements thereon; and less
 - (ii) The amount of liens on the Developer Parcel, and any unpaid assessments against the Developer Parcel.

As a condition to ODP's right to acquire the Developer Parcel, ODP must either assume or pay in full the amount of any liens or unpaid assessments on the Developer Parcel. The Developer's duty to reconvey the Developer Parcel shall be subordinate and subject to and be limited by and not defeat, render invalid or limit any mortgage, deed of trust or other security instrument permitted by this Agreement, or any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

5.05 Return of Deposit.

Upon issuance of the Certificate of Completion, the Deposit shall be returned to Developer no later than thirty (30) days after the issuance of the Certificate of Completion.

VI. GENERAL PROVISIONS

6.01 Notices, Demands and Communications Between the Parties

Formal notices, demands and communications between ODP and the Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of ODP and the Developer as set forth in Section 1.05 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

6.02 Conflicts of Interest

No member, official or employee of ODP shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement that affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

The Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

6.03 Nonliability of ODP Officials and Employees

No member, official or employee of ODP or the City shall be personally liable to the Developer in the event of any default or breach by ODP or for any amount that may become due to the Developer or on any obligations under the terms of this Agreement.

6.04 Enforced Delay: Extension of Times of Performance

In addition to the specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of another party; acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of ODP shall not excuse performance by ODP); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other parties more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. ODP and the Developer may also extend times of performance under this Agreement in writing.

6.05 Inspection of Books and Records

Upon the occurrence of an Event of Default by the Developer, ODP shall have the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the Developer pertaining to the Site as pertinent to the purposes of this Agreement.

Upon the occurrence of an Event of Default by ODP, the Developer shall have the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of ODP pertaining to the Site as pertinent to the purposes of this Agreement.

6.06 Plans and Data

Where the Developer does not proceed with the purchase and development of the Developer Parcel, and when this Agreement is terminated pursuant to Section 5.02(b) hereof for any reason, the Developer shall deliver to ODP any and all plans and data concerning the Site, and ODP or any other person or entity designated by ODP shall be free to use such plans and data, including plans and data previously delivered to ODP, for any reason whatsoever without cost or liability therefor to the Developer or any other person.

VII. SPECIAL PROVISIONS

7.01 Intentionally Omitted

7.02 Amendments to This Agreement

The Developer and ODP agree to mutually consider in good faith reasonable requests for amendments to this Agreement that may be made by any of the parties hereto, lending institutions or bond counsel or financial consultants to ODP provided such requests are consistent with this Agreement and would not substantially alter the basic business terms included herein.

7.03 Subsequent ODP Approvals

Any ODP approvals required or permitted by the terms of this Agreement may be given by the President of ODP.

VIII. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in four (4) duplicate originals, each of which is deemed to be an original. This Agreement includes Attachments Nos. 1 through 13, attached hereto and incorporated herein by reference, all of which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of ODP and the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of ODP and the Developer.

IX. TIME FOR ACCEPTANCE OF AGREEMENT BY ODP

This Agreement, when executed by the Developer and delivered to ODP, must be authorized, executed and delivered by ODP within fifteen (15) days after the date of signature by the Developer or this Agreement shall be void, except to the extent that the Developer shall consent in writing to further extensions of time for the authorization, execution and delivery of this Agreement. The effective date of this Agreement shall be the date when this Agreement has been signed by ODP.

_____, 2002

PH GSA LLC, a Nevada
liability company

OFFICE DISTRICT PARKING I, INC.,
a Nevada not-for-profit corporation

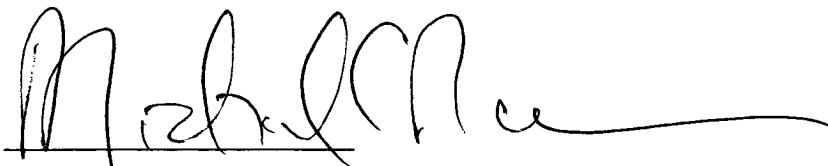
By: PH LLC, a Nevada limited
liability company

By: _____
PRESIDENT

By: _____

ATTEST: _____
SECRETARY

Approved as to form:

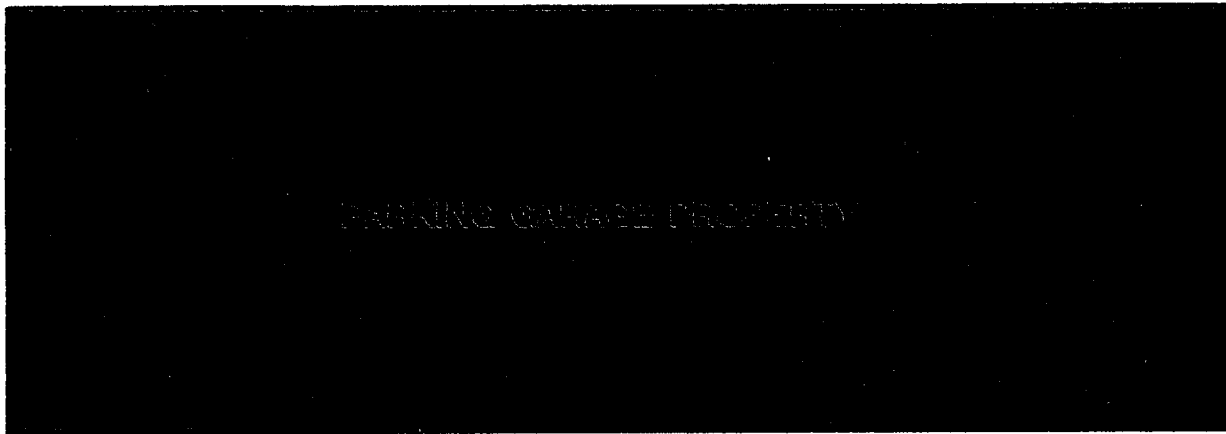


Michael C. Niarchos

Special Counsel to Office District Parking I, Inc

GARCES AVENUE

3RD STREET

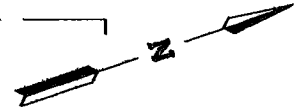


4TH STREET

BONNEVILLE AVENUE

DEVELOPER
PROPERTY

ATTACHMENT NO. 1
MAP OF SITE



SITE PLAN

PROPOSED INTERNAL REVENUE SERVICE PROPERTY
OCTOBER 14, 2002

VPOINT

DESIGNING FOR THE FUTURE

PLANNERS • CONSULTING ENGINEERS • SURVEYORS
1009 WHITNEY RANCH DRIVE • HENDERSON, NEVADA 89014 • (702) 248-6415

Attachment: #2

EXPLANATION: Legal Description for the **Developer Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 21 through 32 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 41,986 sq. ft. more or less.

EXPLANATION: Legal Description for the **Acquisition Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 27 through 30 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 13,995 sq. ft. more or less.

EXPLANATION: Legal Description for the **Conveyance Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 21 through 26 inclusive, 31 and 32, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 27,991 sq. ft. more or less.

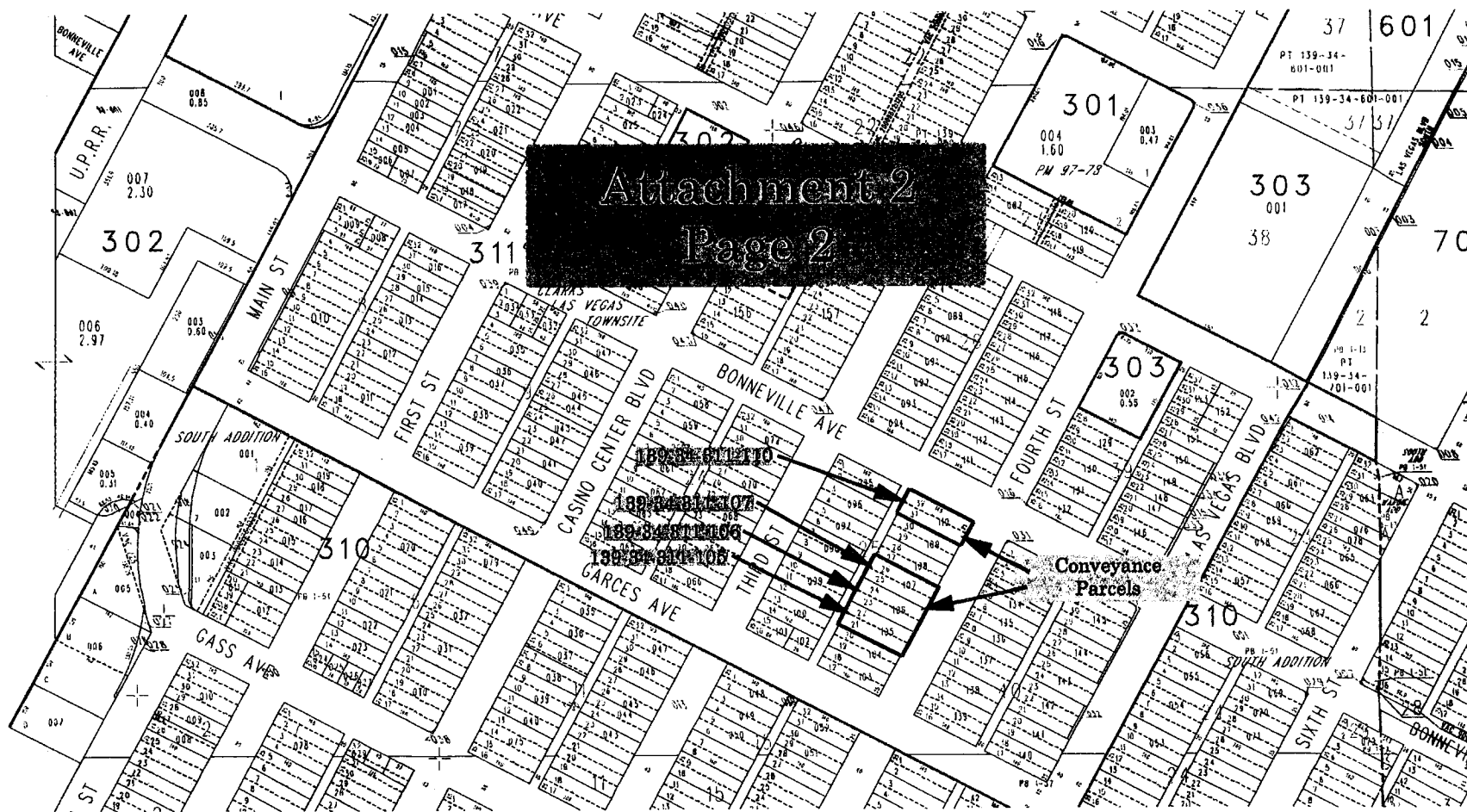
EXPLANATION: Legal Description for the **Parking Garage Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 1 through 16 inclusive, Block 25 of the Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 55,976 sq. ft. more or less.

"The above described parcels of land represents a portion of File 1, Page 37 of Plats and is not intended for inclusion in a document conveying fee ownership. To do so is a violation of state law and or local ordinance."

NOTES This map is for assessment use only and does NOT represent a survey. No liability is assumed for the accuracy of the data delineated herein. Information on roads and other non-assessed parcels may be obtained from the Road Document Listing in the Assessor's Office. This map is compiled from official records, including surveys and deeds, but only contains the information required for assessment. See the recorded documents for more detailed legal information. USE THIS SCALE (FEET) WHEN MAP REDUCED FROM THIS ORIGINAL	MAP LEGEND <ul style="list-style-type: none"> ----- PARCEL BOUNDARY ----- SUBD BOUNDARY ----- ROAD EASEMENT ----- PM/LD BOUNDARY ----- NON-PARCEL LOT LINE ----- MATCH LINE / LEADER LINE ----- ROAD ID NUMBER 	AVERAGE QA VALUE 35	ASSESSOR'S PARCELS - CLARK CO., NV. M. W. Schofield, Assessor		T20S R61E	34	N 2 SW 4	139-34-3
		001 PARCEL NUMBER	1.00 ACREAGE	R60E, R61E, R62E	125 124 123	8 4 8 4	5 1 5 1	6 2 6 2
		202 PARCEL SUB/SEQ NUMBER	PM 23-25 PLAT RECORDING NUMBER	120S, 120E, 120W	138 139 140	7 8 7 8	6 2 6 2	7 3 7 3
		5 BLOCK NUMBER	5 LOT NUMBER	121S, 121E, 121W	163 162 161	5 1 5 1	8 4 8 4	8 4 8 4
CL5 GOV. LOT NUMBER	CL5 GOV. LOT NUMBER	Scale: 1"=200'		Rev: 09/17/02				



TAX DIST 203

NOTES

This map is for assessment use only and does NOT represent a survey. No liability is assumed for the accuracy of the data delineated herein. Information on roads and other non-assessed parcels may be obtained from the Road Document Listing in the Assessor's Office.

This map is compiled from official records, including surveys and deeds, but only contains the information required for assessment. See the recorded documents for more detailed legal information.

USE THIS SCALE (FEET) WHEN MAP REDUCED FROM 1:100' ORIGINAL

0 50 100 200 400 600 800

MAP LEGEND

—	PARCEL BOUNDARY	0.01	PARCEL NUMBER	001
- - -	SUBD BOUNDARY	1.00	ACREAGE	202
- · - · -	ROAD EASEMENT	PB 75-45	PARCEL SUB/SEQ NUMBER	5
- · - · -	PM/LD BOUNDARY	5	PLAT RECORDING NUMBER	5
- · - · -	NON-PARCEL LOT LINE	5	BLOCK NUMBER	5
- · - · -	MATCH LINE / LEADER LINE	5	LOT NUMBER	5
---	ROAD ID NUMBER	CL5	CDV. LDT NUMBER	5

ASSESSOR'S PARCELS - CLARK CO., NV.
M. W. Schofield, Assessor

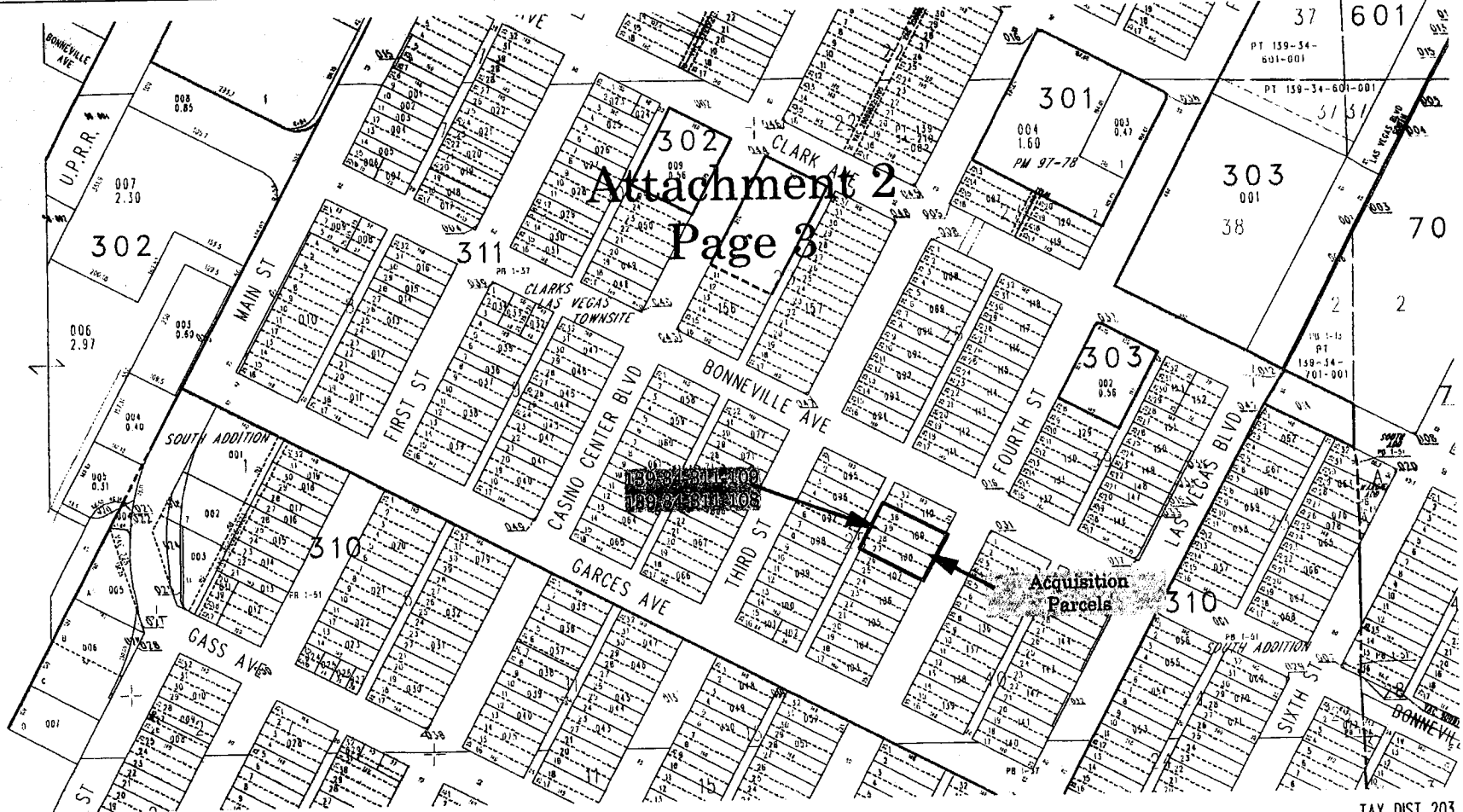
T20S R61E 34 N 2 SW 4 139-34-3

R60E	R61E	R62E
125	124	123
138	139	140
121S	162	161

6	5	4	3	2	1
7	8	9	10	11	12
13	14	15	16	17	18
19	20	21	22	23	24
25	26	27	28	29	30
31	32	33	34	35	36

8	4	8	4
5	1	5	1
6	2	6	2
7	3	7	3
8	4	8	4
5	1	5	1

Scale: 1"=200' Rev: 09/17/02



TAX DIST 203

OWNER PARTICIPATION AGREEMENT
ATTACHMENT 3
Schedule of Performance

		Duration in Calendar Days	Early Start	Late Start	Early Finish	Late Finish	
GSA PROPOSAL & BID	Submit GSA SFO Proposal	1	08/09/02				
	Amendment 1	1					
	Amendment 2	1	09/06/02				
	Amendment 3	1	10/10/02				
	Amendment 4	1	10/22/02				
	Best and Final Offer Due	1	11/15/02		11/15/02		
	GSA Review and Award of Lease	12	11/15/02		11/27/02		
	TOTAL CONSTRUCTION TIME - IRS	240	07/01/03	01/03/04	02/26/04	08/30/04	
	DESIGN	Conceptual Design	60	06/09/02		08/09/02	
		Conceptual Revisions	90	08/09/02		11/15/02	
Core & Shell Design Development Drawings		14	12/02/02		12/13/02		
Core & Shell Contract Documents		70	12/16/02		01/24/03		
Tenant Improvement Design Development Drawings - IRS		180 - 365	12/02/02	12/02/02	05/31/03	12/02/03	
IRS National Employees Union Approval		30	06/01/03	12/03/03	07/01/03	01/03/04	
Tenant Improvement Contract Documents		60	07/02/03	01/03/04	08/31/03	03/03/04	
ENTITLEMENT		Boundary & Topo	10	01/06/03		01/17/03	
		Site Development Plan Review	10	01/20/03		01/31/03	
		Pre-Application Conference	1	02/07/03		02/07/03	
	Planning Commission	1	02/18/03		02/18/03		
	City Council	1	04/03/03		04/03/03		
	Traffic Study - Prepare & Process	65	05/01/03		07/29/03		
	Hydrology Study - Prepare & Process	65	05/01/03		07/29/03		
	Improvement Drawings - Prepare & Process	108	05/27/03		11/28/03		
	Reversionary Map - Prepare, Process & Record	69	05/01/03		08/05/03		
	PLAN CHECK & PERMIT	Core & Shell	21	01/25/03		02/15/03	
Tenant Improvements		21	07/02/03	01/04/04	07/23/03	01/25/04	
BID, AWARD & PURCHASE	Bid Demo & Site Work	21	10/30/03		11/20/03		
	Award & Purchase Demo & Site Work	7	11/21/03		11/28/03		
	Bid Core & Shell	30	01/25/03		02/24/03		
	Award & Purchase Core & Shell	14	02/25/03		03/11/03		
	Bid Tenant Improvements	30	07/02/03	01/04/04	08/01/03	02/03/04	
	Award & Purchase Tenant Improvements	14	08/01/03	02/03/04	08/15/03	02/17/04	
CONSTRUCTION - IRS BUILDING	Demo & Clear Site	21	11/29/03	08/18/03	12/20/03	09/08/03	
	Abatement	14	08/06/03	09/09/03	08/20/03	09/23/03	
	Grading & Site Work	28	11/06/02	09/24/03	12/04/02	10/22/03	
	Foundations & Underslab Utilities	28	02/05/03	10/23/03	03/05/03	11/20/03	
	Form & Pour Columns & Walls - First Level	21	04/07/03	11/21/03	04/28/03	12/12/03	
	Form & Pour Slab on Grade (SOG)	28	06/12/03	12/13/03	07/10/03	01/10/04	
	Shore & Form Structural Deck - Second Level	28	08/17/03	01/11/04	09/14/03	02/08/04	
	Form & Pour Columns & Walls - Second Level	7	11/16/03	02/09/04	08/08/03	02/16/04	
	Tenant Improvements	240	08/15/03	02/17/04	04/11/04	10/14/04	
	Shore & Form Structural Deck - Third Level	14	08/09/03	02/17/04	08/23/03	03/02/04	
	Form & Pour Columns & Walls - Third Level	7	08/24/03	03/03/04	08/31/03	03/10/04	
	Shore & Form Structural Deck - Fourth Level	14	09/01/03	03/11/04	09/15/03	03/25/04	
	Form & Pour Columns & Walls - Fourth Level	7	09/16/03	03/26/04	09/23/03	04/02/04	
	Form & Pour Roof Deck	14	09/24/03	04/03/04	10/08/03	04/17/04	
	Mechanical Penthouse	42	10/09/03	04/18/04	11/20/03	05/30/04	
	Roof	14	11/21/03	05/31/04	12/05/03	06/14/04	
	Energize Building	7	12/06/03	06/15/04	12/13/03	06/22/04	
	Elevator	42	12/14/03	06/23/04	01/25/04	08/04/04	
	Core & Shell Finishes & Occupancy	180	09/24/03	04/03/04	03/22/04	09/30/04	
	CLV PARKING GARAGE	Bridging Documents to City Council	1	11/05/02		11/05/02	
KGA - Prepare RFP Documents & Zoning Submittal		90	11/06/02		02/04/03		
CLV - OBD Receive Proposals & Zoning Approval		60	02/05/03		04/06/03		
Prepare Short List of Finalists		65	04/07/03		06/11/03		
Award Design Build Contract & Notice to Proceed		65	06/12/03		08/16/03		
Prepare Parking Garage DD's & CD's		90	08/17/03		11/15/03		
Parking Garage Review & Permit		60	11/16/03		01/15/04		
Parking Garage Construction		275 - 365	01/16/04	01/16/04	10/17/04	01/15/05	
Occupancy of Parking Garage		30	10/18/04	01/16/05	11/17/04	02/15/05	

ATTACHMENT No. 4

SCOPE OF DEVELOPMENT

PH GSA, LLC has designed an aesthetically pleasing building that will serve the needs of the Internal Revenue Service and its employees for the next several decades. The building we have designed is approximately 89,000 gross square feet and 85,215 ANSI/BOMA Leaseable square feet. The building will be constructed of poured in place concrete with aggregate integral-color panels incorporating bright aluminum columns and colored glass creating a handsome and distinctive exterior façade befitting a U.S. government facility. All equipment on the roof of the building will be screened utilizing an EFIS parapet wall further providing for a clean look to the exterior lines of the building.

