OWNER PARTICIPATION AGREEMENT

by and between

CITY OF RENO REDEVELOPMENT AGENCY

and

POWER SPORTS DEVELOPMENT LLC

TABLE OF CONTENTS

[TO BE INSERTED]

EXHIBIT LIST

EXHIBIT A: Property
EXHIBIT B: Form of Developer Note
EXHIBIT C: Master List
EXHIBIT D: [Intentionally omitted]
EXHIBIT E: Form of Certificate of Completion

OWNER PARTICIPATION AGREEMENT

This OWNER PARTICIPATION AGREEMENT (this "**Agreement**") is entered into effective as of May ___, 2025("**Effective Date**") by and between the **CITY OF RENO REDEVELOPMENT AGENCY**, a public body, corporate and politic ("**Agency**"), and **POWER SPORTS DEVELOPMENT LLC**, a Nevada limited liability company ("**Participant**"). The Agency and Participant are hereinafter collectively referred to as the "**Parties**." Capitalized terms used in this Agreement shall have the definitions set forth in Article 1 of this Agreement or as otherwise defined in this Agreement. This Agreement shall become effective upon adoption by the Agency, execution by all Parties and Participant's acquisition of the Property.

RECITALS

A. The Agency is a redevelopment agency formed, existing and exercising its powers pursuant to the provisions of the Nevada Community Redevelopment Law, Nevada Revised Statutes 279.382 *et seq*.

B. Pursuant to the authority granted under the Nevada Community Redevelopment Law, the Agency has the responsibility to implement the Redevelopment Plan for Redevelopment Project Area No. 2 adopted on August 24, 2005 by the City Council (the "**City Council**") of the City of Reno (the "**City**") by Ordinance No. 5726, as amended by Ordinance 5842 adopted on June 14, 2006 (the "**Area 2 Redevelopment Plan**") for the Area 2 Project Area (the "**Redevelopment Area 2**").

C. Participant proposes to lease and develop a portion of that certain property located within the Grand Sierra Resort subdivision, consisting of approximately 140 acres, more or less, generally located east of Interstate 580, south of E. 2nd Street and west of the Truckee River, known as Washoe County Assessor's Parcel Number 012-211-28, and more particularly described in **EXHIBIT A** attached hereto (the "**Property**").

D. Participant is an affiliate of The Meruelo Group, LLC, a Nevada limited liability company, and its affiliated companies, including AM-GSA Holdings, LLC, a Nevada limited liability company ("**AM-GSA Holdings**").

E. The Property is owned by AM-GSA Holdings and Gage Village Commercial Development, LLC, a California limited liability company, and has been improved with hotel and casino improvements operated as "Grand Sierra Resort" ("**GSR**"), including a large surface parking lot and a lined pond.

F. The Property is located within Redevelopment Area 2.

G. Participant proposes to develop the Property to include the following new development projects: (i) a 10,000+/- seat arena, (ii) a 50,000+/- square foot community ice rink, (iii) a 2,400+/- space parking garage, and (iv) a golf driving range (collectively, the "**Project**", and each, a "**Major Improvement**").

H. Participant has requested financial assistance in the form of conditional tax increment financing from the Agency in an amount not to exceed [_____ Dollars ($_____)] (the "**Maximum Reimbursement**") in connection with the payment of the costs of designing, developing and constructing those Project improvements set forth on **EXHIBIT C** (the "**Eligible Improvements**").

I. The Agency board authorized the Executive Director of the Agency to approve and execute this Agreement on behalf of the Agency, at a public meeting held on May 7, 2025, at which the public had the opportunity to comment on the proposed action, and in connection with such authorization the Agency considered whether the Major Improvements are likely to: (i) encourage the creation of new business or other appropriate development; (ii) create jobs or other business opportunities for residents near the Property; (iii) have a positive economic impact by increasing local revenues from tourism, sales tax, increased property values and other desirable sources; (iv) increase levels of human activity in Redevelopment Area 2 and the immediate neighborhood; (v) possess unique attributes that offer entertainment venues of a type not currently available; (vi) require for their construction and operation the use of qualified and trained labor; and (vii) demonstrate greater social or financial benefits to the community than would a similar set of improvements constructed without the financial assistance of the Agency.

J. The Agency has accepted the Phase 1 Gap Analysis prepared by Hunden Partners and dated April 2025, which outlines the projected financial returns of the Project, compares the Project's projected returns to relevant industry benchmarks, and argues that "but for" the Agency's financial support, the Project would not be economically feasible and therefore would not proceed.

K. The Agency has determined that the Project, and specifically the Major Improvements, are of benefit to Redevelopment Area 2 and the surrounding neighborhoods, that the completion and operation of the Eligible Improvements further the purposes and goals of the Area 2 Redevelopment Plan, and that without the financial assistance of the Agency, no reasonable means of financing such improvements would be available. .

L. The purpose of this Agreement is to effectuate the Area 2 Redevelopment Plan for a portion of Redevelopment Area 2 by providing for the redevelopment of the Property in accordance with the Area 2 Redevelopment Plan.

M. The Agency tax increment financing shall be in the form of reimbursement to Participant for Reimbursable Improvement Costs (defined below) pursuant to the Developer Note, which provides that (i) reimbursement for Reimbursable Improvement Costs shall not exceed the Maximum Reimbursement and shall be solely and exclusively paid from Project Tax Increment (as defined below); and (ii) the total amount paid by the Agency to Participant shall in no event exceed the Maximum Reimbursement.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. The following terms as used in this Agreement shall be defined as follows:

"**Administration Fee**" has the meaning set forth in Section 6.4 hereof.

"**Advance Date**" has the meaning set forth in Section 6.4 hereof.

"**Affiliate**" means any person or entity which controls, is controlled by or is under common control with Participant and includes any person or entity which is now or hereafter becomes a member or manager of Participant.

"**Agency"** means the City of Reno Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the laws of the State of Nevada, with full power and authority to execute this Agreement.

"**Agency Engineer**" means an engineer, selected by the Agency and approved by Participant, to conduct the Compliance Review.

"**Agency Engineer's Report**" has the meaning set forth in Section 6.3 hereof.

"**Agreed Percentage**" means [TO BE DETERMINED: [One Hundred Percent (100%)] or [Ninety Percent (90%)]].

"**Applicable Law**" means any applicable local, state and federal laws and regulations, including, without limitation, and all applicable safety, health, and labor laws.

"**Area 2 Redevelopment Plan**" has the meaning set forth in Recital B.

"**Area 2 Tax Increment**" means the gross property tax revenue generated from Redevelopment Area 2 that is allocated to and received by the Agency pursuant to NRS 279.676.

"**Bankruptcy Law**" has the meaning set forth in Section 9.1.1(e) hereof.

"**Certificate of Completion**" means a final certificate of completion substantially in the form attached hereto as **EXHIBIT E** certifying that Participant has satisfactorily completed construction of the Eligible Improvements.

"City" means the City of Reno, a municipal corporation.

"**Claims**" has the meaning set forth in Section 3.6.

"**Complete**," "**Completed**," or "**Completion**" when used in reference to the completion of the construction of an Eligible Improvement means that construction of the Eligible Improvement has been completed to the point that City has indicated in writing that it has approved such Eligible Improvement as being complete.

"**Compliance Review**" has the meaning set forth in Section 6.3 hereof.

"**Construction Control**" means qualified independent third parties who provide construction control services for voucher control, inspection services and analysis of the Reimbursable Improvements Costs that qualify as Eligible Costs as per Section 6.3(i) hereof.

"**Construction Plans**" means a site plan, demonstrating building arrangement, built space and open space, pedestrian and vehicular circulation, schematic plans showing building area, and such other construction documentation as may be reasonably requested by Agency staff to evidence that the Major Improvements, upon Completion, will conform to the descriptions of the Eligible Improvements set forth on Exhibit C.

"**Developer Note"** has the meaning set forth in Section 6.1.3.

"**Effective Date**" means the date first written above.

"**Eligible Costs**" means those Reimbursable Improvement Costs approved by the Agency in accordance with Article 6.

"**Eligible Improvements**" has the meaning set forth in Recital H.

"**Entitlements**" means all entitlements, permits and approvals the City or any other governmental body or agency with jurisdiction over the Project, the Eligible Improvements or the Property has granted or issued as of the date hereof or may hereafter grant or issue in connection with development of the Eligible Improvements, including without limitation and all conditions of approval imposed in connection with such entitlements, permits and approvals, including without limitation, all mitigation measures imposed in connection with environmental review of the Eligible Improvements.

"**Environmental Law**" means any and all federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Materials (as defined below), or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C.A. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Oil Pollution Act (33 U.S.C. § 2701 et seq.), and the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.).

"**Event of Agency Default**" has the meaning set forth in Section 9.2 herein.

"**Force Majeure**" is defined in Section 9.6 of this Agreement.

"**Ground Lease**" has the meaning set forth in Section 2.1 hereof.