Additionally, much attention was paid to designing a low-maintenance and energy efficient building while still providing for timeless, distinctive architecture. The building will be highly insulated through the use of the aggregate concrete panels for the curtain wall and utilize low-e insulated glass (double pane) to reduce energy consumption. The use of durable yet attractive materials such as polished aluminum, concrete, marble and stone in the construction and finishes will help ensure maintenance costs are kept to a minimum throughout the lease term.

With the security of U.S. government facilities and employees within those facilities a national concern, we have incorporated a number of security elements in our design to enhance the safety and personal security of Internal Revenue Service employees and visitors. First and foremost, ample parking will be provided for immediately adjacent to the building structure through the construction of a new 1,720 car, City-owned parking garage. The walkways leading to and from the garage as well as the garage itself will be well lit and easily accessible to the building. Second, our design incorporates the use of a reinforced concrete walls and bollards as well as functional but decorative wrought iron and concrete decorative walls surrounding all sides of the building. The desert themed landscape design is mostly made up of trees that form an elevated canopy, creating shady areas within the project while minimizing low bushes and shrubs. This landscape design will provide a clear view of the building while minimizing water use and lowering maintenance costs. We anticipate our design will also incorporate recycling mechanisms for tenant generated waste materials from paper and plastic to glass and aluminum.

ATTACHMENT NO. 5
FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Office District Parking I, Inc.
400 Las Vegas Boulevard South
Las Vegas NV 89101

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

OFFICE DISTRICT PARKING I, INC., a Nevada not-for-profit corporation (herein called "Grantor"), acting to carry out the Redevelopment Plan (herein called "Redevelopment Plan") for the Downtown Las Vegas Redevelopment Area, under the Community Redevelopment Law of the State of Nevada, hereby grants to PH GSA LLC, a Nevada limited liability company (herein called "Grantee"), the real property (the "Conveyance Parcel") legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference.

1. The Conveyance Parcel is conveyed subject to the Redevelopment Plan and pursuant to a Disposition and Development Agreement (the "DDA") entered into by and between the Grantor and the Grantee and dated _____ 2002. The Conveyance Parcel is also conveyed subject to those easements of record and other title exceptions listed on Exhibit B, attached hereto and incorporated herein by this reference.

2. The Conveyance Parcel forms part of a larger parcel owned by Grantee which larger parcel is described on Exhibit "C" attached hereto and incorporated by this reference (the "Site"). The Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, the Grantee shall not use the Site for other than the uses specified in the Redevelopment Plan.

3. Prior to the issuance of a Certificate of Occupancy by the City of Las Vegas as provided in Section 3.05 of the DDA, the Grantee shall not, except as permitted by the DDA, sell, transfer, convey, assign or lease the whole or any part of the Site without the prior written approval of the Grantor. This prohibition shall not apply subsequent to the issuance of the Certificate of Occupancy with respect to the improvements upon the Site. This prohibition shall not be deemed to prevent the granting of security interests permitted by the DDA, easements or permits to facilitate the development of the Site or to prohibit or restrict the leasing of any part or parts of a building when said improvements are completed.

4. The Grantor shall have the right, at its option, to purchase, enter and take possession of the Site hereby conveyed, or such portion thereof, with all improvements,

thereon, if, after conveyance of title and prior to issuance of the Certificate of Occupancy of construction upon the Site, the Grantee or successor in interest shall:

- a. Fail to proceed with the construction of the improvements as required by the DDA for a period of ninety (90) days after written notice thereof from the Grantor; or
- b. Abandons or substantially suspends construction of the improvements for a period of ninety (90) days after written notice of such abandonment or suspension from the Grantor; or
- c. Transfer, or suffer any involuntary transfer of, the Site or any part thereof in violation of the DDA or this Grant Deed.

The right to purchase, enter and take possession shall be exercised, if at all, only by giving written notice of exercise no later than the times set forth herein.

The term of this right shall commence on the ninety-first (91st) day following the date of the written notice of failure to proceed with or abandonment of construction, as set forth above or the date Grantor becomes aware of such transfer or such involuntary transfer (the "Effective Date"), unless, in the event of an occurrence under either paragraph a. or b. above, the Grantee commences or resumes construction as required by the DDA and proceeds diligently and continuously with such construction to completion, within the ninety (90) day cure period, and the term of this right shall expire six (6) months after the Effective Date. The Grantor may rescind its election to exercise its right to purchase, enter and take possession of the Site by written notice to the Grantee at any time prior to expiration of such right.

To exercise its right to purchase, enter and take possession of the Site, the Grantor shall pay to the Grantee in cash an amount equal to:

- a. The cash portion of any purchase price for the Site paid by the Grantee; plus
- b. The costs actually incurred by the Grantee for on-site labor and materials for the construction of the improvements existing on the Site at the time of the purchase, reentry and repossession, exclusive of amounts financed; less
- c. Any gains or income withdrawn or made by the Grantee from the Site or the improvements thereon; and less
- d. The amount of liens on the Site, and any unpaid assessments against the Site.

As a condition to Grantor's exercise of the right to purchase, enter and take possession of the Site, Grantor must either assume or pay any liens or unpaid assessments on the Site.

Such right to purchase, enter and take possession shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

- a. Any mortgage, deed of trust or other security instrument permitted by the DDA; or

- b. Any rights or interests provided in the DDA for the protection of the holder of such mortgages, deeds of trust or other security instruments.

5. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the DDA, provided, however, that any successor of Grantee to the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

6. Except as otherwise provided, the covenants contained in paragraph 2 of this Grant Deed shall remain in effect until March 5, 2026 (the termination date of the Redevelopment Plan). The covenants contained in paragraphs 3 and 4 shall remain in effect until issuance of a Certificate of Occupancy pursuant to Section 3.05 of the DDA.

7. The covenants contained in paragraphs 2, 3 and 4 of this Grant Deed shall be binding for the benefit of the Grantor, its successors and assigns, the City of Las Vegas and any successor in interest to the Site or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor and such aforementioned parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and such aforementioned parties.

8. In the event of any express conflict between this Grant Deed or the DDA, the provisions of this Grant Deed shall control.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized this ____ day of _____, 200__.

_____ 200_

OFFICE DISTRICT PARKING I, INC.,

a Nevada corporation

By: _____

PRESIDENT

“GRANTOR”

APPROVED:

Counsel for Grantor

The provisions of this Grant Deed are hereby approved and accepted.

_____ 200_

PH GSA LLC, a Nevada
limited liability company

By: PH LLC, a Nevada
Limited liability company

By: _____

Title: _____

“GRANTEE”

Acknowledgments

EXHIBIT A

LEGAL DESCRIPTION OF THE CONVEYANCE PARCEL

Being Lots 21 through 26 inclusive, 31 and 32, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 27,991 sq. ft. more or less.

ATTACHMENT NO. 5

EXHIBIT B
SCHEDULE OF TITLE EXCEPTIONS

EXHIBIT C
LEGAL DESCRIPTION OF THE SITE

Being Lots 21 through 32 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 41,986 sq. ft. more or less.

ATTACHMENT NO. 6

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

\$2,000,000

_____ 200_

Las Vegas, Nevada

FOR VALUE RECEIVED, the undersigned, PH GSA LLC, a Nevada limited liability company (the "Developer"), hereby promises to pay to OFFICE DISTRICT PARKING I, INC., a Nevada corporation (the "ODP") at 400 Stewart Boulevard, Las Vegas, Nevada 89101 a principal sum not to exceed Two Million Dollars (\$2,000,000). Interest shall accrue on this Promissory Note (the "Note") as set forth in Section H below. The Principal shall be payable in lawful money of the United States of America. The place of payment may be changed from time to time as ODP or any permitted assignee thereof may designate in writing.

A. Disposition and Development Agreement

This Note is made and delivered pursuant to and in implementation of that certain Disposition and Development Agreement by and between ODP and the Developer dated _____, 200_ (the "DDA"). The DDA is entered into to effectuate the Redevelopment Plan for the Downtown Las Vegas Redevelopment Area (the "Redevelopment Area") by providing for the redevelopment of certain real property (the "Site") included within the boundaries of the Redevelopment Area. Except as otherwise specifically set forth herein, capitalized terms in this Note shall have the meaning ascribed to those terms in the DDA.

B. Repayment

As used herein, the following terms have the meanings set forth below.

1. "Deferred Consideration" means the lesser of (i) \$2,000,000 and (ii) the sum of \$1,200,000 plus fifty percent (50%) of any funds in the Excess Cash Fund in excess of \$1,200,000.
2. "Excess Cash Fund" means the total amount of the Annual Excess Cash generated by the Project (as defined in the DDA) during the Excess Calculation Period and all earnings thereon.
3. "Annual Excess Cash" means the annual excess, if any, of Net Operating Income over the Developer's Preferred Return during the Excess Calculation Period.
4. "Net Operating Income" shall mean for each Operating Year the Gross Income less Operating Expenses less Debt Service.
5. "Gross Income" shall have the same meaning as set forth in the DDA.
6. "Operating Expenses" shall have the same meaning as set forth in the DDA.

7. "Debt Service" means the amount of any regularly scheduled payments of principal and/or interest paid by Developer on any Project Debt (hereinafter defined) during any Operating Year.

8. "Project Debt" means either of the (i) the construction loan to finance the construction of the Project (as defined in the DDA) or (ii) the permanent financing on the Project or any refinancing thereof. Any prepayments of principal or interest by Developer shall not be included in Debt Service paid in any Operating Year. The debt service paid by the Developer on any secondary financing shall not be included in Debt Service.

9. "Developer's Preferred Return" means, for each Operating Year, the cumulative total of an amount calculated on a daily, noncompounded basis equal to .00046575% of Developer's Equity (as defined below). In the event the full Developer's Preferred Return is not paid in any Operating Year, the unpaid amount shall not accumulate and shall not be carried forward to succeeding Operating Years.

10. "Developer's Equity" means an amount calculated on a daily basis equal to the sum of (i) the amount by which the Project Costs exceed the amount of either of the following which is in place at the time of determination: (x) the principal amount of any construction financing against the Developer Parcel still in place at the commencement of the first Operating Year and (y) the original principal amount of the permanent financing placed on the Developer Parcel plus (ii) the Construction Return (hereinafter defined). Developer's Equity shall not be increased by the amount of any principal reduction in the original amount of the permanent financing.

11. "Project Costs" shall mean (i) the actual final costs of those line items shown on the Construction Budget (as defined in the DDA) attached to the DDA as Attachment No. 12 and (ii) the costs of repairs or capital improvements incurred after issuance of a Certificate of Completion (as defined in the DDA) to refurbish or remodel improvements, but only to the extent such repairs or capital improvements incurred after issuance of a Certificate of Completion exceed the Capital Reserve and are not included as an Operating Expense. Following issuance of a Certificate of Completion, Developer shall submit to ODP a sworn affidavit of the final actual Project Costs along with such supporting documentation as requested by ODP and the Developer and ODP shall execute a joint memorandum detailing Project Costs and identifying the total of Project Costs incurred to date. At the end of each Operating Year, ODP and the Developer shall execute an additional joint memorandum identifying Project Costs for that Operating Year, if any.

12. "Operating Year" means a period of twelve (12) consecutive calendar months commencing upon the first day of the calendar month in which the obligation of the GSA to pay rent under the IRS Lease commences and each twelve consecutive calendar month thereafter.

13. "Excess Calculation Period" means that period commencing on the date the term of the IRS Lease commences and terminating on the original expiration date of the IRS Lease.

14. "Lender's Reserve" means the amount, if any, that any Project Lender requires that the Developer deposit with the Project Lender as a reserve to pay for future costs related to the operation and maintenance of the Project such as repairs, replacements or costs related to releasing the Project upon termination of the IRS Lease.

15. "Project Lender" means (i) the construction lender for the Project which is secured by a first deed of trust or other mortgage on the Project and (ii) the permanent lender for the Project which is secured by a first deed of trust or other mortgage on the Project. No secondary lenders shall be included in the definition of Project Lender.

16. "Construction Return" means the cumulative total of a daily, noncompounded return, commencing on the commencement of construction of the Project through the date of the issuance of the Certificate of Completion, of .00046575% times the sum of (i) the daily outstanding amount of the total, actual costs of the line items shown on the Construction Budget minus (ii) the daily outstanding balance of the Developer's construction loan.

Developer agrees to pay the Deferred Consideration as follows:

1. If the term of the IRS Lease is extended by the GSA (as defined in the DDA) at anytime beyond its original term and on any terms and conditions whatsoever (including, without limitation, having an occupant other than the IRS), then the Deferred Consideration shall be paid to ODP no later than thirty (30) days after the end of the original term of the IRS Lease.

2. If the GSA does not renew the IRS Lease, then the Excess Cash Fund can be used to pay for Tenant Concessions (as defined in the DDA) as permitted by the Deed of Trust (hereinafter defined) and the DDA. The Developer agrees that the Developer will have a period of thirty-six months after the expiration of the IRS Lease to use the funds in the Excess Cash for the payment of Tenant Concessions. At the end of such thirty-six month period, all funds remaining in the Excess Cash Fund, if any, will be paid to ODP in payment of the Deferred Consideration.

The Developer's obligation to pay the Deferred Consideration or any other amounts due under this Note is limited to the amount of funds in the Excess Cash Fund and in the event the amount of funds in the Excess Cash Fund is not sufficient to pay the Deferred Consideration at the end of the Excess Cash Calculation Period, the Developer shall have no liability to contribute any funds in payment of the Deferred Consideration, including any amounts distributed to the Developer as part of the Developer's Preferred Return.

C. Transferability

This Note may not be transferred or assumed without the prior written consent of ODP, provided that this Note may be transferred in connection with a transfer of the Project permitted by the DDA..

D. Prepayment

The Developer shall have the right to prepay the Deferred Consideration at anytime by payment to ODP of the Prepayment Amount (hereinafter defined). "Prepayment Amount" means the greater of (i) the discounted present value of \$1,200,000 or (ii) the discounted present value of the estimated (in accordance with generally accepted accounting principles) final amount of the Excess Cash Fund based on the assumption that the GSA renews the IRS Lease. The discounted present value of either amount shall be determined by discounting the respective amount from the original date of expiration of the IRS Lease to the date of prepayment at the then discount rate announced by the Federal Reserve Bank of the United States.

E. Deed of Trust and Security Agreement

This Note shall be secured by (i) a deed of trust (the "Deed of Trust") of even date herewith recorded against the Site and (ii) Security Agreement and Account Control Agreement of even date herewith (the "Security Agreement").

F. Legal Actions; Attorneys' Fees and Costs

Developer agrees to pay the following costs, expenses and attorneys' fees paid or incurred by ODP after default by Developer and adjudication by a court: (1) reasonable costs of collection, costs and expenses, and attorneys' fees paid or incurred in connection with the collection, enforcement or foreclosure sale of any security for this Note, or of any covenant of this Note or such security, whether or not suit is filed (including costs for services or advice of one or more attorneys with regard to collection of this Note against Developer, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, the DDA, the Security Agreement or other loan document); (2) costs of suit and such sums the court may adjudge as attorneys' fees in any action to enforce payment of this Note or any part of it; (3) costs of suit and such sums as the court may adjudge as attorneys' fees in any other litigation or controversy connected with the enforcement of this Note or the security for it including, but not limited to, actions for declaratory relief that ODP is required to prosecute or defend and actions for relief based on rescission, or actions to cancel this Note that ODP is required to defend; and (4) ODP costs incurred in seeking to have the Site abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting the enforcement of the Deed of Trust, the Security Agreement or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

G. Defaults

The occurrence of any of the following shall constitute an event of default under this Note: (i) the Developer fails to pay any amount due hereunder on its due date which remains uncured after fifteen (15) days after written notice from ODP; or (ii) any default by Developer under the Deed of Trust or Security Agreement or (iii) sale or transfer of the Site or any portion thereof in violation of the Deed of Trust or Security Agreement or the DDA. Upon the occurrence of any event of default and expiration of any applicable cure period, or at any time thereafter, at the option of ODP and without notice, the entire unpaid principal and interest owing on this Note shall become immediately due and

payable up to but not to exceed the Prepayment Amount set forth in Paragraph D above. This option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of ODP's option. ODP's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. ODP's failure in the exercise of any other right or remedy hereunder or under any agreement that secures the indebtedness or is related thereto shall not affect any right or remedy, and no single or partial exercise of any right or remedy shall preclude any further exercise thereof.

H. Interest

Any amounts not paid when due hereunder shall bear interest at the rate of shall bear interest at the rate of (i) fifteen percent (15%) per annum, or (ii) the Prime Rate plus five (5) percentage points per annum, whichever is greater, from the due date of such amount. If the interest rate specified in this Note is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law. The term "Prime Rate" means that rate of interest publicly announced from time to time by the Bank of America, N.A. as its prime lending rate of interest.

I. Waiver of Presentment

Developer and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

J. Notices

Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested, at the address stated in the DDA or at such address as either party may designate by written notice.

K. This Note shall be binding upon Developer, its successors and its assigns.

L. This Note shall be construed in accordance with and be governed by the laws of the State of Nevada.

M. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

PH GSA, LLC, a Nevada limited liability company

By: PH LLC, a Nevada limited liability company

By: _____

Title: _____

ATTACHMENT NO. 7

SECURITY AGREEMENT
AND
ACCOUNT CONTROL AGREEMENT

_____, 200_

Account No. _____ (the "Account")

OFFICE DISTRICT PARKING I, INC., a Nevada non-profit corporation, having an address at 400 Stewart Boulevard, Las Vegas, Nevada ("Secured Creditor"); PH GSA LLC, a Nevada limited liability company, having an address at 3111 South Maryland Parkway, Las Vegas, Nevada 89109 ("Debtor"); and _____, having an address at _____ ("Bank"), hereby agree as follows:

RECITALS

A. Secured Creditor and Debtor are parties to that certain Disposition and Development Agreement dated _____, 2002 regarding the acquisition and development of certain property located within the City of Las Vegas for use as an office building (the "DDA"). The DDA requires the creation of a deposit account for the deposit of "Annual Excess Cash" and the resulting creation of an "Excess Cash Fund" (both as defined in the DDA). As a result, an account has been established in the name of Debtor with a designation of account number _____ with Bank (the "Account").

B. Pursuant to the DDA, Debtor has delivered to Secured Creditor a Promissory Note of even date herewith in the principal sum not to exceed Two Million Dollars (\$2,000,000) (the "Note"). The DDA requires that the Note be secured by a security agreement and that a security interest in the Account and the Excess Cash Fund be perfected in accordance with Chapter 104 of the Nevada Revised Statutes.

C. Secured Creditor, Debtor and Bank desire to enter into this Agreement to grant control of the Account to secured party to in order to perfect secured parties' security interest in the account.

TERMS

Section 1. The Account. Bank hereby represents and warrants to Secured Creditor and Debtor that (a) the Account has been established in the name of Debtor as recited above, and (b) except for the claims and interest of Secured Creditor and Debtor in the Account (subject to any claim in favor of Bank permitted under Section 2), Bank does not know of any claim to or interest in

the Account. All parties agree that the Account is a "deposit account" within the meaning of Article 9 of the Uniform Commercial Code of the State of Nevada (the "UCC").

Section 2. Grant of Security Interest. Debtor hereby grants Secured Creditor, pursuant to the UCC, a present and continuing security interest in and to the Account and the Excess Cash Fund, together with all additions to, substitutions for, proceeds of, changes in or replacements of the whole or any part of such personal property and this instrument shall constitute a security agreement with respect thereto.

Section 3. Priority of Lien. Bank hereby acknowledges the security interest granted to Secured Creditor by Debtor. Bank hereby confirms that the Account is a cash account. Bank hereby subordinates all liens, encumbrances, claims and rights of setoff it may have, now or in the future, against the Account or any property carried in the Account other than in connection with activities in which Debtor is permitted to engage hereunder, including the payment of Bank's customary fees and other charges pursuant to its agreement with Debtor. Bank will not agree with any third party that Bank will comply with orders concerning the Account originated by such third party without the prior written consent of Secured Creditor and Debtor.

Section 4. Control. Bank will comply with all orders originated by Secured Creditor concerning the Account without further consent by Debtor. Except as otherwise provided in Section 5 below, Bank shall also comply with all orders and other instructions concerning the Account originated by Debtor, or Debtor's authorized representatives, until such time as Secured Creditor delivers a written notice to Bank that Secured Creditor is thereby exercising exclusive control over the Account. Such notice is referred to herein as the "Notice of Exclusive Control." Until Bank receives a Notice of Exclusive Control, Bank may distribute the funds in the Account to Debtor. After Bank receives a Notice of Exclusive Control and has had a reasonable opportunity to comply, it will cease complying with orders or other instructions concerning the Account originated by Debtor or its representatives and cease distributing any funds in the Account to Debtor. Bank shall be entitled to rely upon any order or Notice of Exclusive Control that it reasonably believes to be from Secured Creditor. Until it receives a Notice of Exclusive Control, Bank shall be entitled to continue to act on such instructions from Debtor as are delivered in form satisfactory to Bank. Unless withdrawn by Secured Creditor, Debtor and Secured Creditor agree this Agreement shall constitute a Notice of Exclusive Control.

Section 5. Statements, Confirmations and Notices of Adverse Claims. Bank will send copies of all statements and confirmations concerning the Account to each of Debtor and Secured Creditor at the address set forth in the heading of this Agreement. Upon receipt of written notice of any lien, encumbrance or adverse claim against the Account or in any financial asset carried therein, Bank will make reasonable efforts promptly to notify Secured Creditor and Debtor thereof.

Section 6. Limited Responsibility of Bank. Except for permitting a withdrawal or payment in violation of Sections 4, Bank shall have no responsibility or liability to Secured Creditor for complying with orders concerning the Account from Debtor or Debtor's authorized representatives which are received by Bank before Bank receives a Notice of Exclusive Control and has had reasonable opportunity to act on it. Bank shall have no responsibility or liability to Debtor for complying with a Notice of Exclusive Control or complying with orders concerning the Account originated by Secured Creditor, and shall have no responsibility to investigate the appropriateness of any such order or Notice of Exclusive Control, even if Debtor notifies Bank that Secured Creditor is not legally entitled to originate any such order or Notice of Exclusive Control, unless (a) Bank has been served with an injunction, restraining order or other legal process issued by a court of competent jurisdiction (a "Court Order") enjoining it from complying and has had a reasonable opportunity to act on such Court Order, or (b) Bank acts in collusion with Secured Creditor in violating Debtor's rights. Bank shall have no responsibility or liability to Secured Creditor with respect to the value of the Account or any asset held therein. This Agreement does not create any obligation or duty of Bank other than those expressly set forth herein.

Section 7. Indemnification of Bank. Debtor and Secured Creditor hereby agree to indemnify and hold harmless Bank, its directors, officers, agents and employees against any and all claims, causes of action, liabilities, lawsuits, demands and damages, including without limitation, any and all court costs and reasonable attorney's fees, in any way related to or arising out of or in connection with this Agreement or any action taken or not taken pursuant hereto, except to the extent caused by Bank's gross negligence or willful misconduct.

Section 8. Customer Agreement. In the event of a conflict between this Agreement and any other agreement between Bank and the Debtor, the terms of this Agreement will prevail; provided, however, that this Agreement shall not alter or affect any mandatory arbitration provision currently in effect between Bank and Debtor pursuant to a separate agreement.

Section 9. Termination. This Agreement shall continue in effect until Secured Creditor has notified Bank in writing that this Agreement, or its security interest in the Account, is terminated. Upon receipt of such notice, the obligations of Bank under Sections 3, 4, and 5 above with respect to the operation and maintenance of the Account after the receipt of such notice shall terminate, Secured Creditor shall have no further right to originate orders concerning the Account, and any previous Notice of Exclusive Control delivered by Secured Creditor shall be deemed to be of no further force and effect.

Section 10. Complete Agreement. This Agreement and the instructions and notices required or permitted to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject matter hereof, and, subject to Section 8 above supersede any prior agreement and contemporaneous oral agreements of the parties concerning its subject matter.

Section 11. Amendments. No amendment, modification or termination of this Agreement, nor any assignment of any rights hereunder (except to the extent contemplated under Section 13 below), shall be binding on any party hereto unless it is in writing and is signed by each of the parties hereto, and any attempt to so amend, modify, terminate or assign except pursuant to such a writing shall be null and void. No waiver of any rights hereunder shall be binding on any party hereto unless such waiver is in writing and signed by the party against whom enforcement is sought.

Section 12. Severability. If any term or provision set forth in this Agreement shall be invalid or unenforceable, the remainder of this Agreement, other than those provisions held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.

Section 13. Successors. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective corporate successors or heirs and personal representatives. This Agreement may be assigned by Secured Creditor to any successor of Secured Creditor under its security agreement with Debtor, provided that written notice thereof is given by Secured Creditor to Bank.

Section 14. Notices. Except as otherwise expressly provided herein, any notice, order, instruction, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by telecopy or other electronic means and electronic confirmation of error-free receipt is received or upon receipt of notice sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth next to such party's name at the heading of this Agreement. Any party may change its address for notices in the manner set forth above.

Section 15. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

Section 16. Choice of Law. Regardless of any provision in any other agreement relating to the Account, the parties hereto agree that, subject to Section 8 of this Agreement, the establishment and maintenance of the Account, and all interests, duties and obligations with respect to the Account, shall be governed by the law of the State of Nevada.

Section 17. Fees and Investment Instructions. Any fees or costs associated with the Account shall be the responsibility of Debtor. Any investment of the funds in the Account shall occur only upon mutual instruction of Secured Creditor and Debtor.

ATTACHMENT NO. 7

EXECUTED as of the date first written above.

SECURED CREDITOR

By: _____
Its: _____

STATE OF)
) ss.
COUNTY OF)

This instrument was acknowledged before me on _____, 2002 by
_____ as _____ of _____.

NOTARY PUBLIC
My Commission Expires _____

DEBTOR

By: _____
Its: _____

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

This instrument was acknowledged before me on _____, 2002 by
_____ as _____ of _____.

NOTARY PUBLIC
My Commission Expires _____

ATTACHMENT NO. 8

PARKING GARAGE LEASE AGREEMENT

THIS PARKING GARAGE LEASE AGREEMENT (the "Lease") is entered into by and between Office District Parking I, Inc., a Nevada corporation ("Landlord") and PH GSA LLC, a Nevada limited liability company ("Tenant").

RECITALS:

WHEREAS, Tenant anticipates to be the record owner of certain real property located in Clark County, Nevada (the "Building Owner Property"), as described more particularly on Exhibit A attached hereto on which Building Owner intends to construct an office building with approximately 85,000 gross square feet of space (the "Building")(the party (ies) who from time to time hold the record title to the fee simple estate in the Building Owner Property is, during such period of ownership only, hereinafter referred to as the "Building Owner");

WHEREAS, Landlord is the record owner of certain real property which is adjacent to Building Owner's Property and located in Clark County, Nevada (the "Landlord Property"), as described more particularly on Exhibit B attached hereto;

WHEREAS, Concurrently with the execution of this Lease, Tenant and Landlord have entered into that certain Disposition and Development Agreement of even date herewith (the "DDA") whereby Tenant will acquire from Landlord a portion of the Building Owner Property and Tenant agrees to construct the Building (the "DDA")

WHEREAS, Tenant is negotiating to enter into a lease of the Building to the General Service Administration of the United States ("GSA") for the occupancy of the Building by the Internal Revenue Service (the "IRS Lease").

WHEREAS, Pursuant to the DDA, Landlord has agreed to construct a parking garage on the Landlord Property (the "Garage") and to lease to the Building Owner, 300 spaces in the Garage for the exclusive use of the Building Owner and its tenants, subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, Tenant and Landlord hereby agree as follows:

1. Lease Of Parking Spaces to Tenant.

(a) Landlord hereby leases to the Tenant for the Lease Term (hereinafter defined), and the Tenant hereby leases from Landlord for the Lease Term, 300 spaces in

the Garage as identified on Exhibit C attached hereto (each a "Space") for the exclusive use of the Tenant and its tenants, and their customers and invitees as set forth in the Parking Management Plan (hereinafter defined). Thirty-five of the spaces shall be secured as set forth in the Parking Management Plan (the "Secured Spaces").

(b) Landlord agrees that in the event (i) the Building is ready for occupancy pursuant to the GSA Lease and (ii) the Garage is not sufficiently complete at that time in order to permit Tenant to have use of the Spaces in accordance with the Parking Management Plan, Landlord will provide at Landlord's sole cost and expense transportation for the occupants of the Building to and from the Building and alternative parking arrangements secured by Tenant until such time as the Garage is sufficiently complete in order to permit Tenant to have use of the Spaces in accordance with the Parking Management Plan. Although it is anticipated that Tenant will secure alternative parking at the Fremont Street parking garage, Tenant agrees that (i) ODP shall have no obligation to provide or secure such alternative parking arrangements and (ii) such alternative parking arrangements shall be secured at Tenant's sole cost and expense. The transportation provided by ODP shall be at the peak morning and evening times only and shall be in the form of trolley, bus, van or other vehicles as ODP may determine in ODP's sole discretion. If for any reason whatsoever, Landlord cannot deliver use of the Spaces to Tenant at the time the Building is ready for occupancy pursuant to the GSA Lease, this Lease will not be terminable, void or voidable, and Landlord will not be liable to Tenant for any resultant loss or damage whatsoever.

2. Rent.

(a) The Tenant hereby agrees to pay Landlord, as monthly rent for the Spaces (the "Parking Rent") in an amount equal to the Per Space Rate multiplied by the number of Spaces. The "Per Space Rate" initially shall be \$37.50 from the Rent Commencement Date (hereinafter defined) through the Rate Reevaluation Date. The "Rate Reevaluation Date" means (i) that date (the "Original Rate Reevaluation Date") which is the earlier (x) the date that the original term of the IRS Lease is to expire or (y) the date the IRS Lease is terminated if such termination is earlier than the original term of the IRS Lease and (ii) each two year anniversary of the Original Rate Reevaluation Date.

(b) Tenant acknowledges that it has the right under the IRS Lease to have an annual operational review of the Building with the GSA and to attempt to receive increases in the amounts payable under the IRS Lease for reimbursement for increases in operating expenses. Tenant acknowledges that as part of such annual operational review, Tenant has agreed to request an increase in the monthly parking fees to be paid by the GSA for the Spaces based on increases in the operating and maintenance costs of the Garage (the "Parking Rent Increase"). Tenant agrees to use its best efforts to obtain the agreement of the GSA during each of such annual operational reviews of the Building with the GSA to obtain the Parking Rent Increase. Tenant shall inform fully Landlord of its efforts to obtain the Parking Rent Increase and provide Landlord with all correspondence and documentation submitted in connection therewith. Landlord agrees

that Tenant does not guaranty that the GSA will agree to any Parking Rent Increase and shall not be liable in the event the GSA does not agree to the Parking Rent Increase.

(c) On each Rate Reevaluation Date, the "Per Space Rent" shall be revised, to equal the "per space market rate" then currently monthly rate for parking being charged in office buildings with parking garages in greater downtown Las Vegas, Nevada (excluding casino parking leases).

(d) (i) If by ninety (90) days prior to a Rate Reevaluation Date Landlord and Tenant are unable to agree upon the per space market rate for the Spaces, the per space market rate for the Spaces shall be determined by appraiser selected by Landlord and an appraiser selected by Tenant. Landlord and Tenant shall select their respective appraisers not later than eighty-five (85) days prior to the Rate Reevaluation Date.

(ii) If such appraisers are unable to agree upon the per space market rate for the Spaces within thirty (30) days of their appointment, then the per space market rate for the Spaces shall be determined by a third appraiser jointly selected by such appraisers within ten (10) days of the expiration of such thirty (30) day period or, if such appraisers are unable to agree upon the selection of a third appraiser, by the presiding judge of the District Court for Clark County upon the petition of either Landlord or Tenant. The third appraiser shall be an MAI appraiser.

(iii) Within ten (10) days of selection of the third appraiser, the appraiser for Landlord and the appraiser for Tenant shall submit to the third appraiser their written appraisals of the per space market rate for the Spaces. Within twenty (20) days of such submission the third appraiser shall determine the per space market rate for the Spaces by selecting the appraised fair market value submitted by either Landlord or Tenant which is nearest to the third appraiser's opinion of the going market rate for the Tenant Concessions. Upon such determination of the per space market rate for the Spaces, such determination shall be the Per Space Rent for the Spaces and the Parking Rent will be adjusted accordingly effective as of the Rate Reevaluation Date.

3. Commencement of Rent. Tenant shall pay the Parking Rent monthly in arrears commencing with the fourth full calendar month after Landlord receives the Certificate of Occupancy (hereinafter defined). The first payment of Parking Rent therefore shall be paid on the first day of the fifth full calendar month after Landlord receives the Certificate of Occupancy and Parking Rent shall thereafter be paid on the first day of each calendar month without offset, deduction or prior demand. In the event Landlord receives the Certificate of Occupancy on a day other than the first day of a calendar month, the first payment of Parking Rent shall include a pro rata amount of Parking Rent for the calendar month in which the Certificate of Occupancy is issued.

4. Lease Term.

(a) The Lease Term shall commence on the date first above written and terminate on the last day of the seven hundred eightieth (780th) full calendar month thereafter unless otherwise terminated as provided herein.

(b) Landlord shall have the right to terminate this Lease upon written notice to Tenant upon the occurrence of any of the following:

(i) Landlord exercises its right to terminate the DDA pursuant to Section 5.02 of the DDA;

(ii) Landlord exercises its right to acquire the Building Owner Parcel pursuant to Section 5.03 of the DDA; or

(iii) Landlord exercises its right to terminate the DDA pursuant to Section 5.04 of the DDA.

Upon such written notice, this Lease shall terminate and be of no further force and effect.

5. Construction of Garage.

(a) Landlord agrees to construct the Garage at its sole cost and expense. Landlord and Tenant agree that the Garage shall be construed substantially in accordance with the specifications set forth in Exhibit D attached hereto, including without limitation the requirements of Landlord for providing certain parking security requirements under the IRS Lease. Notwithstanding anything to the contrary contained herein, Tenant agrees to pay or reimburse Landlord the costs of any improvements or systems required by the GSA for the Secured Spaces in advance prior to the construction or installation of such improvements or systems. Any additional operating or maintenance costs incurred by Landlord in connection with the Secured Spaces shall be reimbursed by Tenant to Landlord within ten (10) days of Landlord's written demand.

(b) Attached hereto as Exhibit E is Landlord's estimated schedule for the construction and completion of the Garage. If for any reason whatsoever, Landlord cannot deliver use of the Spaces to Tenant on or before the estimated date of the completion of the Garage, this Lease will not be terminable, void or voidable, and Landlord will not be liable to Tenant for any resultant loss or damage whatsoever.

(c) As used in this Agreement, the term "Certificate of Occupancy" shall mean the Certificate issued by the City of Las Vegas, Nevada evidencing completion of the Garage and that the Garage is ready for use.

6. Garage Management Plan. Attached hereto as Exhibit F is a plan for the management of the Garage (the "Parking Management Plan") describing in detail the method of operating and maintaining the Garage, including, without limitation, locations

and means of access to the Garage, location and means of physically separating parking available for the general public from parking reserved for tenants of the Building, special security requirements for the IRS Lease, hours of operating, maintenance standards, validation and other garage operation and management issues. Landlord agrees to operate the Garage in compliance with (i) the Parking Management Plan at Landlord's sole cost and expense and (ii) all applicable laws, rules and regulations.

7. Late Rent. Tenant acknowledges that Tenant's failure to pay Parking Rent promptly may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Garage. Therefore, if Landlord does not receive any Parking Rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to five percent (5%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Parking Rent, the Parking Rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding Section 2(a) above. In addition any amount owed by Tenant to Landlord which is not paid when due shall bear interest at the rate of (i) fifteen percent (15%) per annum, or (ii) the Prime Rate plus five (5) percentage points per annum, whichever is greater, from the due date of such amount. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law. The term "Prime Rate" means that rate of interest publicly announced from time to time by the Bank of America, N.A. as its prime lending rate of interest.

8. Destruction of Garage. If the Garage is destroyed or damaged by any casualty Landlord, at its sole expense, shall immediately reconstruct or restore the Garage substantially to its original form. Any repairing or rebuilding of the Garage shall be on substantially the same location and of the same size or larger as the initial Garage; any repairing or rebuilding of the Garage shall be of the same material or similar material and of the same quality as that used in the original Garage, as applicable, unless otherwise agreed to in writing by the Tenant, provided however, in the event, the Building is destroyed and the Building Owner elects not to reconstruct the Building to a condition capable of occupancy, Landlord shall have no obligation to rebuild the Garage. Parking Rent shall abate for each Space that is not available for use by Tenant (and its subtenants) for such period of time as the same remain unavailable.

9. Right of Tenant to Sublease Spaces. Tenant shall have the right to sublease any of the Designated Spaces, without notice to Landlord, to any tenant of the Building on such terms as Tenant may desire. In the event Tenant receives any rent from any subtenant for spaces which is in excess of the Parking Rent due hereunder, Landlord shall have the right to receive one hundred percent (100%) of such excess. Except for the right

to sublet the Spaces to tenants of the Building, Tenant shall have no right to sublet the Spaces and any attempt to sublet the spaces shall be null and void and a default of this Lease.

10. Default.

(a) Except as specifically provided in Section 10(b) hereof, neither party shall be in default of this Lease unless the obligation to be performed remains uncured for a period of 30 days (or such longer period as may be required considering the nature of the default provided the defaulting party is diligently proceeding to cure) after receipt of written notice from the other party outlining the nature of the default and the requested cure. Both parties hereby waive any and all rights to terminate or rescind this Lease as a remedy for any default hereunder, except for a default arising from the non-payment of Parking Rent hereunder which remains uncured in accordance with the provisions of Section 10(b) hereof. In the event of any default hereunder (other than a default by Tenant arising from the non-payment of Parking Rent), the non-defaulting party's sole remedies shall be to either seek damages, an injunction or specific performance. Both parties hereby waive the right to seek consequential damages against the other.

(b) In the event Tenant shall fail to pay any installment of Parking Rent when due within ten (10) days after receipt of written notice from Landlord, subject to all procedural repossession requirements under Nevada law, Landlord may, in addition to any other remedies which it may have at law or in equity, terminate the Tenant's right to possession of the Spaces. In the event of such termination Landlord hereby agrees to use commercially reasonable efforts to mitigate its damages. Subject to Landlord's obligation to mitigate its damages, upon termination, Landlord shall have the right to recover from the Tenant damages determined as follows:

(i) The worth, at the time of the award of any unpaid Parking Rent that had been earned at the time of termination of the Tenant's right to possession of the Spaces; and

(ii) The worth, at the time of the award, of the amount by which (i) the unpaid Parking Rent payable after the date of termination of the Tenant's right to possession of the Spaces through the remainder of the Lease Term, exceeds (ii) the fair market value of the Spaces for such period as determined by multiplying the "per space market rate" determined by the valuation procedure set forth in Section 2(d) times the number of Spaces Landlord could lease at such rate using commercially reasonable efforts; and

(iii) the reasonable third party out-of-pocket collection expenses actually incurred by Landlord in the exercise of its remedies under this section 10(b), including reasonable attorneys' fees and court costs.

"The worth, at the time of the award," as referred to in subsections (1) and (2) of this Paragraph (b), is to be computed by discounting the amount of the award at the discount

rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

11. Assignment.

(a) Landlord shall not assign, sublease, or transfer its right or obligations under this Lease without the consent of Tenant first being obtained which consent shall not be unreasonably withheld; provided, however, Landlord shall have the right to assign its rights and obligations hereunder without the consent of Tenant to the City of Las Vegas, a subsidiary or agency of the City of Las Vegas, as a security interest in connection with any financing of the Garage or to a purchaser of the Garage, provided that (i) the transferee assumes all obligations of Landlord hereunder in writing, and (ii) the rights of the Tenant hereunder are superior to any security interest granted herein. As used in this Lease, the term "Landlord" means only the current owner or owners of the fee title to the Garage at the time in question. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or title. Any Landlord who transfers its title or interest is relieved of all liability with respect to the obligations of Landlord under this Lease to be performed on or after the date of transfer. In the event the Garage is pledged as security for any obligation prior to the recording date hereof, Landlord shall be obligated to obtain from all such superior lien holders, a non-disturbance agreement, whereby such lienholders agree to acknowledge and honor the rights of the Tenant hereunder in the event of a foreclosure of its security interest.

(b) The rights and obligations of the Tenant hereunder, may only be assigned to a Building Owner in connection with the transfer of fee title to the Building Property. Any other attempted assignment or transfer of all or part of Tenant's interest in this Lease shall be null and void and shall constitute a non-curable breach of this Lease.

12. Mortgagee Protection.

(a) For the purposes of this Section 12, and throughout this Lease, the term "Approved Encumbrance" shall mean a first mortgage on Tenant's interest in the Building, which shall be deemed to include a deed of trust and such other types of security instruments as are commonly given to secure construction and permanent financing and refinancing of improvements under the laws of the State of Nevada and the note or other credit instrument secured thereby. For the purposes of this Section 12, and throughout this Lease, the term "Approved Encumbrancer" shall mean the holder of record of any Approved Encumbrance including the trustee and beneficiary under a deed of trust, and the parties secured by any other security instrument.

(b) Tenant or the holder of the Approved Encumbrance shall promptly deliver to Landlord in the manner herein provided for the giving of notice to Landlord, a true copy of the Approved Encumbrance and of any assignment thereof, and shall notify Landlord of the address to which notices may be sent. If Landlord shall give any notice, demand, election or other communication (collectively, "Notifications") to Tenant

hereunder, Landlord shall at the same time give a copy of each such Message to each Approved Encumbrancer at the address theretofore designated by each Approved Encumbrancer. Copies of Notifications shall be sent by registered or certified mail, and shall be deemed given upon the earlier of actual receipt or seventy-two (72) hours after the date such copy is deposited in a United States Post Office with postage charges prepaid. No Message given by Landlord to Tenant shall be effective unless and until a copy of said Message shall be given to each Approved Encumbrancer pursuant to this Section 12. In the case of an assignment of the mortgage or change in address of the Approved Encumbrancer, the assignee or Approved Encumbrancer, by written notice to Landlord, may change the address to which copies of Notifications are to be sent. Landlord shall not be bound to recognize any assignment of the mortgage unless and until Landlord shall be given written notice of such assignment and the name and address of the assignee, and thereafter such assignee shall be deemed to be an "Approved Encumbrancer" under this Lease.

(c) From and after receiving notice of the existence of an Approved Encumbrance, Landlord and Tenant shall not mutually agree to cancel, surrender, modify or amend this Lease in any respect without the prior written consent of the Approved Encumbrancer.

(d) Each Approved Encumbrancer, after receiving notice in accordance with Section 12, will have forty-five (45) days more than is given Tenant after notice to it, to remedy any default or to cause the same to be remedied. In case Tenant shall default under any of the provisions of this Lease, each Approved Encumbrancer shall have the right to make good such default whether the same consists of the failure to pay rent or the failure to perform any other matter or thing which Tenant is hereby required to do or perform, and Landlord shall accept such performance on the part of the Approved Encumbrancer as though the same had been done or performed by Tenant.

(e) In the case of any default hereunder by Tenant, other than in the payment of money, Landlord will take no action to effect a termination of this Lease by reason of any such default without first giving to the Approved Encumbrancer a reasonable time within to institute foreclosure proceedings and complete such foreclosure, or otherwise acquire Tenant's interest under this Lease; provided, however, that the Approved Encumbrancer shall not be required to continue such foreclosure proceedings if the default which would have been the reason for termination shall be cured.

(f) Any Approved Encumbrancer may become the legal owner and holder of Tenant's interest in this Lease by foreclosure of its Approved Encumbrance or as a result of the assignment of this Lease in lieu of foreclosure. No Approved Encumbrancer, however, shall become liable under the provisions of this Lease, unless and until such time as it becomes, and then only for as long as it remains, the owner of Tenant's interest in the leasehold estate. If an Approved Encumbrancer shall acquire Tenant's interest in this Lease as a result of a sale under such Approved Encumbrance pursuant to a judgment of foreclosure and sale, or through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action, such

Approved Encumbrancer shall have the privilege of transferring its interest in this Lease to a nominee or assignee who is acquiring the Building and the Building Owner Property without the prior consent of Landlord; provided, however, that there shall be delivered to Landlord in due form for recording, within ten (10) days after the date of such transfer: (a) a duplicate of the instrument of assignment, and (b) an instrument of assumption by the assignee of all of Tenant's obligations under this Lease, and said Approved Encumbrancer shall be relieved of any further liability under this Lease from and after such transfer. Any purchaser at a foreclosure sale, other than an Approved Encumbrancer, must assume this Lease and it shall have no right with respect to the Land unless it so assumes and delivers a duplicate of the assumption agreement (to be executed in due form for recording) within ten (10) days after such purchaser acquires title to Tenant's interest in this Lease.

13. Notices. Any notice required to be sent to Tenant or Landlord under the provisions of this Lease shall be deemed to have been properly sent when mailed, postage prepaid, to the address set forth below:

PH GSA LLC
3111 South Maryland Parkway Las Vegas, Nevada 89109
Attention: Managing Member

Office District Parking I, Inc.
400 Stewart Avenue
Las Vegas, Nevada 89101
Attention: President

Either party may change its notice address upon written notice to the other party.

14. Miscellaneous.

(a) Tenant promises, and it is a condition to the continuance of this Lease, that there will be no discrimination against, or segregation of, any person or group of persons on the basis of race, color, sex, creed, national origin or ancestry in the leasing, subleasing transferring, occupancy, tenure or use of the Spaces or any portion thereof.

(b) A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or unenforceable shall not cancel or invalidate the remainder of such provision or this Lease, which shall remain in full force and effect.

(c) The captions Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Garage with Tenant's expressed or implied permission.

(d) This Lease is the only agreement between the parties pertaining to the construction and lease of the Garage and no other agreements are effective or governing, including, without limitation, the DDA. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.

(e) All waivers must be in writing and signed by the waiving party. Landlord's failure to enforce any provision of this Lease or its acceptance of Parking Rent shall not be a waiver and shall not prevent Landlord from enforcing that provision or any other provision of this Lease in the future. No statement on a payment check from Tenant or in a letter accompanying a payment check shall be binding on Landlord, and Landlord may, with or without notice to Tenant, negotiate such check without being bound to the conditions of such statement.

(f) Landlord or Tenant agree to enter into and record a memorandum of this Lease in the form attached hereto as Exhibit G. Tenant hereby covenants and agrees that, upon the expiration or earlier termination of the Lease Term, Tenant will execute and deliver a quitclaim deed to Landlord in form reasonably satisfactory to Landlord, in favor of Landlord, or Landlord's successor in interest releasing and conveying any and all right, title, or interest of Tenant in the Garage.

(g) This Lease binds any party who legally acquires any rights or interest in this Lease from Landlord or Tenant. However, Landlord shall have no obligation to Tenant's successor unless the rights or interests of Tenant's successor are acquired in accordance with the terms of this Lease. This Lease shall be governed by and construed in accordance with the laws of the State of Nevada.

(h) If Tenant is a corporation or a limited liability company or if Tenant is a limited liability company and the member signing on behalf of Tenant is a corporation or a limited liability company, each person signing this Lease on behalf of Tenant represents and warrants that he has full authority to do so and that this Lease binds the corporation. Concurrently with the execution of this Lease,, Tenant has delivered to Landlord a certified copy of a resolution of the appropriate Board of Directors authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to Landlord. If Tenant is a partnership, each person signing this Lease for Tenant represents and warrants that he is a general partner of the partnership, that he has full authority to sign for the partnership and that this Lease binds the partnership and all general partners of the partnership. Tenant shall give written notice to Landlord of any general partner's withdrawal or addition. Within thirty (30) days after this Lease is signed, Tenant shall deliver to Landlord a copy of Tenant's recorded statement of partnership or certificate of limited partnership.