"**Hazardous Materials**" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of Nevada, or the United States Government, including, but not limited to, any material or substance which is (i) petroleum, petroleum based products and petroleum additives and derived substances, (ii) asbestos and lead based paint, (iii) polychlorinated byphenyl, (iv) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317), (v) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), (vi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq., (vii) methyl-tertiary butyl ether, (viii) mold, fungi, viruses and bacterial matter, or (ix) any other toxic substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirements either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as "hazardous" or harmful to human health or the environment.

"**Holder**" means the holder of any mortgage, deed of trust secured by all or any portion of the Property or the pledgee of any payments due or to become due under the Developer Note or any other security instrument authorized by this Agreement.

"**Major Improvements**" means the Project, including the Eligible Improvements.

"**Master List**" means a list of Eligible Improvements for the Property attached hereto as **EXHIBIT C**.

"**Maximum Reimbursement**" has the meaning set forth in Recital H.

"**NRS**" means the Nevada Revised Statutes as amended.

"**Participant**" means POWER SPORTS DEVELOPMENT LLC, a Nevada limited liability company, and any permitted successor pursuant to Article 7 of this Agreement.

"**Share of Tax Increment Attributed to Project**" has the meaning set forth in Section 6.5.

"**Property"** has the meaning set forth in Recital C. The term "Property" as used herein means all portions of the Property, regardless of any future subdivision.

"**Real Estate Property Tax Rate Calculated**" means the proportionate share of total property taxes that make up tax increment as calculated by the Washoe County Treasurer.

"**Redevelopment Area 2**" has the meaning set forth in Recital B.

"**Reimbursable Improvement Costs**" means actual costs incurred and paid by Participant toward designing, developing, and constructing (including permitting) the Eligible Improvements.

"**Request for Reimbursement**" has the meaning set forth in Section 6.2 hereof.

"**Semi-Annual Payment**" has the meaning set forth in Section 6.6 hereof.

"**Statutory Set Aside**" means the amount, if any, of the gross property tax revenue generated from the Property that is required by Nevada Community Redevelopment Law or other Applicable Law to be set aside from the revenue otherwise allocated to and received by the Agency pursuant to NRS 279.676, to be used for the purposes specified thereunder.

"**Tolling Period**" has the meaning set forth in Section 6.1.2 hereof.

"**Total Tax Billings for All Project Parcels**" means the total ad valorem taxes to be billed for each legal parcel constituting the Property as determined by the Washoe County Treasurer, and no other taxes or assessments against the Property.

"**Total Area 2 Tax Increment to be Billed**" means the total property tax increment to be billed within Redevelopment Area 2 as determined by the Washoe County Treasurer.

"**Total Project Tax Increment to be Billed**" means (a) the Total Billings for All Project Parcels, multiplied by (b) Real Estate Property Tax Rate Calculated.

"**Transfer"** means an attempted or completed voluntary, involuntary, direct or indirect or by operation of law sale, transfer, conveyance, assignment or lease.

"**Project Tax Increment**" means the gross property tax revenue generated from the Property that is allocated to and received by the Agency pursuant to NRS 279.676, less any Statutory Set Aside, if and when applicable.

ARTICLE 2
REPRESENTATIONS

Section 2.1 Participant's Representations. Participant represents and warrants to the Agency as follows, and Participant covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, Participant shall immediately give written notice of such fact or condition to the Agency. Participant acknowledges that the Agency shall rely upon Participant's representations made herein notwithstanding any investigation made by or on behalf of the Agency:

(i) The Property. Participant will own the Major Improvements pursuant to a written ground lease with the fee owner of the Property identified in the Recitals hereto (together with its successors and assigns, "**Lessor**") with a term expiring not less than ten (10) years from the later of the Effective Date and the Completion of the Eligible Improvements (the "**Ground Lease**"), such lease is in full force and effect, and no event of default has occurred and is continuing thereunder with respect to Participant or Lessor.

(ii) Authority. Participant is a limited liability company duly organized and in good standing under the laws of the State of Nevada. Participant has the full right, power and authority to undertake all obligations of Participant as provided herein, and the execution, performance and delivery of this Agreement by Participant has been duly authorized by all requisite actions. The persons executing this Agreement on behalf of Participant have been duly authorized to do so. This Agreement constitutes valid and binding obligation of Participant.

(iii) No Conflict. Participant's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Participant is a party or by which it is bound.

(iv) No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Participant to perform its obligations under this Agreement.

(v) No Participant Bankruptcy. Participant is not the subject of a bankruptcy or insolvency proceeding.

Section 2.2 Agency Representations. The Agency represents and warrants to Participant as follows, and the Agency covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.2 not to be true, the Agency shall immediately give written notice of such fact or condition to Participant. The Agency acknowledges that Participant shall rely upon the Agency's representations made herein notwithstanding any investigation made by or on behalf of Participant.

(i) Authority. The Agency is a public body, corporate and politic established and authorized to transact business and exercise its powers under the laws of the State of Nevada. The Agency has the full right, power and authority to undertake all obligations of the Agency as provided herein, and the execution, performance and delivery of this Agreement by the Agency have been duly authorized by all requisite actions. The persons executing this Agreement on behalf of the Agency have been duly authorized to do so. This Agreement constitutes a valid and binding obligation of the Agency.

(ii) No Conflict. The Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Agency is a party or by which it is bound.

(iii) No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of the Agency to perform its obligations under this Agreement.

(iv) No Bankruptcy. The Agency is not the subject of a bankruptcy or insolvency proceeding.

(v) No Encumbrance of Semi-Annual Payment. Except as provided herein, the Agency has not and will not encumber the Project Semi-Annual Payment (as defined in Section 6.6).

ARTICLE 3
DEVELOPMENT OF THE PROPERTY

Section 3.1 Scope of Development.

Participant shall use commercially reasonable efforts to develop and construct the Major Improvements, in accordance with the terms and conditions of this Agreement, the Entitlements, and all Applicable Law.

Section 3.2 Entitlements & Other Approvals.

Participant acknowledges and agrees that execution of this Agreement by the Agency does not constitute approval of the Entitlements, does not limit in any manner the discretion of the City in such approval process, and does not relieve Participant from the obligation to obtain all necessary Entitlements. Participant shall use reasonable efforts to obtain all necessary Entitlements which may be required by any other governmental agency having jurisdiction over the design, development, or construction of the Major Improvements on the Property and shall be responsible for and promptly pay when due all applicable fees and charges of the City in connection with the processing and consideration of obtaining the Entitlements, including, but not limited to, building permits.

Section 3.3. Construction Schedule.

An Eligible Improvement must be Completed within five years of the Effective Date in order for the costs of such Eligible Improvement to be approved as Reimbursable Improvement Costs.

Section 3.4 Costs of Construction.

All costs related to (i) acquisition or development of the land constituting the Property, (ii) designing, developing and constructing the Major Improvements, (iii) completion of the Major Improvements, (iv) soil, groundwater or other environmental remediation or response activities and (v) compliance with the Entitlements shall be borne solely by Participant and shall not be an obligation of the Agency or the City, except as may be specifically and expressly otherwise provided herein.

Section 3.5 Hazardous Materials and Remediation.

The Agency shall not be responsible for the cost of any soil, groundwater or other environmental remediation or other response activities for any Hazardous Materials existing or occurring on the Property or any portion thereof, and Participant shall be solely responsible for all actions and costs associated with any such activities required for the development of the Major Improvements, the Property, or any portion thereof, which shall not be Reimbursable Improvement Costs. Participant hereby covenants and agrees:

(i) Participant Responsibility. Upon receipt of any regulatory notice regarding the presence, release or discharge of Hazardous Materials in, on or under the Property, or any portion thereof, Participant (as long as Participant owns the property which is the subject of such notice) shall timely initiate and diligently pursue and complete all required response, remediation and removal actions for the presence, release or discharge of such Hazardous Materials as specified by applicable Environmental Laws.

(ii) Compliance. Participant, within the period of its ownership, shall keep and maintain the Major Improvements and the Property and each portion thereof in compliance with, and shall not cause or permit the Major Improvements or the Property or any portion of either to be in violation of, any Environmental Laws.

(iii) Environmental Indemnification. Participant shall indemnify, defend (with counsel approved by the Agency) and hold the Agency, and its respective elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the "**Indemnitees**") harmless from and against any and all Claims associated with the investigation, assessment, monitoring, response, removal, treatment, abatement or remediation of Hazardous Materials and administrative, enforcement or judicial proceedings resulting, arising, or based directly or indirectly in whole or in part, upon (1) the presence, release, use, generation, discharge, storage or disposal or the alleged presence, release, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Property, or (2) the failure of Participant, Participant's employees, agents, contractors, subcontractors, or any person acting on behalf of any of the foregoing to comply with Environmental Laws or the covenants set forth in Section 3.5. The foregoing indemnity shall further apply to any residual contamination in, on, under or about the Property or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Environmental Laws.

The provisions of this Section 3.5 shall survive the issuance of a Certificate of Completion for the Eligible Improvements and the expiration or earlier termination of this Agreement.

ARTICLE 4
CONSTRUCTION OF IMPROVEMENTS

Section 4.1 Construction Pursuant to Plans.

All construction of the Eligible Improvements shall be done in accordance with the applicable Construction Plans and the Entitlements, as may be modified in accordance with Section 4.3 of this Agreement. Prior to the commencement of construction of the Eligible Improvements or any portion thereof, Participant shall submit to the Agency the Construction Plans for such Eligible Improvements so that the Agency may confirm consistency with this Agreement.