(i) If Landlord cannot perform any of its obligations due to events beyond Landlord's control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond Landlord's control include, but are not limited to, acts of God, war, civil commotion, labor disputes,

strikes, fire, flood or other casualty, shortages of labor or material, governmental regulation or restriction and weather conditions.

(j) This Lease may be executed in counterparts, and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument. The delivery of this Lease by Landlord to Tenant shall not be deemed to be an offer and shall not be binding upon either party until executed and delivered by both parties.

(k) Tenant shall not permit any mechanic's, materialmen's or other liens to be filed against the Landlord Property. Landlord shall have the right at all reasonable times to post and keep posted on the Garage any notices which it deems necessary for protection from such liens. If any such liens are filed and are not discharged by Tenant by bond or otherwise within ten (10) days after the filing thereof, Landlord may, without waiving its rights and remedies based on such breach of Tenant and without releasing Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. Tenant shall pay to Landlord at once, upon notice by Landlord, any sum paid by Landlord to remove such liens, together with interest at the maximum rate per annum permitted by law from the date of such payment by Landlord.

(l) In any legal or equitable proceeding for the enforcement or to restrain the violation of this Lease or any provision hereof, the losing party or parties shall pay the reasonable attorneys' fees of the prevailing party or parties in the amount as may be fixed by the court in such proceedings. All remedies provided herein or at law or in equity shall be cumulative and not exclusive.

(m) All Exhibits attached hereto are hereby incorporated into this Lease and made a part of this Lease.

IN WITNESS WHEREOF, this Lease is executed the day and year first above written.

PH GSA LLC, a Nevada
liability company

By: PH LLC, a Nevada limited
liability company

By: _____

OFFICE DISTRICT PARKING I, INC.,
a Nevada not-for-profit corporation

By: _____
PRESIDENT

ATTEST: _____
SECRETARY

EXHIBIT A

LEGAL DESCRIPTION OF TENANT BUILDING

Being Lots 21 through 32 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 41,986 sq. ft. more or less.

EXHIBIT B

LEGAL DESCRIPTION OF PARKING GARAGE SITE

Being Lots 1 through 16 inclusive, Block 25 of the Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 55,976 sq. ft. more or less.

Attachment No. 8

EXHIBIT C

LOCATION OF TENANT PARKING SPACES

Attachment No. 8

EXHIBIT D

PARKING GARAGE CONSTRUCTION SPECIFICATIONS

Attachment No. 8

EXHIBIT E

GARAGE CONSTRUCTION SCHEDULE

Attachment No. 8

EXHIBIT F

PARKING GARAGE MANAGEMENT PLAN

Attachment No. 8

EXHIBIT G

FORM OF MEMORANDUM OF LEASE

**FORM OF DEED OF TRUST
DEED OF TRUST
ADDENDUM TO DEED OF TRUST**

**DEVELOPER AND ODP AGREE THAT THE FORM DEED OF TRUST OF
NEVADA TITLE INSURANCE COMPANY WILL BE UTILIZED TO WHICH
THIS ADDENDUM WILL BE ATTACHED**

This Addendum to Deed of Trust is part of the Deed of Trust dated _____ 200_, to which it is attached between PH GSA LLC, a Nevada limited liability company, as Trustor, and OFFICE DISTRICT PARKING I, INC., a Nevada corporation, as Trustor. The following provisions are made a part of and incorporated into the Deed of Trust:

1. This Deed of Trust, and the Note secured hereby, are entered into in implementation of that certain Disposition and Development Agreement between Trustor and Beneficiary dated _____, 200_ (the "DDA"). Any capitalized terms that are not defined in this Addendum shall have the same meaning as set forth in the DDA. The Note is further secured by that certain Security Agreement and Account Control Agreement between Trustor and Beneficiary dated _____, 200_ the ("Security Agreement").
2. The DDA requires Trustor (i) to make certain deposits onto the Security Account created by the Security Agreement and (ii) to provide certain financial statements. Said Obligations are set forth in Sections 2.01(c) and 2.01(d) of the DDA and are referred to in this Addendum as the "Deposit/Reporting Obligations".
3. Subject to any applicable cure periods and notwithstanding any other provisions in this Deed of Trust, the occurrence of any of the following shall constitute an event of default under the Note and this Deed of Trust, and a default may be declared under this Deed of Trust upon the occurrence of any of the following: (a) any failure by Trustor to pay any amount due under the Note on its due date which remains unpaid fifteen (15) days after receipt of written notice from Beneficiary, (b) any sale or transfer of the property in violation of the provisions of the Note or the DDA, (c) any default by Trustor under the terms of the Deposit/Reporting Obligations which remains uncured fifteen (15) days after receipt of written notice from Beneficiary or (d) any default of Trustor under the Security Agreement.
4. Beneficiary agrees to subordinate the lien of this Deed of Trust to the lien of a subsequent deed of trust in accordance with any financing approved by Beneficiary pursuant to Section 2.15 of the DDA.
5. In the event of any conflict between this Addendum and the form to which it is attached, the terms of this Addendum shall govern and control.

PH GSA LLC, a Nevada
liability company

By: PHLLC, a Nevada limited
liability company

By: _____

OFFICE DISTRICT PARKING I, INC.,
a Nevada not-for-profit corporation

By: _____
PRESIDENT

ATTEST: _____
SECRETARY

ATTACHMENT NO: 10

ATTACHMENT NO: 10

OWNER PARTICIPATION AGREEMENT

BETWEEN THE CITY OF LAS VEGAS REDEVELOPMENT AGENCY

AND

PH GSA LLC

THIS AGREEMENT ("Agreement") is entered into as of the _____ day of _____, 2002, by and between the CITY OF LAS VEGAS REDEVELOPMENT AGENCY (the "Agency") and PH GSA LLC, a Nevada limited liability company (the "Developer").

I. [§100] SUBJECT OF AGREEMENT

A. [§100] Purpose of this Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan (The "Redevelopment Plan") for the Downtown Las Vegas Redevelopment Area (the "Redevelopment Area") by providing for the development of certain real property included within the boundaries of the Redevelopment Area.

The development of the Site, as defined hereafter pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City of Las Vegas, Nevada (the "City"), and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

This Agreement has been negotiated and prepared to set forth certain terms and conditions pursuant to which the Agency would be willing to reimburse to the Developer a portion of the incremental increase in property taxes generated by the Site and the Project, as described therein.

B. [§102] The Redevelopment Plan

This Agreement is subject to the provisions of the Redevelopment Plan which was approved and adopted on March 5, 1986, by the City Council of the City of Las Vegas by Ordinance No. 3218. The Redevelopment Plan, as it now exists and as it may be subsequently amended pursuant to Section 701, is incorporated herein by reference and made a part hereof as though fully set forth herein.

C. [§103] The Redevelopment Area

The Redevelopment Area is located in the City of Las Vegas, Nevada, and the exact boundaries thereof are specifically described in the Redevelopment Plan and in a document recorded March 11, 1986, as Instrument No. 00777, Book 860311, and amended in the document recorded February 11, 1988, Instrument No. 00382, Book 880211, and further amended in the document recorded November 22, 1996, as Instrument No. 00847, Book 961122, in the Office of County Recorder of Clark County, which documents are incorporated herein by reference and made a part hereof as though fully set forth herein.

D. [§104] The Site

The Site is that portion of the Redevelopment Area consisting of approximately 27,991 square feet of undeveloped real property in Las Vegas, County of Clark, Nevada, as shown on the Map of the Site (Attachment "A") and is more particularly described in the Legal Description of the Site (Attachment "B") which is owned or controlled by the Developer.

E. [§105] Parties to or Interrelated to this Agreement

1. [§106] The Agency

The Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of Nevada (NRS 279.382 *et seq.*). The office of the Agency is located at 400 Stewart Avenue, Las Vegas,

Nevada 89101. "Agency", as used in this Agreement means the City of Las Vegas Redevelopment Agency and any assignee of, or successor to, its rights, powers and responsibilities.

2. **[§107] The Developer**

The Developer is PH GSA LLC, a Nevada limited liability company. The Operating Member of the Developer is PH LLC, a Nevada limited liability company. Developer's principal address is 3111 South Maryland Parkway, Las Nevada 89109. Wherever the term "Developer" is used herein, such term shall include any permitted assignee or successor owner of the Project (hereinafter defined). The qualifications and identity of the Developer and of its Operating Member are of particular concern to the City and the Agency, and it is because of such qualifications and identity that the Agency has entered into this Agreement with the Developer. During the existence of this Agreement, Developer agrees not to transfer the Project, nor will the Operating Member of the Developer transfer its interest in the Project other than as permitted hereunder. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

3. **[§108] Disclosure of Principals**

Pursuant to Resolution RA-4-99 adopted by the governing board of the Agency effective October 1, 1999, the Developer warrants that it has disclosed, on the form attached hereto as Attachment "H", all members of the Developer holding more than a one percent (1%) ownership interest in the Developer.

F. **[§ 109] The Development**

a. Subject to all the provisions of this Agreement and the City of Las Vegas Downtown Centennial Plan as adopted by City Council on July 5, 2000, and as both may be amended thereafter, the improvements to be constructed on the Site and the obligations of the Developer as to the Site (the "Development" or "Project") are an approximately 85,000 square foot office building to be constructed in accordance with the terms and conditions of that certain Disposition and Development Agreement of even date herewith between Developer and Office District Parking I, a Nevada corporation ("ODP") and a wholly owned subsidiary of the City (the "DDA"), including without limitation, the design approval rights of ODP pursuant to the DDA. The Developer intends to enter into a lease (the "GSA Lease") with the General Services Administration of the United States (the "GSA") for the entire office building for occupancy by the Internal Revenue Service.

b. The Developer acknowledges and agrees (i) that nothing in this Agreement operates as a development approval, permit or entitlement for the development/construction of the Development and (ii) that Developer will be required to obtain all reviews, approvals and permits required for the construction of the Development.

[§110] INTENTIONALLY OMITTED

G. **[§111] Developer Obligations**

1. **[§112] Construction of Development**

Developer agrees to complete the Project in accordance with the terms and conditions of the DDA, including, without limitation, the deadlines set forth in the schedule of performance set forth in the DDA.

2. [§113] [reserved]

3. [§ 114] **Miscellaneous Developer Obligations**

a. **Financial Ability.** Developer represents and warrants to the Agency that Developer and Developer's Operating Member are solvent and are in sound financial condition.

b. **Employment Plan.** In accordance with the Agency's employment plan policy for the Developer with respect to the Project, the Developer shall comply with the provisions of the employment plan attached hereto as Attachment "G".

c. **Neighboring Businesses.** The Developer agrees to cooperate with the Agency to develop adequate means of pedestrian and vehicular access between the Project and neighboring businesses.

H. [§ 115] **Agency Obligations**

1. [§ 116] **Developer Note**

a. Subject to the terms and conditions contained in Section 117 below, the Agency agrees to issue to the Developer a Special Limited Obligation Tax Increment Revenue Developer Note in the form attached hereto as Attachment "F" (herein, the "Note") to reimburse hard and soft costs incurred by the Developer to construct and develop Qualified Improvements (as defined below) for the Project. The principal amount of the Note shall equal the total amount of Qualifying Expenditures (hereinafter defined) for the Project. The Agency agrees to issue the Note within sixty (60) days after the later of (i) the date the Developer has complied with the conditions of paragraph a. of Section 117 including delivery of a certificate of Qualifying Expenditures and (ii) the date the Agency has made its determinations under paragraph b. of Section 117, provided, however, the Note shall only be issued between March 15 and June 30 of each year.

b. The Note shall have a term commencing on the date of issuance and maturing on the last day of 120 full calendar months thereafter (the "Maturity Date"). The Note shall bear interest thereunder at an annual rate equal to the lower of (i) seven percent (7%) or (ii) a rate equal to 300 hundred basis points over the Bond Buyer 20-Bond Index quoted in the Bond Buyer published by Thompson Financial in that edition published nearest to date of issuance of the Note. The principal amount of the Note shall be amortized over the term of the Note and shall be payable in equal annual installments commencing on the anniversary date of the issuance of the Note which falls immediately after the taxing authorities have collected Available Accrued Taxes (as defined below) and on the same date each year thereafter. Accrued unpaid interest shall be paid with each installment of principal. All payments shall first be applied to accrued unpaid interest and then to principal. All unpaid principal and accrued interest shall be payable upon the Maturity Date. The Agency and Developer agree that the interest payable under the Note is not intended to be exempt from federal income taxation.

c. INTENTIONALLY OMITTED

d. "Available Accrued Taxes" shall mean the product of fifty percent (50%) (rounded to the nearest one cent (\$.01)) multiplied by the Agency Share of Real Estate Taxes. The Agency Share of Real Estate Taxes equals the Real Estate Taxes (defined herein) paid from time to time in connection with the Project, including land and improvements, minus each of the following: (i) the portion of taxes paid (18% of taxes received by the Agency under NRS 279.676 with respect to the

Project) which is required to be used providing low income housing pursuant to NRS 279.685, (ii) the Real Estate Taxes paid based on the then current tax rate applied against the fiscal year 2002-2003 assessed value of the property on which the Project is located, including land and improvements, if any, and (iii) the Real Estate Taxes paid with respect to the Project that is attributable to a tax rate levied by a taxing agency to produce revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness that was approved by the voters of the taxing agency on or after November 5, 1996, as provided in NRS 279.676(1)(c), (iv) the Real Estate Taxes paid with respect to the Project that is attributable to a new or increased tax rate levied by a taxing agency and was approved by the voters of the taxing agency on or after November 5, 1996, as provided in NRS 279.676(1)(d), and (v) any other portion of the Real Estate Taxes paid with respect to the Project which is not transferred to the Agency under NRS 279.676. "Real Estate Taxes" means the ad valorem real estate taxes paid in connection with the Project and shall not include any other taxes or assessments against the Project.

e. Payment of the Note will be payable only from Available Accrued Taxes. On the final maturity date all unpaid principal and accrued interest shall be abated to the extent that on such date there are not sufficient Available Accrued Taxes to pay such sums, and the Agency shall be discharged of its obligation to pay the same. In the event by any installment payment date the Agency has not accrued sufficient Available Accrued Taxes to pay the full principal and interest installment payment due under the Note, then the Agency shall make a partial payment equal to then Available Accrued Taxes to the Developer, and any deficit shall be accrued and payable together with interest at the rate of interest under the Note and the next installment payment at the next anniversary.

f. The principal and interest due and payable on the Note: (i) do not constitute an indebtedness of the Agency other than from the Available Accrued Taxes, (ii) are not payable from, nor are they a charge upon, any funds of the Agency other than the Available Accrued Taxes, (iii) are not backed by the full faith and credit of the Agency, and (iv) are not secured by a pledge of the taxing power of the Agency for the payment of the Note other than to the extent of Available Accrued Taxes. Developer agrees that (i) the only obligation of the Agency in connection with the Note is to pay Available Accrued Taxes on the terms and conditions set forth in this Agreement and (ii) in the event Available Accrued Taxes are not sufficient to pay any installments of principal or interest when due under the Note or the principal balance and interest remaining unpaid at the final maturity date of the Note, neither the Agency, the City of Las Vegas nor any agency thereof shall be liable for any amounts unpaid under the Note.

g. The Agency and the Developer hereby agree that the Developer may submit written recommendations for changes and amendments to this Agreement that may be needed to accomplish the purposes of this Agreement. By way of example, and not limitation, if the subordination to future Agency debt contained in paragraph (b) of section 119 hereof is causing a financial hardship to the Project, the Developer may make recommendations to ameliorate such hardships. Developer agrees, however, that the Agency may reject any such recommendations at the Agency's sole discretion.

2. **[§117] Conditions Precedent to Issuance of Special Limited Obligation Tax Increment Revenue Developer Notes**

a. The Special Limited Obligation Tax Increment Revenue Developer Note shall be issued for the Project upon the satisfaction of the following conditions: (i) the Agency has determined that the improvement Plans for the Project are in compliance with the DDA, (ii) the City has approved the improvement plans for the Project; and (iii) the Certificate of Completion (as defined below)

has been issued by the Agency. Prior to the issuance of the Note, the Developer shall submit to the Agency (i) a written certification in a form reasonably acceptable to the Agency by which the Developer certifies the Qualified Expenditures for the Project and (ii) such supportive evidence and documentation reasonably required by the Agency establishing that the Qualified Expenditures were in fact incurred. Such evidence and documentation may include an affidavit of an authorized representative of the Developer, accompanied by receipts for paid invoices and/or cancelled checks.

b. Notwithstanding anything to the contrary herein, (i) the aggregate amount of principal payable under the Note issued for the Project shall not exceed the Agency's reasonable estimate of the present value (using the interest rate and term of the Note) of Projected Available Accrued Taxes (as defined below) for the Project and (ii) payments of principal and interest on the Note shall be scheduled to be made at such time as the Agency estimates Available Accrued Taxes will have been received in a sufficient amount to make such payments. Projected Available Accrued Taxes for the Project shall be the Available Accrued Taxes projected to be derived from the Total Development Costs of the Project over the term of the Special Limited Obligation Tax Increment Revenue Developer Note issued for the Project. In calculating Projected Available Accrued Taxes for the Project, reasonable assumptions shall be used by the Agency as to future increases and decreases to (i) the applicable tax rates, and (ii) the assessed value of Total Development Costs for the Project.

c. The Note will not be issued with a maturity of less than one (1) year. The Note will not be issued, without the prior written consent of the Agency, on or after a date that is three (3) years after the date of this Agreement.

3. [§118] **Qualified Improvements**

As used herein, "Qualified Improvements" and "Qualified Expenditures" shall include those items set forth in Attachment "C".

4. [§119] **Notes Subordinate**

a. Payment of the Note from Available Accrued Taxes will be subordinate to the repayment of the Agency's pre-existing debt ("Agency's Pre-Existing Debt") which is outstanding at the time the Note is issued, other than Agency debt to the City of Las Vegas, including any debt issued after such date for the purpose of refunding the then outstanding principal balance of such Agency's Pre-Existing Debt.

b. Payment of the Note from Available Accrued Taxes will also be subordinate to the repayment of the Agency's debt ("Agency's Future Debt", which term does not include any Agency debt owed to the City of Las Vegas) which is issued hereafter as parity or subordinate Additional Parity Obligations or Subordinate Obligations as defined in and issued in accordance with the Indenture of Trust dated June 1, 1995 pursuant to which the Agency's Series 1995B Bonds were issued if, and only if, the chief financial officer of the Agency files a certificate prior to any issuance of such Agency's Future Debt establishing that the reasonably projected aggregate amount of the incremental increase in property taxes to be generated by all property within the City of Las Vegas Redevelopment Area over the remaining term of the then outstanding Notes, minus the aggregate amount of such incremental taxes to be set aside for low-income housing pursuant to NRS 279.685 and minus the aggregate remaining debt service on the outstanding Note, equals at least one hundred fifteen percent (115%) of the reasonably projected debt service on all then outstanding Agency's Pre-Existing Debt and on all then outstanding as well as the proposed to be issued Agency's Future Debt in each year in which the Note is to be outstanding.

5. [§ 120] **Assignment**

Except as set forth in this Section 120 and Section 107 above, the Note may not be assigned by the Developer to anyone other than those defined as a Developer in Section 107 without the Agency's written consent which the Agency may in its sole discretion determine to grant. Notwithstanding the foregoing, the Agency hereby consents to the transfer of the Project and the Note by the Developer to an affiliated entity (the "New Entity"), provided that the Developer retains no less than a fifty percent (50%) ownership interest in the New Entity. Moreover, the Agency hereby agrees that any restrictions on the transfer of the Project shall not apply to space leases of a portion of the Project or the improvements thereon and shall not apply after the issuance of the Certificate of Completion s defined in Section 222 below.

6. [§ 121] **Miscellaneous Agency Obligations**

In accordance with the schedule of performance set forth in the DDA, the Agency staff will assist the Developer in obtaining all necessary permits and in meeting all regulatory requirements associated with the development of the Site.

I. [§ 122] **Acknowledgment of Bond Covenants**

The Agency has issued its "City of Las Vegas Downtown Redevelopment Agency, Tax Increment Revenue Bonds (City of Las Vegas Redevelopment Project), Series 1986A" in the aggregate original principal amount of \$50,000,000 (the "Series 1986A Bonds"); its "City of Las Vegas Downtown Redevelopment Agency, Tax Increment Subordinate Lien Revenue Bonds (Fremont Street Project), Series 1994A" in the aggregate principal amount of \$18,800,000 (the "Series 1994A Bonds"); its "City of Las Vegas Downtown Redevelopment Agency, Tax Increment Subordinate Lien Revenue Bonds (Housing Project), Series 1994B," in the aggregate original principal amount of \$3,375,000 (the "Series 1994B Bonds"), its "City of Las Vegas Downtown Redevelopment Agency, Tax Increment Insured Refunding Parity Lien Revenue Bonds, Series 1995B, in the aggregate principal amount of \$16,525,000 (the "Series 1995A Bonds") and its "City of Las Vegas Downtown Redevelopment Agency, Tax Increment Subordinate Lien Refunding Revenue Bonds, Series 1995B in the aggregate principal amount of \$565,000 (the "Series 1995B Bonds") and its "City of Las Vegas Downtown Redevelopment Agency Tax Increment Refunding Bonds" Series 1998 in the original aggregate principal amount of \$9,890,000 (the "Series 1998 Bonds"). The Series 1986A Bonds, Series 1994A Bonds, Series 1994B Bonds, Series 1995A Bonds, Series 1995B Bonds and Series 1998 Bonds are collectively referred to herein as the "Bonds". The Series 1986A Bonds were issued pursuant to that certain Amended and Restated Indenture of Trust, dated as of December 1, 1989 (the "1986 Indenture"), between the Agency and Bank of America Nevada, formerly known as Valley Bank of Nevada (the "Trustee"). The Series 1994A Bonds were issued pursuant to the provisions of that certain Indenture of Trust, dated as of January 15, 1994 (the "1994A Indenture") between the Agency and the Trustee. The Series 1994B Bonds were issued pursuant to the provisions of that certain Indenture of Trust, dated as of January 15, 1994 (the "1994B Indenture") between the Agency and the Trustee. The Series 1995A Bonds were issued pursuant to the provisions of that certain First Supplemental Indenture of Trust, dated as of June 1, 1995 (the "1995A Indenture") between the Agency and the Trustee. The Series 1995B Bonds were issued pursuant to the provisions of that certain Indenture of Trust, dated as of June 1, 1995 (the "1995B Indenture") between the Agency and the Trustee. The Series 1998 Bonds were issued pursuant to that certain Second Supplemental Indenture of Trust dated as of September 1, 1998 (the "1998 Indenture"). The 1986 Indenture, the 1994A Indenture, the 1994B Indenture, the 1995A Indenture, the 1995B Indenture and the 1998 Indenture are collectively referred to as the "Indentures." The Bonds were issued for the purpose of financing certain undertakings by the Agency in connection with the Redevelopment Project. Under the Indentures, the rights, but not the obligation, of the Agency under this Agreement have been pledged by the Agency to the owners of

the Bonds as security for the Bonds. The Developer understands and acknowledges that, under the Indentures, the trustees, on behalf of the Registered Owners (as defined in the Indentures), shall be entitled to enforce the provisions of this Agreement against the occurrence of any Event of Default as set forth therein.

J. [§ 123] General Representations

The Agency and the Developer each represent and warrant for itself that:

1. This Agreement and all agreements, instruments and documents herein provided to be executed are each a duly executed and binding agreement, instrument and document of the party executing the same.