Section 4.2 Construction Plans.

The Construction Plans shall be based upon the plans and development approvals issued by the City with respect to the Major Improvements and the development of the Property.

Section 4.3 Change in Construction Plans.

Participant may revise the Construction Plans for the Major Improvements, if the Construction Plans, as modified by any proposed change, conform to the requirements of this Agreement, any plans or development approvals issued by the City and all Applicable Law, provided that Agency approval pursuant to this Article 4 will not substitute for any City approval required under Applicable Law.

Section 4.4 Defects in Plans.

Neither the Agency nor the City shall be responsible to Participant or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Participant shall indemnify, defend (with counsel reasonably approved by the Agency, but no right to select separate counsel unless joint representation results in a conflict of interest) and hold the Indemnitees harmless from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Participant's indemnification obligations set forth in this Section 4.4 shall survive the expiration or earlier termination of this Agreement and the recordation of a Certificate of Completion. It is further agreed that the Agency and City do not, and shall not, waive any rights against Participant that they may have by reason of this indemnity and hold harmless agreement because of the acceptance by the Agency, or Participant's deposit with the Agency of any of the insurance policies described in this Agreement. Participant's indemnification obligations pursuant to this Section shall not extend to Claims arising due to the negligence or willful misconduct of the Indemnitees.

Section 4.5 Progress of Construction.

During construction of the Eligible Improvements, Participant shall submit to the Agency quarterly written reports of the progress of the construction of the Eligible Improvements. The

report shall be in such form and detail as to inform the Agency fully of the status of construction of the Eligible Improvements.

Until construction of the Eligible Improvements has been Completed, Participant authorizes the Agency to have full access to all building inspection reports and other information at the City to assist the Agency in reviewing the actual progress of construction of the Eligible Improvements. Participant shall allow the Agency to review construction documents and records maintained by Participant in the ordinary course of the construction of the Eligible Improvements as may be reasonably requested by the Agency.

Section 4.6 Certificate of Completion for Eligible Improvements.

Promptly after Completion of the Eligible Improvements on the Property in accordance with the provisions of this Agreement, the Agency shall provide a final (or partial, as applicable) Certificate of Completion (**"Certificate of Completion"**) certifying that Participant has satisfactorily completed construction of the Eligible Improvements on the Property (or applicable portion thereof) provided that, at the time such certification is issued, (i) the Eligible Improvements on the Property (or applicable portion thereof) have been Completed, (ii) all the Agency and City fees, if any, have been paid with respect to all Eligible Improvements constructed on the Property (or applicable portion thereof), (iii) the portions of the Property upon which the Eligible Improvements are located are in full compliance with the terms of this Agreement and the Area 2 Redevelopment Plan, and (iv) all Entitlements for the Eligible Improvements have been obtained.

Such Certificate of Completion shall be substantially in the form attached hereto as **EXHIBIT E** and shall be recorded among the Official Records of Washoe County, Nevada. Such Certificate of Completion and determination shall not constitute evidence of compliance with or satisfaction of any obligation of Participant to any holder of a deed of trust securing money loaned to finance the Eligible Improvements or any part thereof and shall not be deemed a notice of completion under the NRS, Chapter 108.

Section 4.7 Prevailing Wage Requirements.

The Eligible Improvements to be constructed by Participant under this Agreement shall be subject to the provisions of NRS Sections 338.010 through 338.090, inclusive, and regulations adopted pursuant thereto ("**Prevailing Wage Laws**") to the same extent as if the Agency had awarded the contract for the construction of the Eligible Improvements. Participant and its respective subcontractors or agents shall comply with the Prevailing Wage Laws and shall be responsible for carrying out the requirements of such provisions.

Participant shall, and hereby agrees to, unconditionally indemnify, reimburse, defend (with counsel reasonably approved by the Agency, but no right to select separate counsel unless joint representation results in a conflict of interest), protect and hold Indemnitees harmless from and against any and all Claims whether known or unknown, and which directly or indirectly, in whole or in part, are caused by, arise from, or relate to, or are alleged to be caused by, arise from, or relate to, the payment or requirement of payment of prevailing wages or the requirement of competitive bidding in the construction of the Eligible Improvements, the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not

limited to NRS Sections 279.498 and 279.500 and the Prevailing Wage Laws, or any act or omission of the Agency or Participant related to this Agreement with respect to the payment or requirement of payment of prevailing wages or the requirement of competitive bidding, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that the Agency and the City do not, and shall not, waive any rights against Participant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by the Agency, or the deposit with the Agency by Participant, of any of the insurance policies described in this Agreement. The provisions of this Section 4.7 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Eligible Improvements. Participant's indemnification obligations set forth in this Section shall not apply to Claims arising from the gross negligence or willful misconduct of the Indemnitees.

Pursuant to NRS Section 338.020, the hourly and daily rate of wages to be paid each of the classes of mechanics and workmen employed in connection with construction of the Eligible Improvements shall not be less than the rate of such wages then prevailing in Washoe County, Nevada and shall be posted on the site of construction of the Eligible Improvements in a place generally visible to the mechanics and workmen.

Pursuant to NRS Section 338.060, Participant agrees to forfeit, as a penalty to the Agency, the applicable sums set forth in Section 338.060 for each calendar day or portion thereof that each workman employed in connection with the Eligible Improvements (i) is paid less than the designated rate for any work performed under this Agreement by Participant or any of Participant's contractors, subcontractors or agents or (ii) is not reported to the Agency as required pursuant to NRS Section 338.070.

In addition to all reporting requirements under the Prevailing Wage Laws, until construction of the Eligible Improvements has been Completed, Participant authorizes the Agency to have full access to all of its payroll records and payroll records of its respective subcontractors or agents, as well as all other construction, contracting, employee and worker documentation and records reasonably deemed necessary by the Agency to determine compliance with this Section and NRS Sections 279.498 and 279.500 and the Prevailing Wage Laws.

Section 4.8 Construction Bonds.

Prior to commencement of construction of the Eligible Improvements, Participant shall provide labor, materials, and performance bonds naming the Agency and the City as co-obligees, subject to the approval of the Agency and the City, for all Eligible Improvements, from a surety company licensed to do business in Nevada with a general rating of A minus and a financial size category of class X or better in Best's Insurance Guide, each in a penal sum of the estimated costs of the Eligible Improvements. Participant shall maintain and keep in force, at Participant's expense, the bonds required by this Section until Completion of construction of the Eligible Improvements.

Section 4.9 [Intentionally Omitted.]

Section 4.10 Equal Opportunity.

During the construction of the Eligible Improvements on the Property, Participant shall not discriminate on the basis of race, religion, sex, sexual orientation or national origin in the hiring, firing, promoting or demoting of any person engaged in the construction work and Participant shall direct its contractors and subcontractors to refrain from discrimination on such basis.

Section 4.11 Relocation Expenses; Hold Harmless Statement.

Participant agrees that it shall have the sole and exclusive responsibility for providing any relocation assistance and paying any relocation costs associated with the development of the Property which may be required to comply with Applicable Law. Participant shall, and hereby agrees to, unconditionally indemnify, reimburse, defend (with counsel reasonably approved by the Agency, but no right to select separate counsel unless joint representation results in a conflict of interest), protect and hold Indemnitees harmless from and against any and all Claims, whether known or unknown, and which directly or indirectly, in whole or in part, are caused by, arise from, or relate to, or are alleged to be caused by, arise from, or relate to, relocation assistance or benefits or any act or omission of the Agency or Participant with respect to the provision of relocation assistance or benefits in connection with this Agreement, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that the Agency and City do not, and shall not, waive any rights against Participant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by the Agency, or the deposit with the Agency by Participant, of any of the insurance policies described in this Agreement. The provisions of this Section 4.11 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Eligible Improvements. Participant's indemnification obligations set forth in this Section shall not apply to Claims arising from the gross negligence or willful misconduct of the Indemnitees.

ARTICLE 5
COVENANTS OF PARTICIPANT

Section 5.1 Uses.

Participant covenants and agrees that the Property shall be subject to the provisions of the Area 2 Redevelopment Plan for such period of time as the plan is in effect. Participant is expressly prohibited from using the Property for any uses prohibited by applicable City ordinances or regulations or by the Area 2 Redevelopment Plan.

Section 5.2 Obligation to Refrain from Discrimination.

Participant shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Participant covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin in the leasing,

subleasing, transferring, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, nor shall Participant 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, sublessees, subtenants, or vendees in the property herein transferred. The foregoing provisions shall run with the land, be binding upon any subcontracting parties, successors, assigns and other transferees under this Agreement and shall remain in effect in perpetuity.

Section 5.3 Effect and Duration of Covenants.

All of the terms, covenants, agreements and conditions set forth in this Agreement shall cease and terminate as to the Property and the improvements thereon upon recordation of the Certificate of Completion for the Eligible Improvements as described in Section 4.6 of this Agreement, excepting only the provisions of Section 5.1 of this Agreement (relating to uses), which shall remain in effect as specified therein; Section 5.2 (relating to nondiscrimination), which shall remain in effect in perpetuity; and the provisions set forth in the Section 11.12 (relating to indemnity and hold harmless provisions), which shall remain in effect as specified therein.