2. This Agreement does not now or shall not hereafter breach, invalidate, cancel, make inoperative or interfere with any contract, agreement, instrument, mortgage, deed of trust, promissory note, lease, bank loan or credit agreement to which the Developer is subject.

II. [§200] DEVELOPMENT OF THE SITE

A. [§201] Development of the Site by the Developer

1. [§202] Scope of Development

2. [§203] Agency Approval of Changes in the Construction Plans and Drawings

Any material changes to the Project shall be made only in compliance with the DDA.

3. [§204] Cost of Construction

Except as otherwise agreed by the Parties, the cost of developing the Site and constructing all improvements thereon shall be borne by the Developer.

4. [§205] Construction Schedule

The Developer shall begin and complete all construction and development within the times specified Attachment "I" hereto or such reasonable extension of said dates as may be granted by the Agency or as provided in Section 604 of this Agreement.

[§206] Insurance and Indemnification

a. The Developer shall obtain and maintain during the existence of this Agreement, general comprehensive liability insurance for bodily injury and property damage in the minimum amount of One Million and No/100ths Dollars (\$1,000,000.00) combined single limit. If such policy is on a "claims made" basis, then such coverage shall be maintained in effect for one (1) year after the issuance of the final Certificate of Completion.

b. Prior to the commencement of any demolition or construction of the Site, the Developer shall furnish or cause to be furnished to the Agency certificates of insurance or endorsements evidencing the coverage required herein.

c. The Developer will provide renewal certificates for insurance coverage required herein that expires during the existence of this Agreement within sixty (60) calendar days following the expiration date of said insurance.

d. The Agency, its officers, employees and agents must be expressly covered as insured parties under the insurance coverage required herein if such coverage is reasonably available.

e. The insurance coverage required herein must provide for a thirty (30)-day written notice to the Agency before any amendments, modifications, suspension, cancellations, reductions or non-renewal of coverage. This notice requirement does not waive the insurance requirements contained herein.

f. In the event the Developer fails to obtain, or maintain the insurance required herein, the Agency shall have the right, in addition to the remedies available under Sections 407, 411 and 412, to pay the premium to reinstate the insurance coverage which the Developer has failed to maintain, or to procure substitute insurance coverage, which in either case the Agency shall be entitled to collect the cost thereof from the Developer or deduct the same from any sums due the Developer under this Agreement.

g. In addition to the insurance requirements of this Section, the Developer shall assume and be responsible for, and shall protect, indemnify, defend and hold harmless the Agency and the City of Las Vegas, and their respective officers, members, consultants, agents and employees, from and against any and all claims, demands, liabilities, losses or costs, including reasonable attorneys' fees and court costs, for injuries to or the death of any person or persons or damages to property, including property of the Agency or the City, which may arise out of or in any manner be connected with the performance of the obligations under this Agreement excluding any claims, demands, liabilities, losses or costs resulting from the acts or omissions of the City, the Agency, and any of their respective officers, members, consultants, agents and employees.

h. The Developer shall also furnish or cause to be furnished evidence satisfactory to the Agency that any contractor with whom it has contracted for performance of the work on the site carries worker's compensation insurance required by law.

3. [\$209] City, Agency, and Other Governmental Permits

Before commencement of construction or development of any buildings, structures or other work of improvement upon the Site, the Developer shall, at its own expense, secure or cause to be secured any and all permits which may be required by the City of Las Vegas or any other governmental agency affected by such construction, development or work. The Agency shall provide reasonable assistance deemed appropriate by the Agency to the Developer in securing these permits. Developer hereby agrees and acknowledges that (i) Agency review of any elements of the Project is for the sole purpose of assuring compliance with this Agreement (ii) that nothing in this Agreement operates as a development approval, permit or entitlement for the development/construction of the Development, and (iii) that the Developer will be required to obtain all reviews, approvals and permits required for the construction of the Development. The Agency hereby agrees and acknowledges that (i) the Agency's

review of any elements of the Project is for the sole purpose of determining compliance with this Agreement, including the determination of compliance with this Agreement for the issuance of the Note, and (ii) Agency approval shall not be required for the design and construction of the Project. The Agency agrees that, except where a shorter timeframe is set forth herein, (i) any review and action required under this Agreement by the staff of the Agency shall be completed and notice thereof provided to the Developer within thirty (30) days after the Developer's request under this Agreement for a determination by the staff of the Agency and (ii) in the event the staff of the Agency fails to respond in writing within such thirty (30) day period, Agency staff will be deemed to have responded favorably to the Developer's request for review and determination.

4. [\$210] Rights of Access

For the purposes of assuring compliance with this Agreement, representatives of the Agency shall have, upon notice to the Developer, the right of reasonable access to the Site without charges or fees and at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the improvements. Such representatives of the Agency shall be those who are so identified in writing by the Executive Director of the Agency. The Agency shall indemnify the Developer and hold it harmless from any damage caused or liability arising out of this right to access.

5. [\$211] Compliance with Public Bidding Requirements and Other Local, State and Federal Laws

The Developer recognizes that this Agreement will result in the Agency providing financial incentives to the Developer in excess of \$100,000. In accordance with NRS §279.500, the Developer agrees that the Project is subject to the Prevailing Wage Act, NRS §338.010 through §338.090, inclusive. The Developer agrees to comply with the Prevailing Wage Act and all other provisions of NRS that are applicable to the Project because of the issuance of the Notes.

The Developer shall ascertain the general prevailing rate of per diem wages in the locality in which the improvements are to be constructed for each craft or type of workman needed to construct the improvement and shall so specify such information in the bid specification. Subject to the provisions of applicable law, the Developer agrees not to pay less than the specified prevailing rate of wages to the contractor and its employees selected to construct the improvements.

The Developer shall require that the selected contractor keep accurate records showing the name, occupation and actual per diem wages paid to each employee used in connection with construction of the improvement. Such records shall be open to inspection and reproduction by the Agency during normal business hours.

6. [\$212] Anti-discrimination During Construction

The Developer, for itself and its successors and assigns, agrees that in the construction of the Development provided for in this Agreement, the Developer will not discriminate for or against any employee or applicant for employment because of race, color, creed, religion, sex, age, ancestry, or national origin.

B. [§213] Agency Approval of Operating Covenants, and Reciprocal Easement Agreements

Upon written request, delivered by the Agency to the Developer, the Agency reserves the right of approval, which shall not be unreasonably withheld, of operating covenants and reciprocal easement agreements that the Developer may enter into during construction of the Development. Such operating covenants and reciprocal easement agreements shall be deemed approved by the Agency unless rejected, in whole or in part, by written notice thereof by the Agency to the Developer setting forth in detail the reasons therefor, within sixty (60) calendar days after the submission to the Agency.

§214 THROUGH §221 INTENTIONALLY OMITTED

C. [§222] Certificate of Completion

A Certificate of Completion in the form attached hereto as Attachment "D" for the Project shall be issued by the Agency after substantial completion of all construction of the Project and Developer has executed and delivered the Certificate of Completion along with the accompanying documentation required of the Developer by the Certificate of Completion. The Project shall be 'substantially completed' at such time as the Project has been completed in compliance with Section 200 and a certificate of occupancy has been issued by the City so that the GSA is obligated to start paying rent under the GSA Lease. The Certificate of Completion shall also include the Agreement to be Recorded Affecting Real Property in the form of Attachment "E" both of which shall be recorded in the Office of the County Recorder of Clark County.

The Certificate of Completion for the Project shall be, and shall so state therein that it is, a conclusive determination of the satisfactory completion of the construction required by this Agreement upon the Project and of total compliance with the terms hereof. After issuance of the Certificate of Completion for the Project, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Project covered by said Certificate of Completion shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the Agreement appended hereto as Attachment "E". Except as otherwise provided herein, after the issuance of the Certificate of Completion for the Project, neither the Agency, the City nor any other person shall have any rights, remedies or controls with respect to the Project that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Site or such portion thereof shall be as set forth in Sections 301 to 305 inclusive, of this Agreement. Specifically, but not by way of limitation, upon issuance of the Certificate of Completion, the prohibition against transfer of the Project and/or the interest of the Operating Member of the Developer shall no longer be applicable, provided, however, that the restrictions on assignment of the Note set forth in Section 120 shall continue.

The Agency shall not unreasonably withhold the Certificate of Completion. If the Agency refuses or fails to furnish the Certificate of Completion for the Project after written request from the Developer, the Agency shall, within ten (10) days of such written request, provide the Developer with a written statement of the reasons the Agency refused or failed to furnish the Certificate of Completion. The statement shall also contain the Agency's opinion of the action the Developer must take to obtain a Certificate of Completion. If the Agency shall have failed to provide such written statement within said ten (10)-day period, the Developer shall be deemed entitled to the Certificate of Completion.

The Certificate of Completion for the Project shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage or any insurer of a mortgage securing money loaned to finance the improvements or any part thereof.

III. [§300] USE OF THE SITE

A. [§301] Uses

The Developer covenants and agrees for itself, its successors, assigns and every successor in interest that during construction and thereafter for the term of this Agreement, the Site shall be devoted only to the uses specified in this Agreement, and the Redevelopment Plan, for the periods of time specified in Section 304. The foregoing covenants shall run with the land.

B. [§302] Maintenance

The Developer hereby covenants and agrees for itself, its successors, assigns and every successor in interest to maintain the improvements on the Site and keep the Site free from any accumulation of debris or waste materials and to maintain the landscaping required to be planted in accordance with the Plans and Drawings in a healthy condition. If at any time the Developer, or its successors in interest, shall fail to keep the Site free of debris or waste materials or to maintain said landscaping in a healthy condition, and said condition is not corrected within thirty (30) days after written notice from the Agency, either the Agency or the City may perform the necessary cleanup or landscape maintenance, and the Developer, or its successors in interest, shall pay such costs as are reasonably incurred for such cleanup or landscape maintenance. The foregoing covenants shall run with the land.

C. [§303] Obligation to Refrain from Discrimination

The Developer covenants by and for itself, its successors, assigns and every successor in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land.

D. [§304] Effect and Duration of Covenants

Except as otherwise provided, the covenants contained in this Agreement shall remain in effect until expiration of the term of the Note or any extension of the term of the Note. The covenants against discrimination shall remain in effect in perpetuity. The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, the City and any successor in interest to the Site or any part thereof.

The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site, any parcel or subparcel, or in the Redevelopment Area. The Agency shall have the right, if this Agreement or the covenants are breached, to exercise all

rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and the covenants may be entitled.

IV. [§400] **DEFAULTS, REMEDIES AND TERMINATION**

A. [§401] **Event of Default by the Developer**

If during the existence of this Agreement, the Developer:

1. Transfers or assigns, or attempts to transfer or assign the rights, benefits or duties under this Agreement, or in the Site or any improvements thereon, contrary to the provisions of Section 107, as the same may be modified by Section 222;
2. Fails to proceed with, abandons or substantially suspends, except as permitted by Section 604 below, the construction of the Project required by the DDA;
3. Fails, except as permitted by Section 604 below, to meet the deadlines set forth in DDA or proceed in a timely manner with the Development required by the DDA;
4. Fails to substantially complete the Project as required by the DDA; or
5. Fails to perform any other material obligation imposed under the provisions of this Agreement or the DDA;

then, the occurrence of any of the foregoing events (a "Developer Event of Default") shall constitute a breach in the performance of the obligations imposed upon the Developer and shall entitle the Agency to the remedies, and only the remedies hereinafter set forth, if, after receiving thirty (30) calendar days written notice of default from the Agency, the Developer has failed to cure, or to commence a cure and diligently pursue it to completion (which in no event is to exceed sixty (60) calendar days).

B. [§402] **Events of Default by the Agency**

If during the existence of this Agreement, the Agency fails to perform any material obligation imposed under the provisions of this Agreement, then, the occurrence of any of the foregoing events (an "Agency Event of Default") shall constitute a breach in the performance of the obligations imposed upon the Agency and shall entitle the Developer to the remedies, and only the remedies, hereinafter set forth, if, after receiving thirty (30) calendar days written notice from the Developer, the Agency has failed to cure, or to commence a cure and diligently pursue it to completion (which in no event is to exceed sixty (60) calendar days).

1. [§403] **Institution of Legal Actions**

Any legal action to enforce the rights and remedies provided herein must be instituted in the District Court of the County of Clark, State of Nevada, or, alternatively, in the Federal District Court in the State of Nevada, if jurisdiction therein is appropriate.

2. [§404] **Applicable Law**

The laws of the State of Nevada shall govern the interpretation and enforcement of this Agreement.

3. **[§405] Service of Process**

In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Secretary of the Agency or in such other manner as may be provided by law.

C. **[§406] Remedies of the Parties**

1. **[§407] Mutual Remedy of Specific Performance**

Upon occurrence of an Event of Default by either the Developer or the Agency during the existence of this Agreement, the non-defaulting party, at its option, may institute an action for specific performance of the terms and obligations (including the payment of any monetary obligation) of this Agreement.

2. **[§408] Remedy of the Developer**

Upon the occurrence of an Agency Event of Default, Developer shall have the sole remedy of requiring specific performance of the Agency's obligations hereunder, including, without limitation, the issuance of the Note.

3. **[§409] Remedies of the Agency**

a. **[§410] In General**

1. **[§411] Termination**

During the existence of this Agreement and upon the occurrence of a Developer Event of Default, the Agency shall have the right to terminate, and this Agreement shall so terminate, on the date that the written notice of termination is received by the Developer or such other date as may be specified in the written notice. The Agency agrees that any such termination shall not affect the outstanding Note, provided, however, that the Developer agrees that the obligation of the Agency to issue the Note is contingent upon completion of the Project and the submission by Developer to the Agency of a completed Certificate of Completion for the Project.

4. **[§411] Attorneys Fees**

In the event of any litigation between the parties regarding this Agreement or the Property, the prevailing party shall be entitled to the payment by the losing party of its reasonable attorneys' fees, court costs and litigation expenses, as determined by the court.

[§500] [reserved]

V. **[§600] GENERAL PROVISIONS**

A. **[§601] Notices, Demands and Communications Between the Parties**

Formal notices, demands and communications between the Agency and the Developer shall be sufficiently given if dispatched by reputable overnight courier or registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Developer as set forth in Sections 107 and 108 hereof, and shall be deemed given two (2) business days after delivery to a reputable overnight courier for next business day delivery, or five (5) days after delivery to the U.S. Postal Service for delivery by registered or certified mail. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time-to-time designate by mail.

B. **[§602] Conflicts of Interest**

No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

The Developer warrants that it has not paid or given, and will not pay or give, any third person other than the Developer's attorneys and consultants any money or other consideration for drafting, negotiating and obtaining this Agreement.

C. **[§603] Non-liability of Agency Officials and Employees**

No member, official or employee of the Agency shall be personally liable to the Developer in the event of any default or breach by the Agency or for any amount which may become due to the Developer or on any obligations under the terms of this Agreement.

D. **[§604] Enforced Delay: Extension of Times of Performance**

The performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of a public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions; litigation, including delays beyond the reasonable control of the Agency; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of another party; acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of the Agency shall not excuse performance by the Agency) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other parties more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of performance under this Agreement may also be extended in writing by the Agency and the Developer.

E. [§605] Inspection of Books and Records

The Agency has the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the Developer pertaining to the Site as pertinent to the purposes of this Agreement.

The Developer also has the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the Agency pertaining to the Site and to the receipt of tax revenues as pertinent to the purposes of this Agreement.

F. [§606] [reserved]**VII . [§700] SPECIAL PROVISIONS****G. [§701] Amendment of Redevelopment Plan**

The Agency will give the Developer notice of amendments to the Redevelopment Plan as required by applicable law applying to the Redevelopment Area but shall not be required to obtain the consent of the Developer to such changes.

H. [§702] Submission of Documents to the Agency for Review

Whenever this Agreement requires the Developer to submit plans, drawings or other documents to the Agency for review, which shall be deemed reviewed if not acted on by the Agency within a specified time, said plans, drawings or other documents shall be accompanied by a letter stating that they are being submitted and will be deemed reviewed within the stated time. If there is no time specified herein for such Agency action, the Developer may submit a letter requiring Agency review of documents within thirty (30) days after submission to the Agency or such documents shall be deemed reviewed. It is understood and agreed by the parties hereto that review by the Executive Director of the Agency or his designee shall be deemed review by the Agency for purposes of this section.

I. [§703] Amendments to this Agreement

The Developer and the Agency agree to mutually consider reasonable requests for amendments to this Agreement which may be made by any of the parties hereto, lending institutions, or bond counsel or financial consultants to the Agency, provided such requests are consistent with this Agreement and would not substantially alter the basic business terms included herein. Notwithstanding the foregoing, the Agency may elect not to enter into any amendment as it may determine in its sole discretion.

VI. [§800] ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in two (2) duplicate originals, each of which is deemed to be an original. This Agreement and Attachments "A" through "I", attached hereto and incorporated herein by reference, all of which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency and the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Developer. Any Agency approvals required or permitted by the terms of this Agreement may be given by the Executive Director or such other person that the Executive Director designates in writing.

VII. [§900] TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency fifteen(15) days from the date of signature by the Developer or this Agreement shall be void, except to the extent that the Developer consents in writing to further extensions of time for the authorization, execution and delivery of this Agreement.

[End of Page]

By executing this Agreement and submitting it to the Agency, the Developer is making an irrevocable offer to enter into this Agreement, which offer shall continue for the period of time specified above. The effective date of this Agreement shall be the date when this Agreement has been signed by the Agency.

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

By: _____
OSCAR B. GOODMAN, Chairperson

“Agency”

ATTEST:

BARBARA JO RONEMUS, Secretary

APPROVED AS TO FORM:

Date

PH GSA LLC,
a Nevada limited liability company

By: PH LLC, a Nevada limited liability company
MANAGER

By: _____

“Developer”

ATTACHMENT "B"

Legal Description

Being Lots 21 through 32 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 41,986 sq. ft. more or less.

OWNER PARTICIPATION AGREEMENT
ATTACHMENT C
List of Qualifying Expenditures

SITWORK

Demolition
Clearing
Hazardous Waste Abatement
Grading
Utilities
Paving
Hardscape - Concrete
Concrete Masonry Units - CMU walls
Electrical
Landscaping & Irrigation

CORE & SHELL CONSTRUCTION

Surveying & Layout
Building Concrete (footings, cast in place, shear walls)
Reinforcing Steel (rebar & miscellaneous embeds & bolts)
Structural Steel (columns)
Metal Fabrications (stairs & rails)
Ornamental Metals (canopy & decorative column covers)
Roofing & Waterproofing
Sheetmetal
Caulking
Insulation
Glass & Glazing
Doors, Frames & Hardware
Lath & Plaster (EIFS)
Drywall & Framing
Finishes (Paint, Tile, Stone, Wallcovering, Carpet)
Elevators
Mechanical & Plumbing
Electrical
Fire System
Telecommunications & Security

ATTACHMENT "D"
Form of Certificate of Completion

Recording Required by:

City of Las Vegas Redevelopment Agency

After Recording, Mail to:

Executive Director
City of Las Vegas Redevelopment Agency
400 Las Vegas Boulevard South
Las Vegas, Nevada 89101

CERTIFICATE OF COMPLETION OF CONSTRUCTION AND DEVELOPMENT

WHEREAS, the Owner Participation Agreement (OPA) dated _____, 200_ and recorded _____, 2002, in Office of the Recorder of the County of Clark, Nevada, the City of Las Vegas Redevelopment Agency, a public body, corporate and politic, hereinafter referred to as the "Agency," provided assistance to PH GSA LLC, a Nevada limited liability company, hereinafter referred to as the "Developer," for construction and development of a certain redevelopment project situated in the City of Las Vegas, Nevada, described on Attachments "A" and "B", attached hereto and made a part hereof (the "Site"); and

WHEREAS, as referenced in said OPA, the Developer shall certify to the Agency that all construction and development on the Site has been substantially completed in compliance with the OPA; and

WHEREAS, as referenced in said OPA, the Agency shall furnish the Developer with a Certificate of Completion upon substantial completion of all construction and development upon the Site, which certificate shall be in such form as to permit it to be recorded in the Recorder's Office of Clark County; and

WHEREAS, such certificate shall be conclusive determination of satisfactory completion of the construction and development on the Site required by the OPA.

Now, therefore:

1. The Developer hereby certifies to the Agency that all construction on the Site has been completed in compliance with the OPA, including without limitation, the issuance of a certificate of occupancy for the core and shell of the project.
2. The Agency agrees and does hereby certify that the construction development on the Site have been fully and satisfactorily performed and completed as required by the OPA.

IN WITNESS WHEREOF, the Agency has executed this Certificate this _____ day of _____, 2002.

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

By: _____
OSCAR B. GOODMAN, Chairperson

“Agency”

ATTEST:

BARBARA JO RONEMUS, Secretary

APPROVED AS TO FORM:

Date

PH GSA LLC, a Delaware limited liability company

By: PH LLC, a Nevada limited liability company

By: _____
Name: _____
Title: _____

“Developer”

ACKNOWLEDGMENTS

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

This instrument was acknowledged before me, a notary public, on this ____ day of _____, 2002, by OSCAR B. GOODMAN, Chairperson of the City of Las Vegas Redevelopment Agency.

NOTARY PUBLIC, in and for said County and State

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me, a notary public, on this ____ day of _____, 2002, by _____, as _____ of _____.

NOTARY PUBLIC, in and for said County and State

ATTACHMENT "E"

Form of Agreement to be Recorded Affecting Real Property

Recording Required by:

City of Las Vegas Redevelopment Agency

After Recording, Mail to:

Executive Director
City of Las Vegas Redevelopment Agency
400 Las Vegas Boulevard South
Las Vegas, Nevada 89101

AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY

THIS AGREEMENT is entered into this _____ day of _____, 2002, by and between the CITY OF LAS VEGAS REDEVELOPMENT AGENCY, a public body, corporate and politic (hereinafter referred to as the "Agency") and PH GSA LLC, a Nevada limited liability company,(hereinafter referred to as the "Developer") with reference to the following:

A. The Developer is the present owner of certain real property (the "Site") located in the City of Las Vegas, County of Clark, State of Nevada, legally described in the attached Exhibit "A".

B. The Site is within the Downtown Las Vegas Redevelopment Area (the "Redevelopment Area") and is subject to the provisions of the Redevelopment Plan for the Redevelopment Area which was approved and adopted on March 5, 1986, by the City Council of the City of Las Vegas by Ordinance No. 3218. The Redevelopment Plan as it now exists and as it may be subsequently amended, is incorporated herein by reference and made a part hereof as though fully set forth herein.

C. Recordation of this Agreement at the Agency's request is conclusive evidence that the Developer has rehabilitated and/or constructed the improvements on the Site and has otherwise developed the Site in accordance with the Redevelopment Plan and pursuant to the terms and provisions of that certain Owner Participation Agreement entered into between the Agency and the Developer on _____, 2002 (the "OPA").

NOW, THEREFORE, THE AGENCY AND THE DEVELOPER HEREBY AGREE AS FOLLOWS:

1. By its recordation of this Agreement, the Agency acknowledges that the Developer has constructed the improvements on the Site and has otherwise developed the Site in accordance with the Redevelopment Plan and pursuant to the terms and provisions of the OPA, that the terms and provisions of the OPA have been fully and satisfactorily performed by the Developer and that the OPA shall be of no further force or effect.

2. The Developer, on behalf of itself and its successors, assigns and each successor in interest to the Site, or any part thereof, hereby covenants and agrees:

a. To use, devote and maintain the Site, and each part thereof, for the uses specified in the Redevelopment Plan.

b. To maintain the improvements on the Site, keep the Site free from any accumulation of debris or waste material and maintain the landscaping planted on the Site in a healthy condition. All such maintenance shall be at the sole expense of the Developer; provided, however, that if the Developer shall fail to so maintain the Site, the Agency may perform such maintenance for the Developer and in such event shall be entitled to be reimbursed by the Developer for the actual cost thereof.

c. That there shall be no unlawful discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, or ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site.

3. Prior to the issuance of a Certificate of Completion as set forth in Section 222 of the Agreement, the Developer shall not sell, transfer, convey, assign or lease the Project without the prior written approval of the Agency except as permitted in the DDA, which approval shall not be unreasonably withheld. Notwithstanding the foregoing, the Agency hereby consents to the transfer of the Project and the Notes by the Developer to an affiliated entity (the "New Entity"), provided that the Developer retains no less than a fifty percent (50%) ownership interest in the New Entity. Moreover, the Agency hereby acknowledges and agrees that the foregoing prohibition shall not apply to space leases of a portion of the Project or the improvements thereon or to a transfer of either of the Outparcels.

4. The covenants and agreements established in this Agreement shall, without regard to technical classification and designation, be binding on the Developer and any successor in interest to the Site, or any part thereof, for the benefit and in favor of the Agency, its successors and assigns, and the City of Las Vegas. The covenants contained in Section 2.a. and 2.b. of this Agreement shall remain in effect until March 5, 2016 (the termination date of the Redevelopment Plan). The covenants against discrimination (contained in Section 2.c.) shall remain in effect in perpetuity. The covenants contained in Section 3 shall remain in effect until the date set forth in Section 222 of the Agreement. The Agency shall have the right, if this Agreement or the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and the covenants may be entitled.

IN WITNESS WHEREOF, the Agency and the Developer have executed this Agreement as of the date first above written.

CITY OF LAS VEGAS
REDEVELOPMENT AGENCY

By: _____
OSCAR B. GOODMAN, Chairperson

“Agency”

ATTEST:

BARBARA JO RONEMUS, Secretary

APPROVED AS TO FORM:

Date

PH GSA LLCa Delaware limited liability company

By: PH LLC

By: _____
Name: _____
Title: _____

“Developer”

Attachment: A

EXPLANATION: Legal Description for the **Developer Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 21 through 32 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 41,986 sq. ft. more or less.

EXPLANATION: Legal Description for the **Acquisition Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 27 through 30 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 13,995 sq. ft. more or less.

EXPLANATION: Legal Description for the **Conveyance Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 21 through 26 inclusive, 31 and 32, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 27,991 sq. ft. more or less.

EXPLANATION: Legal Description for the **Parking Garage Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 1 through 16 inclusive, Block 25 of the Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 55,976 sq. ft. more or less.

"The above described parcels of land represents a portion of File 1, Page 37 of Plats and is not intended for inclusion in a document conveying fee ownership. To do so is a violation of state law and or local ordinance."

ATTACHMENT "F"

Special Limited Obligation Tax Increment Revenue Developer Note

Attachment "F"

CITY OF LAS VEGAS

CITY OF LAS VEGAS REDEVELOPMENT AGENCY

TAXABLE TAX INCREMENT SUBORDINATE LIEN NOTE

DATED _____, 20__

No. _____

MATURITY DATE _____, 20__

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

INTEREST RATE: _____ PERCENT (_____ %) PER ANNUM

The City of Las Vegas Redevelopment Agency (the "Agency"), a public body corporate and politic duly organized and existing under the laws of the State of Nevada, for value received, hereby promises to pay, but solely from the special sources hereinafter designated, to the Registered Owner designated above, on the following dates in the following principal installments:

<u>DATE</u>	<u>PRINCIPAL DUE</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

and in like manner to pay interest on said Principal Amount from the date hereof at the Interest Rate specified above, payable annually on _____ of each year, commencing _____, 2____, until the earlier of the maturity date listed above or such time as said Principal Amount is paid, unless this Note shall have been called for prior prepayment and payment hereof shall have been made or provided for. The principal of this Note is payable in lawful money of the United States of America upon presentation and surrender hereof at the office of the City Treasurer of the City of Las Vegas Nevada (the "Treasurer") as paying agent under the Resolution pursuant to which this Note (the "Note") is issued and secured or at such other office as may be designated by the Treasurer. Payment of interest on this Note and other payments of principal shall be made by check or draft mailed by the Treasurer to the person in whose name this Note is registered in the registration records of the Treasurer (the "Registered Owner") at the address appearing thereon at the close of the business on the business day next proceeding the date such interest is paid. All such interest payments shall be made in lawful money of the United States of America. If any payment date is on a Saturday, Sunday or Legal Holiday, payment (by mail) shall be made on the next succeeding business day.

The Note is issued by the Agency pursuant to and in full compliance with the Constitution and laws of the State of Nevada, particularly the Nevada Community Redevelopment Law, consisting of NRS 279.382 to 279.680, inclusive (the "Act"), and pursuant to a resolution duly adopted by the Agency (the "Resolution") for the purpose of defraying a portion of the costs a redevelopment project (the "Agency Improvements") located in an area (the "Redevelopment Area") within the boundaries of the City of Las Vegas, Clark County, Nevada.

This Note is payable exclusively from Available Accrued Taxes as defined in the Owner Participation Agreement between the Agency and PH GSA, LLC dated _____, 2002. By accepting this Note, the owner hereby agrees that it has no other source to look for payment, and the Agency shall not be in default hereunder if the owner of this Note is not paid the principal and interest hereon when due because of the fact the Available Accrued Taxes are insufficient for making that payment however; any unpaid amounts due shall accrue from year to year until the Maturity Date and any available Accrued Taxes which are over and above what is needed for paying that current year's principal and interest on this Note and the amount required to pay Superior Bonds as described below shall be utilized for the purpose of paying such prior years' accrued and unpaid principal and interest requirements with respect to this Note.

Any amounts due hereunder which have not been paid on or before the Maturity Date because of an insufficiency of Available Accrued Taxes shall cease to be due and payable thereafter and this Note shall be at that time deemed to be paid in full.

The payment of the Available Accrued Taxes for the payment of the principal and interest on this Note is subordinate and junior to the lien of the Agency Debt, described below. Payments of the principal and interest on the Note shall be made only if Available Accrued Taxes remain available to the Agency after the payment of the Agency's Pre-Existing Debt and Agency's Future Debt (as defined below) and failure to pay the principal of or interest on this Note as a result of the need to apply Available Accrued Taxes to Agency's Pre-Existing Debt and Agency's Future Debt (collectively "Agency Debt") should not be a default hereunder, but the amount not paid shall accrue from year to year until the maturity date and any Available Accrued Taxes which are over and above the amount that is needed for paying that current year's principal and interest on this Note and the amount required to pay the Agency Debt in that current year shall be utilized for the purpose of paying such prior years accrued and unpaid principal and interest requirements with respect to this Note. All unpaid principal and interest that remains due on the Maturity Date hereof will cease to be owed and the Agency will owe no additional money after the Maturity Date hereof.

Payment of the Notes from Available Accrued Taxes will be subordinate to the repayment of the Agency's pre-existing debt ("Agency's Pre-Existing Debt") which is outstanding at the time such Note is issued, other than Agency debt to the City of Las Vegas, including any debt issued after such date for the purpose of refunding the then outstanding principal balance of such Agency's Pre-Existing Debt.

Payment of the Notes from Available Accrued Taxes will also be subordinate to the repayment of the Agency's debt ("Agency's Future Debt", which term does not include any Agency debt owed to the City of Las Vegas) which is issued hereafter as parity or subordinate Additional Parity Obligations or Subordinate Obligations as defined in and issued in accordance with the Indenture of Trust dated June 1, 1995 pursuant to which the Agency's Series 1995B Bonds were issued if, and only if, the chief financial officer of the Agency files a certificate prior to any issuance of such Agency's Future Debt establishing that the reasonably projected aggregated amount of the incremental increase in property taxes to be generated by all property within the City of Las Vegas Redevelopment Area over the remaining term of the then outstanding Notes, minus the aggregate amount of such incremental taxes to be set aside for low-income housing pursuant to NRS 279.685 and minus the aggregate remaining debt service on all then outstanding Notes, equals at least 115% of the reasonably projected debt service on all then outstanding Agency's Pre-Existing Debt and on all then outstanding as well as the proposed to be issued Agency's Future Debt in each year in which a Note is to be outstanding.

This Note and all similar notes requiring payment from a portion of the tax increment on a specified parcel(s) of property in the City of Las Vegas Redevelopment Area shall share pro-rata, according to the relative unpaid principal amount of all of such notes, and any reduction in payments caused by a need to use tax increment to pay Agency Debt.

Principal of and interest on the Note shall not constitute an indebtedness of the City, the Agency, the State of Nevada or any other political subdivision thereof, and neither the City, the State nor any political subdivision thereof other than the Agency shall be liable thereon, nor shall the principal of or interest on the Note constitutes a general obligation of the Agency or be payable out of any funds or properties of the Agency other than Available Accrued Taxes.

Reference is hereby made to the Resolution for a further and more detailed description of the Available Accrued Taxes, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Agency, the Registered Owners of the Note, and the terms upon which the Note is issued and secured.

The Note shall not be assigned by the Registered Owner to anyone other than those defined as Developer in the Agreement without the Agency's written consent, which the Agency may in its sole discretion, determine to grant.

This Note may be prepaid in whole or in part at any time. Notice of prepayment shall be given by mailing a copy of the prepayment notice not less than 30 days prior to the date fixed for prepayment to the Registered Owner at the address shown on the registration records maintained by the Treasurer. The amount called for prepayment will cease to bear interest after the specified prepayment date.

The Resolution imposes limitations and conditions on the rights of any Registered Owner to enforce the provisions of the Resolution or the Note. The Resolution permits, subject to certain conditions and limitations and with certain exceptions as provided therein, the amendment thereof and the modification of the rights and obligations of the Agency.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the adoption of the Resolution and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the certificate of authentication hereon shall have been manually signed on behalf of the Treasurer.

IN WITNESS WHEREOF, the City of Las Vegas Redevelopment Agency has caused this Note to be executed in its name by the facsimile or manual signature of its Chairperson and its corporate seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the facsimile or manual signature of its Secretary, all as of the date set forth above.

CITY OF LAS VEGAS

REDEVELOPMENT AGENCY

By:

OSCAR B. GOODMAN,

Chairperson

ATTEST:

Barbara Jo Ronemus, Secretary

APPROVED AS TO FORM:

Date

TREASURER'S CERTIFICATE OF AUTHENTICATION

Date of authentication and registration:

This Note is issued pursuant to the within mentioned Resolution, and has been duly registered in the registration records kept by the undersigned Treasurer.

OF

CITY TREASURER OF THE CITY

LAS VEGAS, NEVADA

City Treasurer

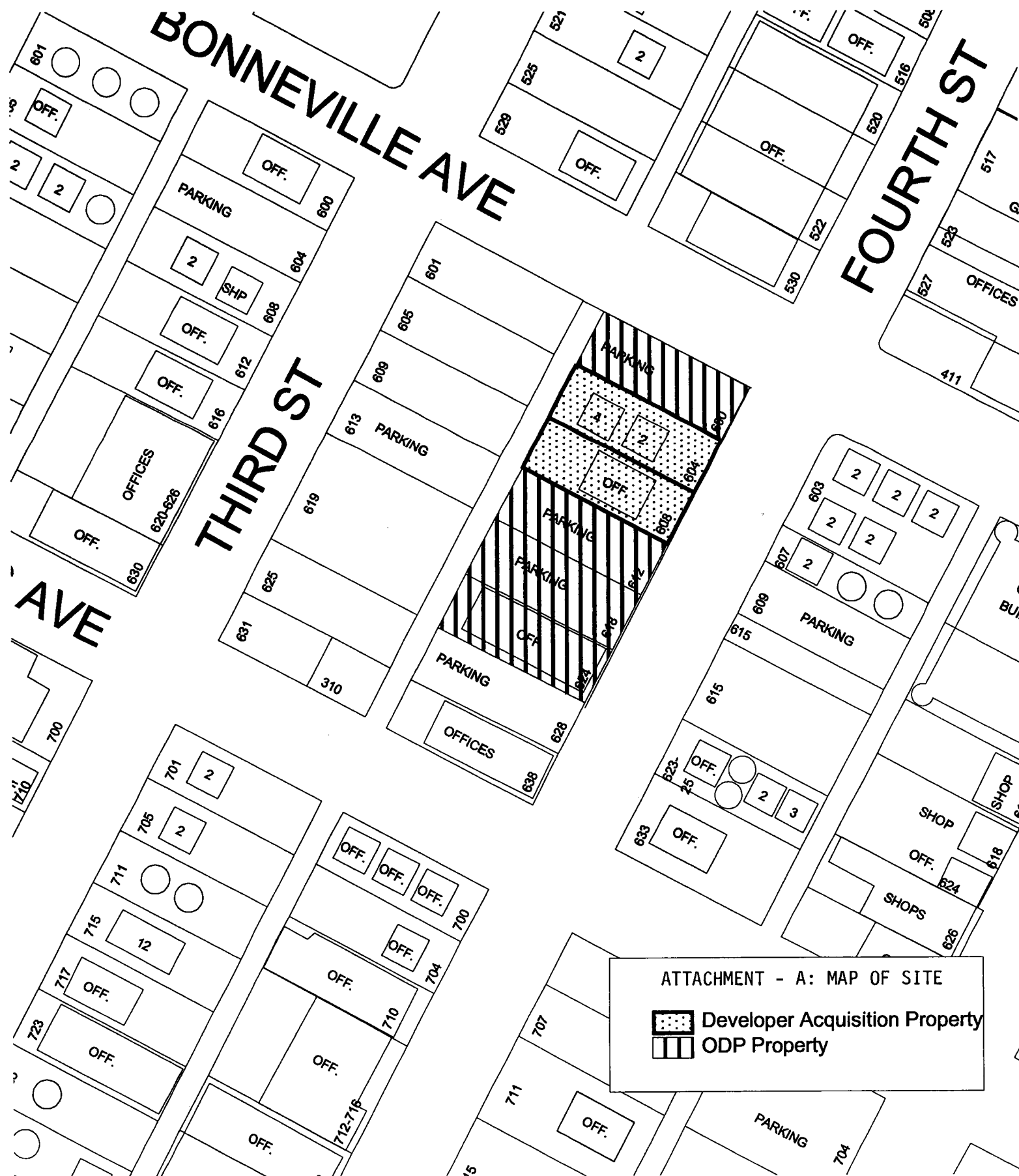
Exhibit A

(Legal Description of Parcel)

[Form of Prepayment Panel]

The following installments of principal (or portions thereof) of this Note have been prepaid in accordance with the terms of the Resolution authorizing the issuance of this Note.

Date of Prepayment	Principal Prepaid	Signature of Treasurer
-----------------------	----------------------	---------------------------



SITE MAP

Attachment: B

EXPLANATION: Legal Description for the **Developer Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 21 through 32 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 41,986 sq. ft. more or less.

EXPLANATION: Legal Description for the **Acquisition Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 27 through 30 inclusive, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 13,995 sq. ft. more or less.

EXPLANATION: Legal Description for the **Conveyance Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 21 through 26 inclusive, 31 and 32, Block 25 of Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 27,991 sq. ft. more or less.

EXPLANATION: Legal Description for the **Parking Garage Parcel** for the Proposed Internal Revenue Service Building.

Being Lots 1 through 16 inclusive, Block 25 of the Clark's Las Vegas Townsite, City of Las Vegas, County of Clark, State of Nevada, as per map recorded in Book 1, Page 37 of Plats in the Office of the County Recorder of said County, situated in the Southwest Quarter (SW ¼) of Section 34, Township 20 South, Range 61 East, M.D.M.

Said parcel contains 55,976 sq. ft. more or less.

"The above described parcels of land represents a portion of File 1, Page 37 of Plats and is not intended for inclusion in a document conveying fee ownership. To do so is a violation of state law and or local ordinance."

**EMPLOYMENT PLAN FOR
PH GSA LLC**

The Employment Plan of PH GSA LLC, a Nevada limited liability company (“PHGSA”) is prepared in accordance with NRS 279.482(2) and the City of Las Vegas Redevelopment Agency Employment Plan Policy (hereinafter the “Policy”) dated June 3, 1992, and amended June 6, 2001. (Attachment 1). This Employment Plan outlines the steps to be taken by PHGSA to assist it in achieving compliance with the Policy. In accordance with the Policy, developers and build-to-suit owners which receive redevelopment project funds are encouraged to hire individuals who live within the area of the operations and are economically disadvantaged residents, physically handicapped, members of racial minorities, veterans, women, and/or the homeless.

Developer Employment Plan

The Development Employment Plan shall apply during the construction phase of the Project.

1. Description of the Facilities to be Constructed. The facilities to be constructed by PHGSA will consist of an office building. Please see Attachments No. 4 and No. 3 of the Disposition and Development Agreement for a complete description of the facilities and anticipated construction schedule.

2. Contracts for Construction of the Project. PHGSA will promote the utilization of women, minority, disabled, and veteran-owned business enterprises for the construction of the Project, as discussed more fully in paragraph 3 below. In this regard, it will establish, as targets, the participation goals established by the City in its “Equal Opportunity

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Contracting Policy.” See Attachment 2. These goals represent the dollar value of subcontracts and materials agreements awarded to women, minority, disabled and veteran-owned businesses expressed as a proportion of the total dollar value of bids.

The Policy requests a list and the amount of contracts to be let for the construction of the redevelopment project. Since PHGSA has not yet caused the bid documents to be prepared, it is premature to identify the subcontracts and material agreements that will be required for construction. When the construction drawings and bid documents have been received, PHGSA, through its construction manager, will seek input regarding the bid estimates from various contractors and subcontractors, including minority, women, disabled, veterans (“MWDV”) business firms. Bid documents will then be completed and disseminated, using the City’s Minority Vendors Directory, as described below. It is anticipated that these documents will be prepared approximately three months after the signing of the Owner Participation Agreement. At such time, PHGSA will submit an Addendum to this Plan identifying the construction contracts.

3. Manner of Involving MWDV Businesses. PHGSA hereby certifies that, for the construction phase of the Project, it shall use and instruct its project manager and construction manager to use the City’s Minority Vendors Directory to locate potential subcontractors. These entities shall notify qualified vendors identified in such directory of contracts to be let for construction, in sufficient time to allow effective participation by MWDV owned business firms. A copy of the notification shall be submitted to the Redevelopment Agency.

In addition to the above, PHGSA will perform the following tasks:

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(a) Advertise in the newspapers of general circulation, trade association papers and MWDV focused media concerning subcontracting opportunities, giving sufficient time to allow the opportunity for effective participation by MWDV owned businesses;

(b) Contact and coordinate with the City's Minority Business Officer and Redevelopment Agency representatives to obtain lists and information concerning City's certified MWDV owned business enterprises;

(c) Utilize referral agencies such as MWDV community organizations, professional associations and small business assistance offices or other organizations that provide assistance in the recruitment and placement of MWDV business enterprises;

(d) When appropriate, break down contracts into the smallest economically feasible units to facilitate and encourage participation by MWDV owned businesses to the maximum extent possible that will comply with NRS 332.

(e) Ensure access by interested MWDV owned business enterprises to plans and specifications and adequate information about the scope of services and other requirements;
and

(f) Offer information to interested MWDV owned business firms regarding the obtaining of bonding, lines of credit and/or insurance;

(g) Organize a Job Fair prior to the Grand Opening of the Project. This fair will be advertised in newspapers of general circulation and with minority and women-focused media outlets. Minority agencies will also be notified, as recommended by the City's Minority Business Office. This fair will be provided at no cost to the tenants or job applicants and will provide a forum for applying and interviewing for positions at the Project (see Attachment 3 for

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an example).

(h) PHGSA will provide and dedicate a public announcement board in a public area of the Project. Tenants will be notified of the location and availability of this board and encouraged to utilize it to advertise positions on an ongoing basis.

(i) PHGSA shall advertise and solicit bids and accept qualified joint venture bids from local MWDV owned business firms and from joint ventures involving local and out of state MWDV owned business firms. PHGSA shall encourage joint ventures with the MWDV owned business firms.

EMPLOYMENT PLAN POLICY

(As Adopted on June 6, 2001)

A. What is the purpose of the Employment Plan Policy?

The purpose of this Employment Plan Policy is to encourage developers and build-to-suit owners/lessees participating in a redevelopment project funded by the Redevelopment Agency to hire individuals of specially targeted population groups (economically disadvantaged residents, physically handicapped, members of racial minorities, veterans or women) who live within the area of operation.

B. Who must submit Employment Plans?

1. ***Developers:*** As appropriate for the redevelopment project, the developer shall submit to the Redevelopment Agency an Employment Plan for the construction phase of the redevelopment project in accordance with the requirements of this Policy. For purposes of this Policy, a "developer" means any person or entity who is proposing to construct commercial, office, retail or industrial space with the assistance of the Redevelopment Agency and includes both developers of speculative space and build-to-suit owners.

A "developer of speculative space" means any developer who constructs commercial, office, retail or industrial space for the purpose of conveying or leasing to an unknown owner and/or tenant. A "build-to-suit developer" means any developer who constructs commercial, office, retail or industrial space in accordance with the customized specifications of a known owner and/or lessee to whom the space will be conveyed or leased upon completion of the redevelopment project.

2. ***Build-to-Suit Owners/Lessees:*** As appropriate for the redevelopment project submitted by a build-to-suit developer, the owner/lessee for which the redevelopment project is to be constructed shall submit to the Redevelopment Agency an Employment Plan for the post construction phase of the redevelopment project in accordance with the requirements of this Policy.

For purposes of this Policy, "build-to-suit owner/lessee" means the owner and/or lessee of commercial, office, retail or industrial space which has been constructed by the developer to the customized specifications of the owner/lessee.

3. **Owners/Lessees:** An owner/lessee of speculative commercial, industrial, office or retail space shall be exempt from submitting an Employment Plan.

C. What is the term of the Employment Plan?

1. The developer shall adhere to the Employment Plan only during the construction phase of the development.
2. The build-to-suit owner/lessee shall adhere to the Employment Plan for at least as long as the redevelopment project remains subject to the Owner Participation Agreement (OPA)/Disposition and Development Agreement (DDA). Each OPA/DDA will include the specific time periods based on the particular relevant aspects of the project. All subcontractors of permanent operations will be required to adhere to the Employment Plan through contractual language included in any agreement with the build-to-suit owner/lessee. The appropriate requirements of the Employment Plan Policy shall be included in the Owner Participation Agreement.
3. Employment Plans must be submitted to the Agency for review during negotiations for redevelopment funding to be approved as part of the OPA/DDA.

D. What information must the developer provide in the Employment Plan?

The developer shall provide the Agency with a list and amount of all contracts to be let for the construction of the redevelopment project.

E. What procedures shall the developer adhere to?

The developer is required to submit an Employment Plan for the construction phase of the redevelopment project, and shall be referred to the City's Minority Vendors Directory. The developer shall notify the vendors identified in the Minority Vendors Directory of all contracts to be let for the redevelopment project. A copy of the notification shall be submitted to the Redevelopment Agency.

F. What information must be in the Employment Plan submitted by Build-to-Suit Owner/Lessees?

1. A description of the existing opportunities for employment within the area. This information is available from the Nevada Employment Security Department. The Agency shall make every effort to assist the build-to-suit owner/lessee in obtaining this information for inclusion in the Employment Plan.
2. A projection of the effect that the redevelopment project will have on opportunities for employment within the area. In other words, the number of new jobs created as a result of the redevelopment project and a description of the skills required to fill the positions. The build-to-suit owner/lessee must supply this information to the Redevelopment Agency.
3. It is the intent of this Policy that a minimum of 51% of all new jobs created as a direct result of the Redevelopment Project be filled by residents of the Redevelopment Area and/or the City of Las Vegas Special Impact Area (SIA) and/or Census Tracts 5.03 and 5.04 (these tracts will be eligible for SIA designation upon release of the 1990 census information). The Redevelopment Agency shall have the authority to reduce the employment requirements of this section after a showing of just cause. This includes the refilling of those jobs for the duration of the Employment Plan. The build-to-suit owner/lessee is required to submit an Employment Plan which describes how the operation will employ persons who are:
 - a. *economically disadvantaged*
 - b. *physically handicapped*
 - c. *members of racial minorities*
 - d. *veterans*
 - e. *women*
4. The build-to-suit owner/lessee shall, as part of the Employment Plan, utilize one or more of the following referral agencies for the purpose of receiving qualified job applicants. Only nominal administrative fees can be charged to the employee by non-profit referral agencies for referral or job placement. These referral agencies, by virtue of their activities, are recognized as having a knowledge of the applicant pool available to assist in the location of and, in some cases, training and upgrading of skills of qualified applicants to fill the unique needs of each business.