Section 5.4 Administrative Fee. Participant will pay the Agency 1% of the Maximum Reimbursement as an Agency administration fee ("**Administrative Fee**"), which, if not paid earlier, will be offset against the Semi-Annual Payment otherwise due and payable under the Developer Note, commencing with the first payment thereunder, until the Agency has received (retained) the entire Administrative Fee.

ARTICLE 6
REIMBURSEMENT OF COSTS BY AGENCY

Section 6.1 Reimbursement for Reimbursable Improvement Costs.

Section 6.1.1 Agency Financial Assistance

Participant shall undertake the design, development and construction (including permitting) of the Eligible Improvements described in the Master List at its initial and exclusive cost. The Agency recognizes that the costs of designing, developing and constructing the Eligible Improvements would make implementation of the Project economically infeasible, and the Agency therefore agrees to financially assist Participant with the costs of designing, developing and constructing the Eligible Improvements. The amount of the Agency financial assistance shall not exceed the lesser of (i) the total amount of Eligible Costs (as defined below); or (ii) the Maximum Reimbursement (subject to Section 6.1.2.).

Section 6.1.2 Form of Agency Financial Assistance

The Agency financial assistance shall be by reimbursement to Participant for the Eligible Improvements Costs pursuant to a Limited Obligation Tax Increment Revenue Developer Note, dated as of the Effective Date and executed by the Agency substantially in the form attached hereto as **EXHIBIT B** (the "**Developer Note**"). The Developer Note provides that (i) all amounts

thereunder may be pre-paid in part or in full at any time without penalty and (ii) the indebtedness evidenced thereby shall be paid solely and exclusively from Project Tax Increment. All terms of reimbursement by the Agency to Participant for Eligible Improvements Costs, representing the Agency's redevelopment financial assistance to Participant for the Eligible Improvements, shall be as provided herein and in the Developer Note, including without limitation, limits on the maximum amount payable thereunder and the forgiveness of any outstanding balance following the Maturity Date, as more particularly set forth in Section 6.8.

Section 6.1.3 [Intentionally omitted]

Section 6.1.4 [Intentionally omitted]

Section 6.2 Request for Reimbursement.

Upon Completion of the Eligible Improvements, Participant shall provide to the Agency for its approval a request for reimbursement ("**Request for Reimbursement**"), which includes a summary of the Reimbursable Improvement Costs and supporting documentation of such costs as the Agency may reasonably request, including without limitation, a certification from a contractor evidencing that the payment by Participant reasonably corresponds to the construction work completed. Participant shall maintain reasonably detailed documentary evidence supporting any Eligible Improvements Costs (e.g., contractor invoices, applications for payment, lien releases).

Section 6.3 Verification of Eligible Improvements Costs.

Section 6.3.1 [Intentionally omitted].

Section 6.3.2 Compliance Review.

Promptly following the Agency's receipt of a Request for Reimbursement, the Agency shall cause a review of the Reimbursable Improvement Costs to be conducted by the Agency Engineer ("**Compliance Review**"). Such review will provide the basis for determining the amount of any Agency reimbursement to Participant for the Completed Eligible Improvements. The costs of the Compliance Review shall be paid by Participant within ten days of receiving an invoice from the Agency detailing such costs; provided that Participant has received the Agency's Engineer's Report (as defined below).

The Compliance Review shall require the Agency Engineer, in his or her reasonable discretion, to verify the Reimbursable Improvement Costs for the Completed Eligible Improvements and to determine whether such costs are reasonable. Upon completion of the Compliance Review, the Agency Engineer shall submit a report to the Agency detailing his or her analysis of the Reimbursable Improvement Costs ("**Agency Engineer's Report**"). The Agency shall approve only (i) those Reimbursable Improvement Costs in the Request for Reimbursement which the Agency Engineer has verified and determined to be reasonable as set forth in the Agency Engineer's Report and (ii) those Reimbursable Improvement Costs in the Request for Reimbursement which the Agency has pre-approved pursuant to Section 6.1.3, provided that the Agency Engineer has verified and determined that such costs are consistent with the Agency's written pre-approval (collectively, "**Eligible Costs**"). The Agency shall act on the Request for

Reimbursement within thirty (30) days after receipt of the Agency Engineer's Report either by approving the Request for Reimbursement or by identifying with specificity any aspects of the Request for Reimbursement which require further documentation or explanation.

Section 6.4 Advances Under the Developer Note.

Eligible Costs shall be added to the principal amount of the Developer Note as of the date the Agency approved such costs pursuant to Section 6.3 (the "**Advance Date**").

Section 6.5 Determination of Share of Tax Increment Attributed to Project.

Each year upon finalization of the property tax roll for the upcoming fiscal year (July 1st to June 30th), based upon reports received by the Washoe County Assessor's Office, the Agency shall determine, as a percentage, Participant's percentage share of the Area 2 Tax Increment pursuant to the formula below ("**Share of Tax Increment Attributed to Project**"). As tax increment funds are received during the fiscal year from the Washoe County Treasurer's Office, the Agency shall make payments to Participant in accordance with Section 6.6.

Share of Tax Increment Attributed to Project (%) = Total Project Tax Increment to be Billed / Total Area 2 Tax Increment to be Billed

Total Project Tax Increment to be Billed = Total Tax Billings for all Project Parcels x Real Estate Property Tax Rate Calculated Percent (for the tax district the parcel is in).

Section 6.6 Semi-Annual Payments from Project Tax Increment.

Provided that Project Tax Increment has been allocated to and received by the Agency and that there is an outstanding principal balance under the Developer Note, on or before the first day of each June and the first day of each December during the term of this Agreement, the Agency shall pay to Participant a semi-annual payment from Project Tax Increment pursuant to the formula below (the "**Semi-Annual Payment**"). If Project Tax Increment has been allocated to and received by the Agency and there is no outstanding principal balance under the Developer Note, the Semi-Annual Payment shall be held by the Agency in a restricted cash account for future payments of the Developer Note, if and to the extent such payments are owed, and all interest accrued on funds held in such account shall accrue for the benefit of the Agency and not for the benefit of Participant.

Semi Annual Payment = Total Area 2 Tax Increment received by the Agency for the prior 6 months x Share of Tax Increment Attributed to Project (%) x the Agreed Percentage (%), continuing until the Termination of the Reimbursement Obligation as set out in Section 6.7.

Section 6.7 Termination of Reimbursement Obligations.

All financial assistance by the Agency to Participant for the Eligible Improvements under this Agreement shall be made pursuant to payments under the Developer Note and shall cease and terminate upon the earlier of (i) the full payment to Participant of all amounts owed under the

Developer Note, or (ii) August 24, 2035, which is the date of termination of the Area 2 Redevelopment Plan. For the avoidance of doubt, no extension of the term of the Area 2 Redevelopment Plan shall extend the term of financial assistance under this Agreement, without regard to whether the term of the Area 2 Redevelopment Area is or may be extended pursuant to then-applicable law.

Section 6.8 Source of Payments.

Any Agency obligation to make any payment to Participant under this Agreement and the Developer Note is wholly contingent and dependent upon the allocation to and receipt by the Agency of Project Tax Increment. All amounts to be reimbursed to Participant hereunder shall be payable solely and exclusively from Project Tax Increment and shall not be payable from any other source. Project Tax Increment shall be the sole and exclusive source of payment to Participant under this Agreement and the Developer Note, and payments hereunder may be made to Participant only if Project Tax Increment is allocated to and received by the Agency. THE PRINCIPAL DUE AND PAYABLE ON THE DEVELOPER NOTE: (I) DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE AGENCY PAYABLE FROM ANY SOURCE OTHER THAN PROJECT TAX INCREMENT; (II) IS NOT PAYABLE FROM, AND IS NOT A CHARGE UPON, ANY FUNDS OF THE AGENCY OTHER THAN THE PROJECT TAX INCREMENT, (III) ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF AGENCY, AND (IV) ARE NOT SECURED BY A PLEDGE OF ANY TAXING POWER. PARTICIPANT AGREES THAT (A) THE ONLY OBLIGATION OF THE AGENCY IN CONNECTION WITH THE DEVELOPER NOTE IS TO PAY THE SEMI-ANNUAL PAYMENT ON THE TERMS AND CONDITIONS SET FORTH IN THE DEVELOPER NOTE AND THIS AGREEMENT, AND (B) IN THE EVENT PROJECT TAX INCREMENT IS NOT SUFFICIENT (AFTER APPLYING THE SEMI-ANNUAL PAYMENT FORMULA) TO PAY ANY REGULAR INSTALLMENTS OF PRINCIPAL OR INTEREST WHEN DUE UNDER THE DEVELOPER NOTE, OR THE PRINCIPAL BALANCE AND INTEREST REMAIN UNPAID AT THE MATURITY DATE OF THE DEVELOPER NOTE, NEITHER AGENCY, NOR THE CITY, NOR ANY AGENCY THEREOF SHALL BE LIABLE FOR ANY AMOUNTS UNPAID UNDER THE DEVELOPER NOTE.