- a. *Nevada Employment Security Department*
 - b. *Nevada Business Services*
 - c. *Nevada Black Chamber of Commerce*
 - d. *Latin Chamber of Commerce*
 - e. *Las Vegas Indian Center*
 - f. *Nevada Association for the Handicapped*
 - g. *Nevada Welfare Department*
 - h. *Women's Development Center*
 - i. *St. Vincent's Job Desk*
 - j. *Community College of Southern Nevada*
 - k. *Bureau of Vocational Rehabilitation of Southern Nevada*
 - l. *Dr. Martin Luther King, Jr. Committee*
5. Build-to-suit owner/lessees shall be required to pay a minimum rate which is the higher of the federal minimum wage or the market rates paid by employers in similar businesses in order to ensure that redevelopment jobs provide decent standards of living for employees.
 6. Build-to-suit owner/lessee shall establish an in-house training program for promoting employees, provided the operation employs a total of more than (25) employees. The training program shall be included as part of the Employment Plan.

G. What procedural guidelines must Build-to-Suit Owner/Lessee follow?

1. The build-to-suit owner/lessee agrees to submit written notification to the referral agency of job positions available for hire at least thirty (30) working days prior to the employer's anticipated hiring date.
2. Such written notification shall include a description of the required job qualifications, the rate of pay, the anticipated hiring date, and the date by which the referral agency must refer qualified applicants to the build-to-suit owner/lessee in order to be considered for hiring to the vacant position including management, technical and professional positions.
3. The build-to-suit owner/lessee need not notify the referral agency of any vacancy to be filled by an internal promotion from his own work force.

4. In the event that the referral agency fails to refer qualified individuals within thirty (30) working days for consideration of the vacant job openings of which the build-to-suit owner/lessee has notified the referral agency, the build-to-suit owner/lessee will be free to directly fill any and all remaining positions after so notifying the referral agency in writing.
5. The build-to-suit owner/lessee shall make the final decision on hiring new employees but shall be encouraged to select employees from among qualified persons referred by the referral agencies. This does not release the build-to-suit owner/lessee from the requirements of this Policy.
6. The build-to-suit owner/lessee will not discriminate against any applicant for employment because of race, religion, age, handicap, color, sex, national origin.
7. The Redevelopment Agency shall be copied on all written correspondence between the build-to-suit owner/lessee and the referral agency.

H. What are the reporting requirements?

1. The developer shall inform the Agency of the selected bidder after the bid is awarded, including a justification for not selecting the minority vendor, if such is the outcome. Backup documentation shall be provided to the Agency, as requested.
2. The build-to-suit owner/lessee shall submit a report to the Redevelopment Agency within thirty (30) calendar days after the end of each calendar quarter. This report will provide the Agency with a list of employees' names, addresses, rates of pay and health benefit status, and whether or not they were referred by the above agencies. Affected employees shall be notified that this information is being reported to the Agency. The Agency shall use this information for the sole purpose of determining compliance of the owner/lessee with the submitted Employment Plan. This information shall not be submitted to any other person or organization for any other purpose.

Assembly Bill No. 664- Assemblymen Arberry and Wendell Williams

Chapter 621

An ACT relating to the redevelopment of communities; requiring a proposal for a project of redevelopment to include an employment plan; and providing other matters property relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 279.572 is hereby amended to read as follows:

279.572 **1. Every redevelopment plan must show:**

- [1.] (a) The amount of open space to be provided and the layout of streets.
- [2.] (b) Limitations on type, size, height, number and proposed use of buildings.
- [3.] (c) The approximate number of dwelling units.
- [4.] (d) The property to be devoted to public purposes and the nature of those purposes
- [5.] (e) Other covenants, conditions and restrictions which the legislative body prescribes.
- [6.] (f) The proposed method of financing the redevelopment plan in sufficient detail so that the legislative body may determine the economic feasibility of the plan.

2. *As appropriate for the particular project, each proposal for a project must also include an employment plan. The employment plan must include:*

- (a) *A description of the existing opportunities for employment within the area.*
- (b) *A projection of the effect that the redevelopment project will have on opportunities for employment within the area.*
- (c) *A description of the manner in which an employer relocating his business into the area plans to employ persons living within the area of operation who are:*
 - (1) *Economically disadvantaged*
 - (2) *Physically handicapped*
 - (3) *Members of racial minorities*
 - (4) *Veterans*
 - (5) *Women*

EQUAL OPPORTUNITY CONTRACTING POLICY

Minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, creed, sex, or national origin in consideration for an award.

A. GENERAL

- 1) An M/W/DVBE may participate as a prime contractor, sub-contractor, joint venture partner with a prime or sub-contractor, or as a vendor of materials and/or supplies. Only those sub-contractor(s) and suppliers contracting directly with or to be paid by the prime contractor may be credited toward the goals.
- 2) An M/W/DVBE joint venture partner must be responsible for a clearly defined scope of work detailed separately from the work to be performed by the non-M/W/DVBE joint venture partner. In addition, an agreement signed by all parties, identifying the extent to which each joint venture partner shares in the Ownership, control, management, risk and profits of the joint venture must be submitted to the City of Las Vegas.
- 3) An M/W/DVBE must perform a commercially useful function, i.e., must be responsible for the execution of a distinct element of the Work and must carry out its responsibility by actually performing, managing, and supervising the Work specified.
- 4) The Contractor shall not be entitled to payment for any work or material scheduled to be performed by an M/W/DVBE unless it is performed or supplied by the listed M/W/DVBE or by an approved substitution.

B. MBE/WBE/DVBE GOALS

- 1) The Owner has adopted the following goals for MBE/WBE/DVBE participation and utilization.

Minority-owned Business Enterprise (MBE) 25%
Women-owned Business Enterprise (WBE) 5%
Disabled Veteran-owned Business Enterprise (DVBE) 2.5%

These percentage goals represent the value of sub-contracts and materials agreements awarded to M/W/DVBE's based on the total dollar value of the bid. Only sub-contractors and suppliers listed prior to bid opening may be counted toward the goals.

- 2) Each Bidder is responsible for making a sufficient portion of the Work available to sub-contractors and suppliers and to select those portions of the Work and/or material needs consistent with M/W/DVBE availability.
- 3) Each Bidder is responsible for making a good faith effort to meet the M/W/DVBE participation and utilization goals. If the Bidder fails to meet the goals, information documenting the Bidder's good faith efforts to achieve the goals must be submitted prior to bid award.
- 4) Prior to award of the Contract, the apparent low bidder's bid submission will be reviewed to determine if the Owner goals have been met. If goals have been achieved, the Bidder will not be required to submit any information documenting their good faith efforts to meet the goals.

- 5) M/W/DVBE prime contractors will receive credit toward the goals only for that portion of the Work to be completed by their own workforce and that of other M/W/DVBE subcontractors.
- 6) M/W/DVBE prime contractors are also expected to meet the goals for M/W/DVBE participation or to demonstrate a good faith effort to meet the goals.

C. GOOD FAITH EFFORT

1. A good faith effort is defined as that which, given all relevant circumstances, a Contractor actively and aggressively seeking to meet the goals would make. Efforts that are merely pro forma, are not good faith efforts to meet the goals, even if they are sincerely motivated, if, given all relevant circumstances, those efforts could not reasonably be expected to produce a level of participation to meet the goals. In evaluating good faith efforts, the following are some examples that the Owner will consider:
 - a) Whether the Contractor attended any pre-bid conferences scheduled to discuss the Owner's Equal Opportunity Contracting Program goals and requirements for the Project.
 - b) Whether the Contractor advertised in general circulation, trade association, and minority, women, and disabled veteran-focus media concerning sub-contracting opportunities in time to allow opportunity for effective participation by M/W/DVBE firms.
 - c) Whether the Contractor contacted the Owner's Minority Business Enterprise Section for a list of identified M/W/DVBE firms and the Owner's M/W/DVBE Resource List, and effectively used this information.
 - d) Whether the Contractor effectively used additional services of available: (i) minority, women, and disabled veteran community organizations; (ii) minority, women, and disabled veteran professional associations; (iii) minority, women, and disabled veteran trade associations; (iv) local, state and federal small business assistance offices; and (v) other organizations that provide assistance in the recruitment and placement of M/W/DVBE's.
 - e) Whether the Contractor provided written notice to a reasonable number of specific M/W/DVBE firms in sufficient time to allow opportunity for effective participation in the Contract.
 - f) Whether the Contractor followed up initial solicitations of interest by contacting M/W/DVBE firms to determine with certainty whether they were interested.
 - g) Whether the Contractor selected portions of the Work to be performed by M/W/DVBE firms in order to increase the likelihood of meeting the established goals, including, where appropriate, breaking down contracts into economically feasible units to facilitate M/W/DVBE participation.
 - h) Whether the Contractor provided interested M/W/DVBE firms with access to plans, specifications and adequate information about the scope of services and other requirements of the Contract.
 - i) Whether the Contractor negotiated in good faith with interested M/W/DVBE firms in order to arrive at a fair price, opting for negotiation in lieu of inviting bids.
 - j) Whether the Contractor fairly determined the qualifications of interested M/W/DVBE firms using only the criteria specified in the Bid Documents.

- k) Whether the Contractor made efforts to assist interested M/W/DVBE firms in obtaining bonds, lines of credit, insurance, and/or meeting other governmental contracting requirements.
 - l) Whether the Contractor documented legitimate reasons why the particular M/W/DVBE's contacted were not utilized or qualified.
 - m) Other evidence to indicate compliance with the spirit of the Owner's Equal Opportunity Contracting Program.
2. This list is a guideline and is not meant to be exhaustive. The exercise of these good faith efforts does not necessarily establish a determination of compliance. In the determination of whether a potential contractor exercised good faith efforts to achieve the W/M/DVBE goals, the availability of qualified M/W/DVBE firms for the type of work involved on a particular contract will be considered.
 3. In the event that a potential contractor has not achieved the M/W/DVBE participation goals, it may be entitled to receive an award of the contract if it exercises good faith efforts to achieve the goal, but is unable to do so.
 4. Lack of good faith efforts will subject a potential qualified contractor's bid to additional scrutiny by the Minority Business Enterprise Section, and may cause the award process to be held in abeyance until an appropriate determination can be made.

D. SUBMITTALS

1. If goals have been achieved, the apparent low bidder will not be required to submit any information documenting their good faith efforts to meet the goals.
2. If the apparent low bidder fails to meet the Owner's M/W/DVBE goals, documentation supporting their good faith efforts must be submitted within five (5) working days after bid opening to the Owner's Minority Business Enterprise Section. Such documentation must indicate all efforts expended under paragraph C of this Section.

E. ADDITIONAL INFORMATION

Any prospective bidder wishing additional information on the Owner's Equal Opportunity Contracting Policy or information regarding minority, women, and disabled veteran contractors may contact the Minority Business Enterprise Section at (702) 229-6231.

**CERTIFICATE – DISCLOSURE OF OWNERSHIP/PRINCIPALS
(CONTINUED)**

Block 4 Disclosure of Ownership and Principals

In the space below, the Contracting Entity must disclose all principals (including partners) of the Contracting Entity, as well as persons or entities holding more than one-percent (1%) ownership interest in the Contracting Entity.

	FULL NAME/TITLE	BUSINESS ADDRESS	BUSINESS PHONE
1.	The Molasky Family 1998 Irrevocable Trust	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
2.			
3.	The Frey Family 2000 Irrevocable Trust	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
4.			
5.	The Irwin A. Molasky 1995 Irrevocable Trust	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
6.			
7.	PH, LLC	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
8.			
9.	Richard Worthington	3111 S. Maryland Parkway Las Vegas, NV 89109	(702) 735-0155
10.			

The Contracting Entity shall continue the above list on a sheet of paper entitled "disclosure of Principals – Continuation" until full and complete disclosure is made. If continuation sheets are attached, please indicate the number of sheets: ____.

Block 5 DISCLOSURE OF OWNERSHIP AND PRINCIPALS – ALTERNATE

If the Contracting Entity, or its principals or partners, are required to provide disclosure (of persons or entities holding an ownership interest) under federal law (such as disclosure required by the Securities and Exchange Commission or the Employee Retirement Income Act), a copy of such disclosure may be attached to this Certificate in lieu of providing the information set forth in Block 4 above. A description of such disclosure documents must be included below.

Name of Attached Document: _____

Date of Attached Document: _____ Number of Pages: _____

I certify under penalty of perjury, that all the information provided in this Certificate is current, complete and accurate. I further certify that I am an individual authorized to contractually bind the above named Contracting Entity

PH, LLC

Irwin A. Molasky

Name Irwin A. Molasky,
Operating Manager

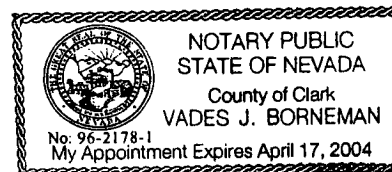
11-1-02

Date

Subscribed and sworn to before me this 1st day of

November, 2002

Vades J. Borneman
Notary Public



**OWNER PARTICIPATION AGREEMENT
ATTACHMENT I
Schedule of Performance**

		Duration in Calendar Days	Early Start	Late Start	Early Finish	Late Finish	
GSA PROPOSAL & BID	Submit GSA SFO Proposal	1	08/09/02				
	Amendment 1	1					
	Amendment 2	1	09/06/02				
	Amendment 3	1	10/10/02				
	Amendment 4	1	10/22/02				
	Best and Final Offer Due	1	11/15/02		11/15/02		
	GSA Review and Award of Lease	12	11/15/02		11/27/02		
	TOTAL CONSTRUCTION TIME - IRS	240	07/01/03	01/03/04	02/26/04	08/30/04	
DESIGN	Conceptual Design	60	06/09/02		08/09/02		
	Conceptual Revisions	90	08/09/02		11/15/02		
	Core & Shell Design Development Drawings	14	12/02/02		12/13/02		
	Core & Shell Contract Documents	70	12/16/02		01/24/03		
	Tenant Improvement Design Development Drawings - IRS	180 - 365	12/02/02	12/02/02	05/31/03	12/02/03	
	IRS National Employees Union Approval	30	06/01/03	12/03/03	07/01/03	01/03/04	
	Tenant Improvement Contract Documents	60	07/02/03	01/03/04	08/31/03	03/03/04	
ENTITLEMENT	Boundary & Topo	10	01/06/03		01/17/03		
	Site Development Plan Review	10	01/20/03		01/31/03		
	Pre-Application Conference	1	02/07/03		02/07/03		
	Planning Commission	1	02/18/03		02/18/03		
	City Council	1	04/03/03		04/03/03		
	Traffic Study - Prepare & Process	65	05/01/03		07/29/03		
	Hydrology Study - Prepare & Process	65	05/01/03		07/29/03		
	Improvement Drawings - Prepare & Process	108	05/27/03		11/28/03		
	Reversionary Map - Prepare, Process & Record	69	05/01/03		08/05/03		
	Core & Shell	21	01/25/03		02/15/03		
	Tenant Improvements	21	07/02/03	01/04/04	07/23/03	01/25/04	
	BID, AWARD & PURCHASE	Bid Demo & Site Work	21	10/30/03		11/20/03	
		Award & Purchase Demo & Site Work	7	11/21/03		11/28/03	
Bid Core & Shell		30	01/25/03		02/24/03		
Award & Purchase Core & Shell		14	02/25/03		03/11/03		
Bid Tenant Improvements		30	07/02/03	01/04/04	08/01/03	02/03/04	
Award & Purchase Tenant Improvements		14	08/01/03	02/03/04	08/15/03	02/17/04	
CONSTRUCTION - IRS BUILDING		Demo & Clear Site	21	11/29/03	08/18/03	12/20/03	09/08/03
		Abatement	14	08/06/03	09/09/03	08/20/03	09/23/03
		Grading & Site Work	28	11/06/02	09/24/03	12/04/02	10/22/03
		Foundations & Underslab Utilities	28	02/05/03	10/23/03	03/05/03	11/20/03
	Form & Pour Columns & Walls - First Level	21	04/07/03	11/21/03	04/28/03	12/12/03	
	Form & Pour Slab on Grade (SOG)	28	06/12/03	12/13/03	07/10/03	01/10/04	
	Shore & Form Structural Deck - Second Level	28	08/17/03	01/11/04	09/14/03	02/08/04	
	Form & Pour Columns & Walls - Second Level	7	11/16/03	02/09/04	08/08/03	02/16/04	
	Tenant Improvements	240	08/15/03	02/17/04	04/11/04	10/14/04	
	Shore & Form Structural Deck - Third Level	14	08/09/03	02/17/04	08/23/03	03/02/04	
	Form & Pour Columns & Walls - Third Level	7	08/24/03	03/03/04	08/31/03	03/10/04	
	Shore & Form Structural Deck - Fourth Level	14	09/01/03	03/11/04	09/15/03	03/25/04	
	Form & Pour Columns & Walls - Fourth Level	7	09/16/03	03/26/04	09/23/03	04/02/04	
	Form & Pour Roof Deck	14	09/24/03	04/03/04	10/08/03	04/17/04	
	Mechanical Penthouse	42	10/09/03	04/18/04	11/20/03	05/30/04	
	Roof	14	11/21/03	05/31/04	12/05/03	06/14/04	
	Energize Building	7	12/06/03	06/15/04	12/13/03	06/22/04	
	Elevator	42	12/14/03	06/23/04	01/25/04	08/04/04	
	Core & Shell Finishes & Occupancy	180	09/24/03	04/03/04	03/22/04	09/30/04	
	CLV PARKING GARAGE	Bridging Documents to City Council	1	11/05/02		11/05/02	
KGA - Prepare RFP Documents & Zoning Submittal		90	11/06/02		02/04/03		
CLV - OBD Receive Proposals & Zoning Approval		60	02/05/03		04/06/03		
Prepare Short List of Finalists		65	04/07/03		06/11/03		
Award Design Build Contract & Notice to Proceed		65	06/12/03		08/16/03		
Prepare Parking Garage DD's & CD's		90	08/17/03		11/15/03		
Parking Garage Review & Permit		60	11/16/03		01/15/04		
Parking Garage Construction		275 - 365	01/16/04	01/16/04	10/17/04	01/15/05	
Occupancy of Parking Garage		30	10/18/04	01/16/05	11/17/04	02/15/05	

ATTACHMENT NO. 11

GSA/IRS OFFICE BUILDING LEASE TERMS

The following outlines the proposed preliminary terms for the GSA/IRS Lease sought by the GSA through SFO # NV0077.

- Lessor:** PH GSA, LLC., a Nevada limited liability company, ("Lessor").
- Lessee:** The General Services Administration ("GSA") with its sublease tenant being the Internal Revenue Service.
- Property:** A 4-story office building located at the southwest corner of 4th and Bonneville Streets in downtown Las Vegas. The new office building will yield approximately 85,215 ANSI/BOMA leaseable square feet, with total net useable square feet of approximately 78,307 SF.
- Required Leaseable Space:** The GSA requires 84,201 leaseable square feet of space. The leaseable space shall yield a minimum of 73,218 ANSI/BOMA Office Area (previously Usable) square feet, available for use by tenant for personnel, furnishings, and equipment.
- Term of Lease:** The lease will have a fixed term of 10 years.
- Rent Commencement Date:** The lease will commence approximately 240 working days after the GSA has approved final plans. If the space is not available by the end of the 240 days, the GSA, at its discretion, may levy liquidated damages on the Lessor.
- Rental Rate:** The lease rate will be fixed for the duration of the lease term (10 years) at an annual price per leaseable square foot of \$32.05 or \$2.76 per square foot per month.
- Parking Requirements:** The Lessee requires 35 on-site reserved parking spaces for the exclusive use of the enforcement division of the IRS. Additionally, the GSA has required an additional 270 parking spaces for Government employees. The cost of parking will be included in the Lessor's rent charged to Lessee.

Preliminary Proforma GSA OFFICE BUILDING
4TH and BONNEVILLE
89,696 GROSS CONSTRUCTION SQ. FT.
85,215 ANSI/BOMA LEASEABLE SQ. FT.
78,307 NET USEABLE SQ. FT.

COSTS	\$ Per GSF	Core & Shell	Tenant		Item Total	Grand Totals
			Improvements			
I. Land (68,008 sq. ft.)	11.15				1,000,000	\$ 1,000,000
City Contribution					0	
II. Total Hard Costs						
Building	99.09	8,366,401	521,831		8,888,232	
Extraordinary Security Costs	0.00				0	
Parking	0.00				0	
Tenant Improvements	23.35		2,094,493		2,094,493	
Site/Offsite Work - Division 2		403,747			403,747	
Total Hard Costs	122.44	8,770,148	2,616,324		11,386,472	11,386,472
III. Total Soft Costs						
Architecture & Engineering	9.69	600,000	269,088		869,088	
Civil Engineering and Survey	0.56				50,000	
Environmental Remediation	1.67				150,000	
Soils and Environmental	0.11				10,000	
Permits and Fees	2.79				250,000	
Engineering Review	1.11				100,000	
Testing and Inspection	1.67				150,000	
Liability Insurance	1.95				175,000	
RE Taxes	0.89				80,000	
Legal and Consulting	1.11				100,000	
Gen & Admin	4.44	306,955	91,571		398,527	
Contract Admin Fee	4.44	306,955	91,571		398,527	
Marketing Costs	1.11				100,000	
Commissions	8.36				750,000	
Soft Cost	5.8%				179,057	
Contingency	10.0%	12.69	877,015	261,632	1,138,647	
Total Soft Costs	54.62	2,090,925	713,863		4,898,845	4,898,845
IV. Total Costs (before finance)	188.21	10,861,073	3,330,187		17,285,317	\$ 17,285,317
Applied Discounts / Savings		77%	23%			-
V. Financing						1,626,408
Construction Loan	88% LTC	\$ 15,129,380				
Fee	1.5%				226,941	
Forward Commitment	1.0%				151,294	
Closing Costs	8.25%				37,823	
Interest Reserved	8% Interest				1,210,350	
Permanent Loan	75% LTV	\$ 14,970,014				
Fee	1.8%				149,700	
Closing Costs	8.5%				74,850	
VI. Total Costs (including construction loan financing)						\$ 18,911,725
VII. Total Developer Equity Required (including land)						3,782,345
Less City Contribution						1,300,000
Total Equity Required						2,482,345
Additional Equity Required at Perm Loan						383,917
Total Equity Remaining after Perm Loan						2,866,262
Cash-on-Cash Return (cash flow after perm loan debt service / remaining equity)						13.73%

Detailed Costs of Tenant Improvements

	Allowance	ANSI/BOMA TI sq. ft.	Item Cost
Base Cost	43.67	76,258	3,330,187
Financing Costs (Allocation)			-
Total Costs of Tis			3,330,187
Amortization of Tenant Improvements			
10 years @ 10% Interest		44,009	
Annual Amortized Cost per Leaseable sq. ft.		0.52	
Annual Amortized Cost per Useable sq. ft.		0.56	

**EMPLOYMENT PLAN FOR
PH GSA LLC**

The Employment Plan of PH GSA LLC, a Nevada limited liability company (“PHGSA”) is prepared in accordance with NRS 279.482(2) and the City of Las Vegas Redevelopment Agency Employment Plan Policy (hereinafter the “Policy”) dated June 3, 1992, and amended June 6, 2001. (Attachment 1). This Employment Plan outlines the steps to be taken by PHGSA to assist it in achieving compliance with the Policy. In accordance with the Policy, developers and build-to-suit owners which receive redevelopment project funds are encouraged to hire individuals who live within the area of the operations and are economically disadvantaged residents, physically handicapped, members of racial minorities, veterans, women, and/or the homeless.