Section 6.9 Agency Bond Issue Not Authorized.

The Agency will not issue bonds secured by Share of Tax Increment Attributed to Project.

Section 6.10 Disagreement About Compliance Review.

Prior to the initiation of any legal proceeding arising out of any controversy, claim or dispute between the Parties related to the conduct of the Compliance Review, any analysis undertaken as part of such Compliance Review, or the contents of the Agency's Engineer Report, such controversy, claim or dispute shall first be submitted to a three person panel of engineers. Each party shall select one engineer and those two engineers shall select the third engineer for the panel. The costs and expenses of the proceedings before the panel shall be split equally between the Parties, except that each party shall be responsible for its own attorneys' fees.

Section 6.11 Conditions Precedent to Issuance of Developer Note.

The issuance of the Developer Note by the Agency is subject to the satisfaction of the following conditions precedent:

(i) [INSERT FIRE STATION 21 CONDITION AS APPROVED BY THE AGENCY]; and

(ii) Participant's Eligible Costs are at least Fifty Million Dollars ($50,000,000), in accordance with the Agency's Catalyst Program eligibility requirements; and

(iii) Participant shall not be in default under any provision of this Agreement.

ARTICLE 7
CHANGES IN PARTICIPANT

Section 7.1 Identity of Participant.

POWER SPORTS DEVELOPMENT LLC is a Nevada limited liability company.

Section 7.2 Changes Only Pursuant to this Agreement.

Participant has represented that it possesses the necessary expertise, skill, and ability to carry out the development of the Major Improvements on the Property pursuant to this Agreement. The qualifications, experience, financial capability and expertise of Participant are of particular concern to the Agency. It is because of these qualifications, experience, financial capability and expertise that the Agency has entered into this Agreement. No voluntary or involuntary assignee or successor in interest to Participant shall acquire any rights or powers under this Agreement, except as herein provided.

Section 7.3 Prohibition on Transfer by Participant.

Prior to the Completion of the Eligible Improvements and the issuance by the Agency of a Certificate of Completion for the Eligible Improvements, Participant shall not, except as expressly permitted by this Agreement, voluntarily, involuntarily, directly or indirectly or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease ("**Transfer"**) of the whole or any part of Participant's interest in the Ground Lease, the Property, the Major Improvements, or this Agreement ("**Participant's Interest**"), without the prior written approval of the Agency. Any such attempt to Transfer this Agreement, other than in accordance with the terms of this Agreement, shall be null and void and shall confer no rights or privileges upon the purported assignee.

Section 7.4 Permitted Transfers.

(a) Participant shall have the right to Transfer Participant's Interest in accordance with the provisions of this Section and any such Transfer may include assignment and assumption of Participant's duties and obligations arising under this Agreement with respect to the portion of the Property and improvements included in such Transfer. No transfer of Participant's rights or interest under this Agreement shall be made except in connection with a Transfer of a portion of the

Property. No Transfer of any portion of the Property shall include Transfer of any right to reimbursement for the cost of Eligible Improvements unless and then only to the extent specifically set forth in the transfer documentation.

(b) In connection with any Transfer, Participant and the transferee shall enter into a recordable written assignment and assumption agreement, the form of which shall be subject to the reasonable approval of the Agency prior to the Transfer, pursuant to which the Participant assigns to the transferee and the transferee assumes from the transferor the rights and obligations under this Agreement with respect to the Property being transferred. In no event shall any such transferee have the right to request or process any amendment of this Agreement.

(c) Notwithstanding the foregoing, Participant shall not sell or transfer the entire Property, or all or substantially all of the assets of or membership interests of Participant to other than an Affiliate of Participant without the prior written consent of the Agency which consent shall not be unreasonably withheld, conditioned or delayed if the proposed transferee demonstrates the financial capability and development expertise to implement the development plan for the Project in accordance with the terms of this Agreement. In the event of a proposed transaction requiring the Agency's consent, Participant shall provide the Agency with written request for consent which shall include reasonable supporting documentation about the proposed transferee for consideration and the Agency shall respond within thirty (30) calendar days of receipt of said request and supporting documentation. In the event the Agency fails to respond within such thirty (30) day period, the proposed transfer shall be deemed approved.

(d) Nothing in this Agreement shall be deemed or construed to prevent Participant from encumbering all or any portion of the Property in connection with one or more financing transactions; provided, however, that this Agreement shall be and remain superior and senior to the lien of any deed of trust or mortgage excepting therefrom the deed of trust in favor of the City which will be recorded concurrently with Participant's acquisition of the Property. No breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage or deed of trust made in good faith and for value. Any acquisition or acceptance of title or any right or interest in the Property by any such lender, whether by foreclosure, transfer, quit claim, decree, deed in lieu thereof or court order, shall be subject to all of the terms and conditions of this Agreement.

Section 7.5 Requirements for Proposed Transfers.

The Agency shall consent to a proposed Transfer of the Property or portion thereof and/or this Agreement if all of the following requirements are met (provided however, the requirements of this Section 7.5 shall not apply to Transfers described in clauses (i) through (vi) of Section 7.4):

(i) The proposed transferee demonstrates to the Agency's reasonable satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the Agency to competently complete construction of the Major Improvements to the extent such proposed transferee is assuming the obligations to complete any Major Improvements and to otherwise fulfill any obligations of Participant under this Agreement which are being assumed in connection with the proposed Transfer.

(ii) The Participant and the proposed transferee shall submit for Agency review and approval all instruments and other legal documents proposed to effect any Transfer of this Agreement, the Property or interest therein together with such documentation of the proposed transferee's qualifications and development capacity as the Agency may reasonably request.

(iii) The proposed transferee shall expressly assume the rights and obligations of Participant under this Agreement which are being transferred arising after the effective date of the Transfer.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the Agency in form recordable in the Official Records at which time the assignor shall be relieved of all further obligations hereunder with respect to the portion of the Property transferred except for those obligations described in Section 11.12 which shall survive the expiration, termination or transfer of this Agreement.

Consent to any proposed Transfer may be given by the Agency's Redevelopment Manager unless the Redevelopment Manager, in his or her discretion, refers the matter of approval to the Agency's governing board. The proposed Transfer shall be approved or rejected by the Agency in writing within thirty (30) days following the Agency's receipt of written request by Participant.

All actual and reasonable direct third party costs incurred by the Agency, including but not limited to attorneys' fees, in reviewing instruments and other legal documents proposed to effect a Transfer and assumption of the terms, provisions, covenants and obligations of Participant under this Agreement and in reviewing the qualifications and financial resources of a proposed successor, assignee or transferee shall be reimbursed by Participant within ten days of the Agency providing Participant with a detailed invoice of such Agency costs.

Section 7.6 Effect of Transfer Without Agency Consent

Section 7.6.1 In the absence of specific written agreement by the Agency, no Transfer by Participant (except as provided in Section 7.4) shall be deemed to relieve Participant or any other party from any obligation under this Agreement.

Section 7.6.2 Without limiting any other remedy the Agency may have under this Agreement, or under law or equity, this Agreement may be terminated by the Agency if without the prior written approval of the Agency, when such consent is required by this Agreement, Participant assigns or Transfers (except as provided in Section 7.4) this Agreement, the Property, or the improvements prior to the Agency's issuance of a Certificate of Completion for the Eligible Improvements.

ARTICLE 8
SECURED FINANCING AND RIGHTS OF HOLDERS

Section 8.1 No Encumbrances Except for Acquisition and Development Purposes.

Notwithstanding any other provision of this Agreement, mortgages and deeds of trust, or any other reasonable method of security are permitted to be placed upon the Property and pledges of the payments due or to become due under the Developer Note are permitted for any purposes deemed necessary and appropriate by Participant acting in its sole and absolute discretion to develop and operate the Property and the Project in accordance with this Agreement. After Completion of the Eligible Improvements, no mortgages, deeds of trust or other methods of security may be placed upon the Eligible Improvements or the portions of the Property upon which the Eligible Improvements are located. Participant shall promptly notify the Agency in writing of any mortgage, deed of trust or other method of security that has been or will be created or attached to the Property or any pledge of the payments due or to become due under the Developer Note and the identity and mailing address of the Holder of any such security that has been or will be created and shall notify the Agency of any changes thereof. The words "mortgage" and "deed of trust" in this Section includes all customary modes of financing real estate acquisition, construction and development.

Section 8.2 Holder Not Obligated to Construct.

Except as otherwise provided in Article 7 and Section 8.3 of this Agreement, a Holder is not obligated to construct or complete any of the Major Improvements, to guarantee such construction or completion or to perform any of the other obligations of Participant under this Agreement. Nothing in this Agreement shall be deemed to permit or authorize any such Holder to devote the Property or the Major Improvements to any uses, or to construct any improvements thereon, other than those uses or the Major Improvements provided for or authorized by this Agreement.

Section 8.3 Notice of Default and Right to Cure.