Developer Employment Plan

The Development Employment Plan shall apply during the construction phase of the Project.

1. Description of the Facilities to be Constructed. The facilities to be constructed by PHGSA will consist of an office building. Please see Attachments No. 4 and No. 3 of the Disposition and Development Agreement for a complete description of the facilities and anticipated construction schedule.

2. Contracts for Construction of the Project. PHGSA will promote the utilization of women, minority, disabled, and veteran-owned business enterprises for the construction of the Project, as discussed more fully in paragraph 3 below. In this regard, it will establish, as targets, the participation goals established by the City in its “Equal Opportunity

Contracting Policy.” See Attachment 2. These goals represent the dollar value of subcontracts and materials agreements awarded to women, minority, disabled and veteran-owned businesses expressed as a proportion of the total dollar value of bids.

The Policy requests a list and the amount of contracts to be let for the construction of the redevelopment project. Since PHGSA has not yet caused the bid documents to be prepared, it is premature to identify the subcontracts and material agreements that will be required for construction. When the construction drawings and bid documents have been received, PHGSA, through its construction manager, will seek input regarding the bid estimates from various contractors and subcontractors, including minority, women, disabled, veterans (“MWDV”) business firms. Bid documents will then be completed and disseminated, using the City’s Minority Vendors Directory, as described below. It is anticipated that these documents will be prepared approximately three months after the signing of the Owner Participation Agreement. At such time, PHGSA will submit an Addendum to this Plan identifying the construction contracts.

3. Manner of Involving MWDV Businesses. PHGSA hereby certifies that, for the construction phase of the Project, it shall use and instruct its project manager and construction manager to use the City’s Minority Vendors Directory to locate potential subcontractors. These entities shall notify qualified vendors identified in such directory of contracts to be let for construction, in sufficient time to allow effective participation by MWDV owned business firms. A copy of the notification shall be submitted to the Redevelopment Agency.

In addition to the above, PHGSA will perform the following tasks:

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- (a) Advertise in the newspapers of general circulation, trade association papers and MWDV focused media concerning subcontracting opportunities, giving sufficient time to allow the opportunity for effective participation by MWDV owned businesses;
- (b) Contact and coordinate with the City's Minority Business Officer and Redevelopment Agency representatives to obtain lists and information concerning City's certified MWDV owned business enterprises;
- (c) Utilize referral agencies such as MWDV community organizations, professional associations and small business assistance offices or other organizations that provide assistance in the recruitment and placement of MWDV business enterprises;
- (d) When appropriate, break down contracts into the smallest economically feasible units to facilitate and encourage participation by MWDV owned businesses to the maximum extent possible that will comply with NRS 332.
- (e) Ensure access by interested MWDV owned business enterprises to plans and specifications and adequate information about the scope of services and other requirements; and
- (f) Offer information to interested MWDV owned business firms regarding the obtaining of bonding, lines of credit and/or insurance;
- (g) Organize a Job Fair prior to the Grand Opening of the Project. This fair will be advertised in newspapers of general circulation and with minority and women-focused media outlets. Minority agencies will also be notified, as recommended by the City's Minority Business Office. This fair will be provided at no cost to the tenants or job applicants and will provide a forum for applying and interviewing for positions at the Project (see Attachment 3 for

an example).

(h) PHGSA will provide and dedicate a public announcement board in a public area of the Project. Tenants will be notified of the location and availability of this board and encouraged to utilize it to advertise positions on an ongoing basis.

(i) PHGSA shall advertise and solicit bids and accept qualified joint venture bids from local MWDV owned business firms and from joint ventures involving local and out of state MWDV owned business firms. PHGSA shall encourage joint ventures with the MWDV owned business firms.

EMPLOYMENT PLAN POLICY

(As Adopted on June 6, 2001)

A. What is the purpose of the Employment Plan Policy?

The purpose of this Employment Plan Policy is to encourage developers and build-to-suit owners/lessees participating in a redevelopment project funded by the Redevelopment Agency to hire individuals of specially targeted population groups (economically disadvantaged residents, physically handicapped, members of racial minorities, veterans or women) who live within the area of operation.

B. Who must submit Employment Plans?

1. **Developers:** As appropriate for the redevelopment project, the developer shall submit to the Redevelopment Agency an Employment Plan for the construction phase of the redevelopment project in accordance with the requirements of this Policy. For purposes of this Policy, a "developer" means any person or entity who is proposing to construct commercial, office, retail or industrial space with the assistance of the Redevelopment Agency and includes both developers of speculative space and build-to-suit owners.

A "developer of speculative space" means any developer who constructs commercial, office, retail or industrial space for the purpose of conveying or leasing to an unknown owner and/or tenant. A "build-to-suit developer" means any developer who constructs commercial, office, retail or industrial space in accordance with the customized specifications of a known owner and/or lessee to whom the space will be conveyed or leased upon completion of the redevelopment project.

2. **Build-to-Suit Owners/Lessees:** As appropriate for the redevelopment project submitted by a build-to-suit developer, the owner/lessee for which the redevelopment project is to be constructed shall submit to the Redevelopment Agency an Employment Plan for the post construction phase of the redevelopment project in accordance with the requirements of this Policy.

For purposes of this Policy, "build-to-suit owner/lessee" means the owner and/or lessee of commercial, office, retail or industrial space which has been constructed by the developer to the customized specifications of the owner/lessee.

3. **Owners/Lessees:** An owner/lessee of speculative commercial, industrial, office or retail space shall be exempt from submitting an Employment Plan.

C. What is the term of the Employment Plan?

1. The developer shall adhere to the Employment Plan only during the construction phase of the development.
2. The build-to-suit owner/lessee shall adhere to the Employment Plan for at least as long as the redevelopment project remains subject to the Owner Participation Agreement (OPA)/Disposition and Development Agreement (DDA). Each OPA/DDA will include the specific time periods based on the particular relevant aspects of the project. All subcontractors of permanent operations will be required to adhere to the Employment Plan through contractual language included in any agreement with the build-to-suit owner/lessee. The appropriate requirements of the Employment Plan Policy shall be included in the Owner Participation Agreement.
3. Employment Plans must be submitted to the Agency for review during negotiations for redevelopment funding to be approved as part of the OPA/DDA.

D. What information must the developer provide in the Employment Plan?

The developer shall provide the Agency with a list and amount of all contracts to be let for the construction of the redevelopment project.

E. What procedures shall the developer adhere to?

The developer is required to submit an Employment Plan for the construction phase of the redevelopment project, and shall be referred to the City's Minority Vendors Directory. The developer shall notify the vendors identified in the Minority Vendors Directory of all contracts to be let for the redevelopment project. A copy of the notification shall be submitted to the Redevelopment Agency.

F. What information must be in the Employment Plan submitted by Build-to-Suit Owner/Lesseees?

1. A description of the existing opportunities for employment within the area. This information is available from the Nevada Employment Security Department. The Agency shall make every effort to assist the build-to-suit owner/lessee in obtaining this information for inclusion in the Employment Plan.
2. A projection of the effect that the redevelopment project will have on opportunities for employment within the area. In other words, the number of new jobs created as a result of the redevelopment project and a description of the skills required to fill the positions. The build-to-suit owner/lessee must supply this information to the Redevelopment Agency.
3. It is the intent of this Policy that a minimum of 51% of all new jobs created as a direct result of the Redevelopment Project be filled by residents of the Redevelopment Area and/or the City of Las Vegas Special Impact Area (SIA) and/or Census Tracts 5.03 and 5.04 (these tracts will be eligible for SIA designation upon release of the 1990 census information). The Redevelopment Agency shall have the authority to reduce the employment requirements of this section after a showing of just cause. This includes the refilling of those jobs for the duration of the Employment Plan. The build-to-suit owner/lessee is required to submit an Employment Plan which describes how the operation will employ persons who are:
 - a. *economically disadvantaged*
 - b. *physically handicapped*
 - c. *members of racial minorities*
 - d. *veterans*
 - e. *women*
4. The build-to-suit owner/lessee shall, as part of the Employment Plan, utilize one or more of the following referral agencies for the purpose of receiving qualified job applicants. Only nominal administrative fees can be charged to the employee by non-profit referral agencies for referral or job placement. These referral agencies, by virtue of their activities, are recognized as having a knowledge of the applicant pool available to assist in the location of and, in some cases, training and upgrading of skills of qualified applicants to fill the unique needs of each business.

- a. *Nevada Employment Security Department*
 - b. *Nevada Business Services*
 - c. *Nevada Black Chamber of Commerce*
 - d. *Latin Chamber of Commerce*
 - e. *Las Vegas Indian Center*
 - f. *Nevada Association for the Handicapped*
 - g. *Nevada Welfare Department*
 - h. *Women's Development Center*
 - i. *St. Vincent's Job Desk*
 - j. *Community College of Southern Nevada*
 - k. *Bureau of Vocational Rehabilitation of Southern Nevada*
 - l. *Dr. Martin Luther King, Jr. Committee*
5. Build-to-suit owner/lessees shall be required to pay a minimum rate which is the higher of the federal minimum wage or the market rates paid by employers in similar businesses in order to ensure that redevelopment jobs provide decent standards of living for employees.
 6. Build-to-suit owner/lessee shall establish an in-house training program for promoting employees, provided the operation employs a total of more than (25) employees. The training program shall be included as part of the Employment Plan.

G. What procedural guidelines must Build-to-Suit Owner/Lessee follow?

1. The build-to-suit owner/lessee agrees to submit written notification to the referral agency of job positions available for hire at least thirty (30) working days prior to the employer's anticipated hiring date.
2. Such written notification shall include a description of the required job qualifications, the rate of pay, the anticipated hiring date, and the date by which the referral agency must refer qualified applicants to the build-to-suit owner/lessee in order to be considered for hiring to the vacant position including management, technical and professional positions.
3. The build-to-suit owner/lessee need not notify the referral agency of any vacancy to be filled by an internal promotion from his own work force.

4. In the event that the referral agency fails to refer qualified individuals within thirty (30) working days for consideration of the vacant job openings of which the build-to-suit owner/lessee has notified the referral agency, the build-to-suit owner/lessee will be free to directly fill any and all remaining positions after so notifying the referral agency in writing.
5. The build-to-suit owner/lessee shall make the final decision on hiring new employees but shall be encouraged to select employees from among qualified persons referred by the referral agencies. This does not release the build-to-suit owner/lessee from the requirements of this Policy.
6. The build-to-suit owner/lessee will not discriminate against any applicant for employment because of race, religion, age, handicap, color, sex, national origin.
7. The Redevelopment Agency shall be copied on all written correspondence between the build-to-suit owner/lessee and the referral agency.

H. What are the reporting requirements?

1. The developer shall inform the Agency of the selected bidder after the bid is awarded, including a justification for not selecting the minority vendor, if such is the outcome. Backup documentation shall be provided to the Agency, as requested.
2. The build-to-suit owner/lessee shall submit a report to the Redevelopment Agency within thirty (30) calendar days after the end of each calendar quarter. This report will provide the Agency with a list of employees' names, addresses, rates of pay and health benefit status, and whether or not they were referred by the above agencies. Affected employees shall be notified that this information is being reported to the Agency. The Agency shall use this information for the sole purpose of determining compliance of the owner/lessee with the submitted Employment Plan. This information shall not be submitted to any other person or organization for any other purpose.

Assembly Bill No. 664- Assemblymen Arberry and Wendell Williams

Chapter 621

An ACT relating to the redevelopment of communities; requiring a proposal for a project of redevelopment to include an employment plan; and providing other matters property relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 279.572 is hereby amended to read as follows:

279.572 **1. Every redevelopment plan must show:**

- [1.] (a) The amount of open space to be provided and the layout of streets.
- [2.] (b) Limitations on type, size, height, number and proposed use of buildings.
- [3.] (c) The approximate number of dwelling units.
- [4.] (d) The property to be devoted to public purposes and the nature of those purposes
- [5.] (e) Other covenants, conditions and restrictions which the legislative body prescribes.
- [6.] (f) The proposed method of financing the redevelopment plan in sufficient detail so that the legislative body may determine the economic feasibility of the plan.

2. As appropriate for the particular project, each proposal for a project must also include an employment plan. The employment plan must include:

- (a) A description of the existing opportunities for employment within the area.
- (b) A projection of the effect that the redevelopment project will have on opportunities for employment within the area.
- (c) A description of the manner in which an employer relocating his business into the area plans to employ persons living within the area of operation who are:
 - (1) Economically disadvantaged
 - (2) Physically handicapped
 - (3) Members of racial minorities
 - (4) Veterans
 - (5) Women

EQUAL OPPORTUNITY CONTRACTING POLICY

Minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, creed, sex, or national origin in consideration for an award.

A. GENERAL

- 1) An M/W/DVBE may participate as a prime contractor, sub-contractor, joint venture partner with a prime or sub-contractor, or as a vendor of materials and/or supplies. Only those sub-contractor(s) and suppliers contracting directly with or to be paid by the prime contractor may be credited toward the goals.
- 2) An M/W/DVBE joint venture partner must be responsible for a clearly defined scope of work detailed separately from the work to be performed by the non-M/W/DVBE joint venture partner. In addition, an agreement signed by all parties, identifying the extent to which each joint venture partner shares in the Ownership, control, management, risk and profits of the joint venture must be submitted to the City of Las Vegas.
- 3) An M/W/DVBE must perform a commercially useful function, i.e., must be responsible for the execution of a distinct element of the Work and must carry out its responsibility by actually performing, managing, and supervising the Work specified.
- 4) The Contractor shall not be entitled to payment for any work or material scheduled to be performed by an M/W/DVBE unless it is performed or supplied by the listed M/W/DVBE or by an approved substitution.

B. MBE/WBE/DVBE GOALS

- 1) The Owner has adopted the following goals for MBE/WBE/DVBE participation and utilization.

Minority-owned Business Enterprise (MBE) 25%
Women-owned Business Enterprise (WBE) 5%
Disabled Veteran-owned Business Enterprise (DVBE) 2.5%

These percentage goals represent the value of sub-contracts and materials agreements awarded to M/W/DVBE's based on the total dollar value of the bid. Only sub-contractors and suppliers listed prior to bid opening may be counted toward the goals.

- 2) Each Bidder is responsible for making a sufficient portion of the Work available to sub-contractors and suppliers and to select those portions of the Work and/or material needs consistent with M/W/DVBE availability.
- 3) Each Bidder is responsible for making a good faith effort to meet the M/W/DVBE participation and utilization goals. If the Bidder fails to meet the goals, information documenting the Bidder's good faith efforts to achieve the goals must be submitted prior to bid award.
- 4) Prior to award of the Contract, the apparent low bidder's bid submission will be reviewed to determine if the Owner goals have been met. If goals have been achieved, the Bidder will not be required to submit any information documenting their good faith efforts to meet the goals.

- 5) M/W/DVBE prime contractors will receive credit toward the goals only for that portion of the Work to be completed by their own workforce and that of other M/W/DVBE subcontractors.
- 6) M/W/DVBE prime contractors are also expected to meet the goals for M/W/DVBE participation or to demonstrate a good faith effort to meet the goals.

C. GOOD FAITH EFFORT

1. A good faith effort is defined as that which, given all relevant circumstances, a Contractor actively and aggressively seeking to meet the goals would make. Efforts that are merely pro forma, are not good faith efforts to meet the goals, even if they are sincerely motivated, if, given all relevant circumstances, those efforts could not reasonably be expected to produce a level of participation to meet the goals. In evaluating good faith efforts, the following are some examples that the Owner will consider:
 - a) Whether the Contractor attended any pre-bid conferences scheduled to discuss the Owner's Equal Opportunity Contracting Program goals and requirements for the Project.
 - b) Whether the Contractor advertised in general circulation, trade association, and minority, women, and disabled veteran-focus media concerning sub-contracting opportunities in time to allow opportunity for effective participation by M/W/DVBE firms.
 - c) Whether the Contractor contacted the Owner's Minority Business Enterprise Section for a list of identified M/W/DVBE firms and the Owner's M/W/DVBE Resource List, and effectively used this information.
 - d) Whether the Contractor effectively used additional services of available: (i) minority, women, and disabled veteran community organizations; (ii) minority, women, and disabled veteran professional associations; (iii) minority, women, and disabled veteran trade associations; (iv) local, state and federal small business assistance offices; and (v) other organizations that provide assistance in the recruitment and placement of M/W/DVBE's.
 - e) Whether the Contractor provided written notice to a reasonable number of specific M/W/DVBE firms in sufficient time to allow opportunity for effective participation in the Contract.
 - f) Whether the Contractor followed up initial solicitations of interest by contacting M/W/DVBE firms to determine with certainty whether they were interested.
 - g) Whether the Contractor selected portions of the Work to be performed by M/W/DVBE firms in order to increase the likelihood of meeting the established goals, including, where appropriate, breaking down contracts into economically feasible units to facilitate M/W/DVBE participation.
 - h) Whether the Contractor provided interested M/W/DVBE firms with access to plans, specifications and adequate information about the scope of services and other requirements of the Contract.
 - i) Whether the Contractor negotiated in good faith with interested M/W/DVBE firms in order to arrive at a fair price, opting for negotiation in lieu of inviting bids.
 - j) Whether the Contractor fairly determined the qualifications of interested M/W/DVBE firms using only the criteria specified in the Bid Documents.

- k) Whether the Contractor made efforts to assist interested M/W/DVBE firms in obtaining bonds, lines of credit, insurance, and/or meeting other governmental contracting requirements.
 - l) Whether the Contractor documented legitimate reasons why the particular M/W/DVBE's contacted were not utilized or qualified.
 - m) Other evidence to indicate compliance with the spirit of the Owner's Equal Opportunity Contracting Program.
2. This list is a guideline and is not meant to be exhaustive. The exercise of these good faith efforts does not necessarily establish a determination of compliance. In the determination of whether a potential contractor exercised good faith efforts to achieve the W/M/DVBE goals, the availability of qualified M/W/DVBE firms for the type of work involved on a particular contract will be considered.
 3. In the event that a potential contractor has not achieved the M/W/DVBE participation goals, it may be entitled to receive an award of the contract if it exercises good faith efforts to achieve the goal, but is unable to do so.
 4. Lack of good faith efforts will subject a potential qualified contractor's bid to additional scrutiny by the Minority Business Enterprise Section, and may cause the award process to be held in abeyance until an appropriate determination can be made.

D. SUBMITTALS

1. If goals have been achieved, the apparent low bidder will not be required to submit any information documenting their good faith efforts to meet the goals.
2. If the apparent low bidder fails to meet the Owner's M/W/DVBE goals, documentation supporting their good faith efforts must be submitted within five (5) working days after bid opening to the Owner's Minority Business Enterprise Section. Such documentation must indicate all efforts expended under paragraph C of this Section.

E. ADDITIONAL INFORMATION

Any prospective bidder wishing additional information on the Owner's Equal Opportunity Contracting Policy or information regarding minority, women, and disabled veteran contractors may contact the Minority Business Enterprise Section at (702) 229-6231.

AMENDMENTS TO BE READ INTO RECORD:

In the Disposition and Development Agreement:

- As Attachment 10 (sub-Attachment G) and again as Attachment 13

In the Owner Participation Agreement (OPA):

- As Attachment G (Employment Plan).

The following amendments are requested:

Delete all text in Item 3.(g) (Organization of Job Fair). This is not applicable to this project.

Insert the following new text into Section 3.(g): ***“Pursuant to the terms of the Employment Plan, PH GSA LLC will submit quarterly reports to the Redevelopment Agency for the period through final Certificate of Occupancy by the GSA/IRS, demonstrating its compliance with the requirements of the Employment Plan. PH GSA LLC shall also send copies of the quarterly reports to the State of Nevada Legislative Counsel Bureau, and to the Office of the City Clerk who shall keep these reports on file. PH GSA LLC shall not charge for copies of the reports. The first report shall be distributed upon PH GSA LLC application for Building Permits.”***

Item 3.(h): Delete sentence ***“ Tenants will be notified of the location and availability of this board and encouraged to utilize it to advertise positions on an on-going basis.”***

Additional Language for DDA and OPA:

Add the following two words into Section 5.03 (b)-1 of the DDA, so it will read:

“Fails to [commence or] proceed with the construction of the improvements on the Developer parcel as required by this Agreement for a period of ninety (90) days after written notice thereof from ODP; or”

In the DDA, Attachment 3 and in OPA, Attachment I (as in letter “i”):

Insert: “Commencement date: No Later than Twelve (12) Months after Conveyance”

This gives City/ODP/RDA right to re-enter if no activity within 12 months.

I wish that these statements
be made part of the record.

I appreciate you addressing
these questions today and so
the entire council and public
will be informed, these
questions will be asked again
at the Redevelopment
Agency's meeting this
Wednesday, Nov. 20.

Statement:

The agenda memo states "A complete economic and fiscal impact study has been completed."

Question:

Where is this study and how can the public see and get a copy of it?

Statement:

Under the definition of “principal”, a principal in a limited liability company is “the managing member as well as all the other members” and a principal in a trust is “the trustee and beneficiaries”. Under the Certificate of Disclosure, only the name of the trusts and LLC are given.

Question:

Who are “the managing member as well as all the other members” of the LLC and who are “the trustee and beneficiaries” of the trusts?

Statement:

Under Section 114, "Miscellaneous Developer Obligations", Financial Ability, it states "Developer represents and warrants to the Agency that Developer and Developer's Operating Member are solvent and in sound financial condition."

Question:

If the developer and operating member are solvent and in sound financial condition, why do they need tax increment financing from the city?

Statement:

Under Section 116, "Developer Note", it states the Agency will issue a tax increment note to the developer for hard and soft costs incurred by the developer. It also states the principal amount of the note shall equal the total amount of qualifying expenditures for the project.

Question:

Since the total amount of qualifying expenditures is never given in the agreement, how much is this note going to be? Does this undetermined figure have a maximum amount?

Statement:

Attachment C lists the qualifying expenditures. It seems like the city is paying for the construction of a building that it will not own and is paying for most, if not all, the materials. The only thing it's not paying for are labor and administrative costs.

Question:

If the developer is financially sound, and has the capability to pay for the project, why is the city paying for so many of the materials? By doing so, isn't the city assuring the developer a profit by guaranteeing a certain rate of return on their investment?

REAL ESTATE COMMITTEE AGENDA
REAL ESTATE COMMITTEE MEETING OF: NOVEMBER 18, 2002

CITIZENS PARTICIPATION: ITEMS RAISED UNDER THIS PORTION OF THE AGENDA CANNOT BE DELIBERATED OR ACTED UPON UNTIL THE NOTICE PROVISIONS OF THE OPEN MEETING LAW HAVE BEEN MET. IF YOU WISH TO SPEAK ON A MATTER NOT LISTED ON THE AGENDA, PLEASE CLEARLY STATE YOUR NAME AND ADDRESS. IN CONSIDERATION OF OTHERS, AVOID REPETITION, AND LIMIT YOUR COMMENTS TO NO MORE THAN THREE (3) MINUTES. TO ENSURE ALL PERSONS EQUAL OPPORTUNITY TO SPEAK, EACH SUBJECT MATTER WILL BE LIMITED TO TEN (10) MINUTES.

MINUTES:

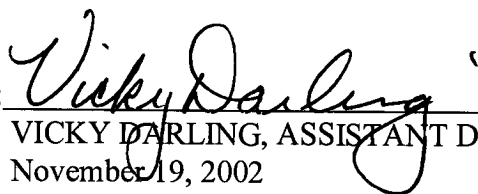
None.

(3:20)

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THE MEETING ADJOURNED AT 3:03 P.M.

Respectfully submitted:



VICKY DARLING, ASSISTANT DEPUTY CITY CLERK

November 19, 2002