Whenever the Agency, pursuant to its rights as set forth in this Agreement, delivers any notice of default under this Agreement to Participant with respect to the construction or completion of the Major Improvements, the Agency shall at the same time deliver to each Holder (of which the Agency has been notified in accordance with Section 8.1 of this Agreement) a copy of such notice. Each such Holder shall (insofar as the rights of the Agency are concerned) have the right, but not the obligation, at its option, within ninety 90 days after service of the notice, to elect to cure any default by Participant in connection with the construction or completion of the Major Improvements under this Agreement and to add the cost thereof to the secured debt and lien evidenced by its mortgage, deed of trust or other security instrument. A Holder who chooses to exercise its right to cure a default shall first notify the Agency in writing of its intent to exercise such right prior to commencing to cure such default and thereafter shall complete such cure within a reasonable period of time. If such cure is thereafter commenced and diligently prosecuted to completion, the Agency shall not have the right to terminate this Agreement on account of such default by Participant, notwithstanding Section 9.3 of this Agreement.

Nothing contained in this Agreement shall be deemed to permit or authorize such Holder to undertake or continue the construction or completion of the Major Improvements (beyond the extent necessary to conserve or protect such Major Improvements already constructed) without first having expressly assumed in writing all of Participant's obligations under this Agreement

relating to such Major Improvements and the Property or portion thereof upon which such Major Improvements are to be constructed under this Agreement. In connection with such assumption, the Holder must agree to complete, in the manner provided in this Agreement, the Major Improvements on the portion of Property covered by the Holder's lien (including any portion of the Property acquired by such Holder pursuant to foreclosure of such lien, deed in lieu of foreclosure or other means) and submit evidence reasonably satisfactory to the Agency that it has the developmental capability on staff or retainer and the financial responsibility necessary to perform such obligations. Any such Holder which properly completes the Major Improvements pursuant to this paragraph and has assumed all obligations of Participant under this Agreement with respect to the Major Improvements and the portion of the Property covered by the Holder's lien (including any portion of the Property acquired by such Holder pursuant to foreclosure of such lien, deed in lieu of foreclosure or other means) shall be entitled, upon written request made to the Agency, to the issuance by the Agency of the Certificate of Completion for the Eligible Improvements as may otherwise be applicable under Section 4.6 of this Agreement.

In the event that a Holder has assumed Participant's obligations hereunder, such Holder shall be liable for the fulfillment of such obligations until such time as such Holder transfers the portion of the Property or Major Improvements to another person or entity, but only if such transferee, assignee or successor assumes all of the obligations under this Agreement with respect to that portion of the Property or Major Improvements proposed to be transferred. After a Holder has acquired the fee interest in the portion of the Property or Major Improvements, any transfer by a Holder of the portion of the Property or Major Improvements or portions thereof shall require Agency approval, which approval shall not be unreasonably withheld if the proposed transferee, assignee or successor has the qualifications and financial resources necessary and adequate as may be reasonably determined by the Agency to fulfill the obligations undertaken in this Agreement by Participant with respect to the Property or Major Improvements or portions thereof proposed to be transferred.

Section 8.4 Failure of Holder to Complete Major Improvements.

In any case where six months after default by Participant in connection with the completion of the Major Improvements under this Agreement (or such longer period of time as shall be reasonably necessary for such Holder to obtain possession of that Property or Major Improvements or portions thereof subject to its lien, not to exceed one year), a Holder, having first exercised its option to construct, has not proceeded diligently with such construction, the Agency shall be afforded those rights against such Holder which it would otherwise have against Participant under this Agreement with respect to such Property and Major Improvements or portions thereof.

Section 8.5 Holder to be Notified.

Participant hereby warrants and agrees that each term contained herein dealing with secured financing and rights of Holders shall be either inserted into or incorporated by reference into the relevant deed of trust, mortgage or other security instrument or be acknowledged by the Holder prior to or at the same time of its coming into any security right or interest in the Property or the Major Improvements.

Section 8.6 Modifications to Agreement.

The Agency shall not unreasonably withhold its consent to modifications of this Agreement requested by lenders of Participant, provided such modifications do not materially alter the Agency's substantive rights and obligations under this Agreement.

ARTICLE 9
DEFAULTS, REMEDIES AND TERMINATION

Section 9.1 Event of Participant Default.

Section 9.1.1 Event of Participant Default. Subject to Force Majeure as defined in Section 9.6 below, the following events shall constitute an event of default on the part of Participant ("**Event of Participant Default**"):

(a) [Intentionally omitted].

(b) Participant fails to maintain liability insurance as required pursuant to Section 11.9, and Participant fails to cure such default within thirty (30) days.

(c) Any submittal to the Agency in connection with the Eligible Improvements proves to have been incorrect in any material and adverse respect when made and continues to be incorrect and materially adverse to the Agency or the City and Participant fails to cure such default within 90 days after notice pursuant to Section 9.1.2; provided, however, that if Participant fails to cure such default within 90 days, the Agency will not seek to terminate this Agreement for an additional 60 days, during which time the Agency and Participant shall meet and confer to resolve the default.

(d) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Participant (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Participant or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Participant; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(e) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Participant to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Participant or seeking any arrangement for Participant under Bankruptcy Law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Participant in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Participant.

(f) Participant shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed

upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution.

(g) The Participant shall have voluntarily suspended its business or Participant shall have been dissolved or terminated.

(h) Participant defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section 9.1 and fails to cure such default within the time set forth in Section 9.1.2 below.

Notwithstanding an Event of Default, the Agency shall continue to be obligated to Participant under this Agreement and the Developer Note for reimbursement of all Reimbursable Improvement Costs previously incurred except for an Event of Default under paragraph (c) of this Section where Participant has made a misrepresentation to the Agency or the City in connection with Participant's request for Agency financial assistance.

Section 9.1.2 Notice and Cure. If Participant defaults in the performance of any term, provision, covenant or agreement contained in this Agreement, the Agency shall provide written notice of such default to Participant. Unless a different cure period is specified for such default, Participant shall have ten (10) days in the event of a monetary default, or thirty (30) days in the event of a nonmonetary default, from Participant's receipt of such notice to cure such default; provided however, if the default is of a nature that it cannot be cured within 30 days, Participant shall have thirty (30) days (or such other period as specified) to commence to cure the default and shall thereafter prosecute the curing of such default with due diligence and in good faith to completion no later than sixty (60) days (or such other period as specified) after receipt of notice of the default.

Section 9.2 Agency Default.

An event of default on the part of the Agency ("**Event of Agency Default**") shall arise hereunder if the Agency fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of thirty (30) days after written notice thereof from Participant to the Agency, except for a monetary default which shall be cured within ten (10) days after notice, or in the case of a default which cannot with due diligence be cured within thirty (30) days, the Agency fails to commence to cure the default within thirty (30) days of such notice and thereafter fails to prosecute the curing of such default with due diligence and in good faith to completion.

Section 9.3 Remedies.

Upon the occurrence of an Event of Agency Default or a Participant Event of Default, in addition to pursuing any other remedy allowed at law or in equity or otherwise provided in this Agreement, the non-defaulting party may terminate this Agreement with respect to future obligations arising after such default and/or bring an action for equitable relief seeking the specific

performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking to obtain any other remedy consistent with the purpose of this Agreement.

Section 9.4 Rights and Remedies are Cumulative.

Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 9.5 Inaction Not a Waiver of Default.

Except as expressly provided in this Agreement to the contrary, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default of any such rights or remedies, or deprive such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

Any failure by the Agency to enforce any of its remedies hereunder in any particular instance shall not constitute a waiver by the Agency of its right to subsequently enforce its rights in the event of a subsequent default.

Section 9.6 Excuse for Nonperformance; Force Majeure.

Participant and the Agency shall be excused from performing any of their obligations and undertakings provided in this Agreement, except any obligation to pay any sums of money under the applicable provisions hereof, in the event and so long as the performance of any such obligation is prevented or delayed, retarded or hindered by an act of God, fire, earthquake, floods, explosion, unusual weather, actions of the elements, war, invasion, insurrection, riot, mob violence, terrorism, sabotage, inability to procure or general shortage of labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, action of labor unions, condemnation, requisition, laws, orders of governmental or civil or military or naval authorities, acts or failure to act of governmental entities (except an act or failure to act by the Agency and/or City shall not excuse performance by the Agency) or any other cause, whether similar or dissimilar to the foregoing, not within the control of the party claiming the extension of time to perform. The party claiming such extension shall send written notice of the claimed extension to the other party within thirty (30) days from the commencement of the cause entitling the party to the extension.

Section 9.7 Effect of Termination.

In the event that this Agreement is terminated in accordance with the provisions of this Agreement, the Agency shall not be prevented or precluded from carrying out the Area 2 Redevelopment Plan, including the exercise by the Agency of the power of eminent domain; however the Agency shall not have the right to exercise the power of eminent domain over any portion of the Property upon which the Major Improvements have been completed or upon which

construction of the Major Improvements has commenced in accordance with this Agreement and is thereafter diligently prosecuted to completion.

ARTICLE 10
INDEMNITY

Section 10.1 Indemnity for Performance of Rights and Obligations and Financial Assistance.

Participant shall, and hereby agrees to, unconditionally indemnify, reimburse, defend (with counsel reasonably acceptable to the Agency, but no right to select separate counsel unless joint representation would result in a conflict of interest), protect and hold harmless Indemnitees from and against any and all Claims whether known or unknown, and which directly or indirectly, in whole or in part, are caused by, arise from or relate to, or are alleged to be caused by, arise from or relate to, this Agreement, including but not limited, to the Agency's or City's rights and obligations under this Agreement or the performance of same, Participant's rights and obligations under this Agreement or the performance of same, any approval by the City or the Agency or any of its agencies, departments, commissions, agents, officers, employees or legislative body concerning the Major Improvements or this Agreement, the validity of the Area 2 Redevelopment Plans (if and to the extent that the validity of the Area 2 Redevelopment Plans affect the validity of this Agreement or the Developer Note), the Agency's provision of redevelopment financial assistance for the Eligible Improvements from property tax revenues pursuant to this Agreement or any promissory note given by the Agency as referenced herein, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that the Agency and City do not, and shall not, waive any rights against Participant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by the Agency, or the deposit with the Agency by Participant, of any of the insurance policies described in this Agreement. The provisions of this Section 10.1 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Eligible Improvements. Participant's indemnification obligations set forth in this Section shall not apply to Claims (i) arising from the gross negligence or willful misconduct of the Indemnitees and/or (ii) arising from or relating to a breach of this Agreement by the Indemnitees or any one of them.

ARTICLE 11
GENERAL PROVISIONS

Section 11.1 Notices, Demands and Communications Between the Parties.

Any written notice, demand, communication or payment of one party to the other shall be served by personal delivery, nationally recognized overnight courier or by registered or certified mail, postage prepaid, return receipt requested, addressed to the parties as follows:

Agency: City of Reno Redevelopment Agency
1 E 1st St
Reno, NV 89501
Attn: Executive Director

With Required Copy to:
City Attorney
City of Reno, Nevada
1 E 1st St
Reno, NV 89501

Participant: _____
_____
_____
_____

All notices, demands, communication or payments shall be deemed received on the date which is three (3) business days after the date of deposit into the U.S. mail if sent by registered or certified mail, when delivered if delivered personally, or one (1) business day after the date of delivery to a nationally recognized overnight courier for overnight delivery if sent by overnight courier. All notices, demands, communications or payments shall be sent to the addresses above or to such other addresses as the affected party may from time to time designate.

Section 11.2 Conflicts of Interest and Disclosure Requirements.

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.

Participant warrants that it has disclosed all persons and entities holding more than 1% (one percent) interest in Participant or any principal member of Participant. Participant shall notify Agency in writing of any material change in the ownership of Participant within fifteen (15) days of any such change.

Section 11.3 Warranty Against Payment of Consideration for Agreement.

Participant warrants that it has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

Section 11.4 Nonliability of Agency and City Officials.

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

Section 11.5 Litigation.

In the event of any legal proceeding arising out of any controversy, claim or dispute between the parties related to this Agreement or the improvement and development of the Property, the prevailing party shall be entitled to recover from the non-prevailing party all of its reasonable costs and expenses incurred in the legal proceedings, including but not limited to attorneys' fees and court costs.

Section 11.6 Severability.

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 11.7 Counterparts; Entire Agreement; Waivers and Amendments.

This Agreement may be executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all Exhibits which are incorporated herein by reference, constitutes the entire understanding and agreement of the parties respecting the subject matter hereof. 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.

Section 11.8 Applicable Law.

The laws of the State of Nevada shall govern the interpretation and enforcement of this Agreement. Any action to enforce or interpret this Agreement must be filed in Washoe County, State of Nevada.

Section 11.9 Liability Insurance.

a. Participant shall maintain in force during the construction of the Eligible Improvements and through the Completion of the Eligible Improvements and the issuance of the Certificate of Completion for the Eligible Improvements as described in Section 4.6 of this Agreement, public liability and property damage insurance from carrier(s) and in a form acceptable to the Agency, including personal injury and pollution legal liability, contractual and owned and non-owned automobiles, with such coverage and limits as may be reasonably requested by the Agency and City from time to time, but in no event for less than the sum of $2,000,000 per occurrence and $5,000,000 combined single limit.

b. Public liability insurance policies shall name the Agency and the City as additional insureds, and any policy or policies shall contain cross-liability endorsements. An endorsement shall be provided which states the coverage is primary insurance and that no other insurance held by the Agency or the City will be called upon to contribute to a loss under the coverage.

c. A certificate evidencing such insurance coverage or coverages shall be filed with the Agency and the City prior to commencement of construction (or any work related thereto) on the Property, and said certificate shall provide that such insurance coverage will not be reduced without the insurer endeavoring to give at least 30 days' prior written notice to the Agency and City and will not be cancelled without the insurer endeavoring to give at least ten days' prior written notice to the Agency and the City. In the event of a reduction or cancellation in coverage, Participant shall, prior to such reduction or cancellation, provide at least 30 days' prior written notice to the Agency and the City, regardless of any notification by an insurer. "Commencement of construction" for purposes of this paragraph means any grading, trenching, or preparation of ground for the installation of infrastructure.

d. If such coverage is cancelled or reduced, Participant shall, within 15 days after receipt of written notice from the Agency or the City regarding such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with the Agency and the City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, the Agency or the City may, without further notice and at its option, procure such insurance coverage at Participant's expense, and Participant shall promptly reimburse the Agency or City, as the case may be, for such expense upon receipt of billing from the Agency or the City.

Section 11.10 Recordation.

The Agency is authorized to record a Memorandum of this Agreement and any amendments hereto in the official records of Washoe County, Nevada.

Section 11.11 Other Agreements.

This Agreement, including all agreements attached hereto and incorporated herein, has been entered into by the parties respectively thereto based upon the unique facts and circumstances pertaining to the Major Improvements and the Property. It shall be entirely within the respective sole discretion of the Agency and the City to rely, or not to rely, on any provision of such Agreement or agreements in the development of any subsequent owner participation or other agreement(s) which the Agency or the City hereafter may elect to develop and/or execute.

Section 11.12 Survival.

All representations made by Participant hereunder and Participant's obligations pursuant to Sections [3.8, 4.4, 4.7, 4.11, and 10.1] shall survive the expiration or termination of this Agreement and the issuance and recordation of a Certificate of Completion for the Eligible Improvements and shall expire upon the expiration of the statute of limitations with respect to the causes of action described in each subsection.

Section 11.13 Construction.

Any reference to a law, statute or ordinance shall be deemed to be a reference to such law, statute or ordinance as it may be amended or supplemented from time to time.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first above written.

Agency:

CITY OF RENO
REDEVELOPMENT AGENCY,
a public body, corporate and politic

By: _____
[Name]
Executive Director

APPROVED AS TO FORM:

By: _____

ATTEST:

By: _____
[Name]
[Secretary, City of Reno Redevelopment Agency]

Participant:

[PARTICIPANT NAME]
a Nevada limited liability company

By:_____

Name:

Title:

EXHIBIT A

PROPERTY

[Legal description to be inserted]

EXHIBIT B

LIMITED OBLIGATION TAX INCREMENT REVENUE DEVELOPER NOTE (Eligible Improvements)

$_____ Reno, Nevada
_____, 20__

FOR VALUE RECEIVED, THE CITY OF RENO REDEVELOPMENT AGENCY, a Nevada public body, corporate and politic ("**Agency**"), promises to pay to the order of **POWER SPORTS DEVELOPMENT LLC**, a Nevada limited liability company or its assignee as permitted under the terms hereof ("**Participant**") in lawful money of the United States of America the principal sum of _____ Dollars ($_____.00), or so much thereof as may be outstanding from time to time pursuant to the Owner Participation Agreement referred to below, in accordance with the terms and conditions described herein.

This Limited Obligation Tax Increment Revenue Developer Note (this "**Developer Note**") has been executed and delivered pursuant to and in accordance with that certain Owner Participation Agreement executed by and between the Agency and Participant dated as of the date hereof (the "**OPA**") and is subject to the terms and conditions of the OPA, which by this reference is incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the OPA.

1. Payment Terms

1.1 Maturity Date. The maturity date of this Developer Note ("**Maturity Date**") is August 24, 2035. On the Maturity Date, any and all amounts due and owing under this Developer Note, including but not limited to the principal balance and accrued interest outstanding hereunder on the Maturity Date, shall be automatically forgiven. UPON SUCH FORGIVENESS, THIS DEVELOPER NOTE SHALL BE DEEMED PAID IN FULL, AND NEITHER AGENCY, NOR THE CITY, NOR ANY AGENCY THEREOF SHALL BE LIABLE FOR ANY AMOUNTS UNPAID UNDER THE DEVELOPER NOTE.

1.2 Interest. No interest shall accrue on the outstanding principal balance or any other amount payable hereunder.

1.3 Advances. Each payment by Participant of Eligible Costs (as defined in the OPA) shall be deemed an advance hereunder as of the Advance Date, subject to the Agency's approval of the Eligible Costs in accordance with Article 6 of the OPA. ONLY ELIGIBLE COSTS APPROVED IN ACCORDANCE WITH ALL TERMS AND CONDITIONS OF THE OPA AND PAID BY PARTICIPANT SHALL QUALIFY AS AN ADVANCE HEREUNDER. The total advances shall not exceed the Maximum Principal Amount (as defined below).

1.4. Maximum Principal Amount. The maximum principal amount of this Developer Note ("**Maximum Principal Amount**") shall be the lesser of (i) the total amount of

Eligible Costs; or (ii) the sum of _____ Dollars ($_____). The principal amount of this Developer Note shall in no event exceed the Maximum Principal Amount. The Agency shall not be liable for the payment of any sums which would have otherwise been due and owed but for the provisions of this paragraph.

1.5 Semi-Annual Payments from Tax Increment. Provided that Project Tax Increment has been allocated to and received by the Agency and that there is an outstanding principal balance hereunder, on the first day of each June and each December during the term of this Developer Note Agency shall pay to Participant from Project Tax Increment an amount calculated pursuant to the formulas below (the "**Semi-Annual Payment**").

> **Semi Annual Payment** = Total Area 2 Tax Increment received by the Agency for the prior 6 months multiplied by Share of Tax Increment Attributed to Project (%), multiplied by the Agreed Percentage.
>
> **Share of Tax Increment Attributed to Project (%)** = Total Project Tax Increment to be Billed/Total Area 2 Tax Increment to be Billed
>
> **Total Project Tax Increment to be Billed** = Total Tax Billings for all Project Parcels x Real Estate Property Tax Rate Calculated Percent (for the tax district the parcel is in).

The Agency shall have no obligation, under any circumstance, to make any payments over the term of this Developer Note in an amount in excess of the Semi-Annual Payment toward the satisfaction of any obligation hereunder, irrespective of the principal balance outstanding hereunder, and the Agency's obligation to make any payment hereunder is wholly contingent and dependent upon the allocation to and receipt by the Agency of sufficient Project Tax Increment. Each Semi-Annual Payment shall be applied as of the date it is received by Participant toward reduction of the outstanding principal balance hereunder. All amounts owed under this Developer Note shall be due and payable in lawful money of the United States of America without setoff, deduction or counterclaim, except as expressly provided herein.

The Agency may offset the Administrative Fee payable to the Agency under the OPA against the Semi-Annual Payments otherwise payable hereunder until the Agency has receive an amount equal to the entire Administrative Fee.

THE AMOUNT DUE AND PAYABLE HEREUNDER: (I) DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE AGENCY PAYABLE FROM ANY SOURCE OTHER THAN PROJECT TAX INCREMENT; (II) IS NOT PAYABLE FROM, AND IS NOT A CHARGE UPON, ANY FUNDS OF THE AGENCY OTHER THAN THE PROJECT TAX INCREMENT, (III) ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF AGENCY, AND (IV) ARE NOT SECURED BY A PLEDGE OF ANY TAXING POWER.

1.6 Source of Payment. Project Tax Increment shall be the sole and exclusive source of repayment under this Developer Note, and payments under this Developer Note shall be made only if Project Tax Increment is allocated to and received by the Agency, as herein provided.

Until the outstanding principal balance under this Developer Note is paid in full, the Agency shall diligently pursue collection of all Project Tax Increment to which it is entitled under the Nevada Community Redevelopment Law, NRS chapter 279, and, except as otherwise permitted hereunder, the Agency shall not agree to waive or defer allocation and receipt of any Project Tax Increment to which it is entitled under the Nevada Community Redevelopment Law, NRS chapter 279.

In the event that the total amount of property tax revenues to be allocated and paid to the Agency must be limited pursuant to the Nevada Community Redevelopment Law, NRS chapter 279, the Agency shall be permitted to determine the allocation of property tax revenues to each redevelopment area, which allocation shall be done in an equitable manner; provided, however, to the extent not prohibited by law, the Agency agrees that if such allocation of property tax revenues becomes necessary, in allocating such property tax revenues it will give priority to the repayment of the debt evidenced by this Developer Note over debts incurred later in time.

1.7 Prepayment. The Agency may, without penalty or premium, at any time and from time to time, pay all or any part of the amounts owed hereunder. Any such prepayment shall be applied toward reduction of the outstanding principal balance hereunder.

1.8 Manner of Payment. All payments of principal on this Developer Note shall be made to Participant at _____ Attn: _____, or such other place as Participant shall designate to the Agency in writing.

1.9 Termination of Payment Obligations. The Agency's obligation to pay Semi-Annual Payments to Participant shall cease and terminate upon the earlier of: (i) the full payment to Participant of all amounts owed under this Developer Note, or (ii) the Maturity Date.

2. Default. An event of default hereunder shall occur only if the Agency fails to make a Semi-Annual Payment.

3. Assignment. This Developer Note may not be assigned by Participant without the prior written approval of the Agency. Any assignment without prior Agency written approval shall be void and invalid. If Participant proposes to assign this Developer Note, it shall make a written request to the Agency for approval of the assignment and shall submit to the Agency for review and approval all instruments and other legal documents proposed to effect any such assignment. If a proposed assignment is approved by the Agency, its approval shall be indicated to Participant in writing. Unless a proposed assignment is approved by the Agency in writing within 30 days of receipt of written request by Participant, it shall be deemed rejected. The Agency retains final discretionary approval of each proposed assignment. Participant shall promptly notify the Agency in writing of any assignment of this Developer Note.

4. Return of Developer Note. Upon the full payment of all amounts owed under this Developer Note, Participant shall return this Developer Note to the Agency.

5. Waiver; Remedies. The failure of Participant to exercise any of its rights hereunder in any instance shall not constitute a waiver thereof in that or any other instance. Either party shall

be entitled to specific performance of the terms hereof, in addition to any other legal or equitable remedies.

6. Governing Law; Venue. This Developer Note shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any legal action filed in connection with this Developer Note shall be filed in Washoe County, Nevada.

7. Agency Waivers. The Agency waives presentment, demand of payment, notice of nonpayment, protest, notice of protest, and all exemptions.

8. Severability. If any provision hereof is found to be invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability thereof shall not affect the validity and enforceability of the remaining provisions of this Developer Note.

9. Section Headings; Construction. The headings of Sections in this Developer Note are provided for convenience only and shall not affect the construction or interpretation of this Developer Note.

CITY OF RENO
REDEVELOPMENT AGENCY,
a public body, corporate and politic

By: _____
[Name]
Chairman

APPROVED AS TO FORM:

By: _____
[Name]
City Attorney

ATTEST:

By: _____
[Name]
Secretary, City of Reno Redevelopment Agency

EXHIBIT C

MASTER LIST

(i) a 10,000+/- seat arena
(ii) a 50,000+/- square foot community ice rink
(iii) a 2,400+/- space parking garage
(iv) a golf driving range

EXHIBIT D

[INTENTIONALLY OMITTED]

EXHIBIT E

FORM OF CERTIFICATE OF COMPLETION

APN(s): Recording requested by: [_____] When recorded mail to: City of Reno Redevelopment Agency 1 E 1st St Reno, NV 89501 Attn: Chairman	

Space above this line for Recorder's use.

CERTIFICATE OF COMPLETION

This Certificate of Completion (the "**Certificate**") is made by the Redevelopment Agency of the City of Reno, a public body, corporate and politic (the "**Agency**") effective as of _____, 20___.

RECITALS

A. The Agency and [PARTICIPANT NAME], a Nevada limited liability company(**"Participant"**) entered into that certain Owner Participation Agreement (the "**OPA**") dated as of _____, 20__ concerning the redevelopment of certain real property described in EXHIBIT A attached hereto (the "**Property**").

B. Pursuant to Section 4.6 of the OPA, the Agency is required to furnish the Participant or its successors with a Certificate of Completion upon completion of construction of the Eligible Improvements in accordance with the OPA and issuance by the City of Reno of a Certificate of Occupancy for the Eligible Improvements.

C. The Agency has determined that the Eligible Improvements have been satisfactorily completed in accordance with the OPA.

NOW, THEREFORE, the Agency hereby certifies as follows:

1. The Eligible Improvements have been satisfactorily completed in conformance with the OPA.

2. All use, maintenance and nondiscrimination covenants contained in the OPA shall remain in effect and enforceable in accordance with the OPA. This Certificate does not constitute evidence of Participant's compliance with those covenants in the OPA that survive the issuance of this Certificate.

3. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of Participant to any holder of a deed of trust securing money loaned to finance the Eligible Improvements or any part thereof and shall not be deemed a notice of completion under the NRS, Chapter 108.

4. Nothing contained in this instrument shall modify any provisions of the OPA or any other document executed in connection therewith.

IN WITNESS WHEREOF, the Agency has executed and issued this Certificate of Completion as of the date first written above.

CITY OF RENO
REDEVELOPMENT AGENCY,
a public body, corporate and politic

By: _____***FORM-DO NOT SIGN***_____

Name: _____
Chairman

ATTEST:

By: _____***FORM- DO NOT SIGN*** _____
Secretary, City of Reno Redevelopment Agency

APPROVED AS TO FORM:

By: _____***FORM-DO NOT SIGN*** _____

[INSERT JURAT].

Exhibit A to Certificate of Completion

PROPERTY

[To be inserted prior to issuance.]