

GOALS ESTABLISHED IN RESOLUTION OF MAYOR AND COUNCIL ADOPTED ON FEBRUARY 1, 2006

I. Immediate and permanent restoration of the Waterfront Buildings

- Convention Hall**
- Paramount Theater**
- Casino**
- Power Plant**
- Boardwalk Pavilions**

II. Agreement shall address:

- Priority of the buildings to be renovated**
- Binding time frames for performance of each renovation**
- Financing commitments for undertaking such renovations**
- Consequences for any failure to perform**

PROJECTS COVERED BY PROPOSED SUPPLEMENTAL AGREEMENT

I. 5th Avenue Pavilion

- Façade and Emergency Repairs completed by June, 2006
- 1st Floor renovations complete by June, 2007
- 2nd Floor renovations complete by June, 2008
- Arthur Pryor Band Shell restored within building
- Estimated Project Cost in excess of \$3 million.
- Project will trigger obligation under the existing Redevelopment Agreement to renovate all the pavilions within 4 years (June 2010).

II. Convention Hall

- Window Replacement by May, 2007
- Life/Safety Repairs and Fire Code Violations by November, 2006
- Arcade Interior Storefronts by September, 2006
- Arcade Entrance Repairs complete by May, 2007
- Exterior Storefronts complete by April, 2007
- Design of renovations to exterior and interior of Convention Hall by September, 2007, with City input on renovation timeline and enforceable commitment to undertake renovations
- Estimated Project Cost of \$1,400,000

PROJECTS COVERED BY PROPOSED SUPPLEMENTAL AGREEMENT

III. Casino

- Arena - Concept drawings and stabilization will be completed before demolition occurs
- Arcade - New Roof completed by June, 2007
- Arcade - Design of renovations by September, 2007, with City input on renovation timeline and enforceable commitment to undertake renovations repairs
- Carousel - New Roof by June, 2007
- Carousel – Exterior Protection complete by March, 2008
- Carousel - Design of renovations by September, 2007, with City input on renovation timeline and enforceable commitment to undertake renovations
- Estimated Project Cost in excess of \$1,350,000

IV. Power Plant

- New Roof by June, 2007
- Design of renovations by September, 2007, with City input on renovation timeline and enforceable commitment to undertake renovations
- Estimated Project Cost in excess of \$212,000

V. Total Value of Projects is \$6,017,500

FINANCIAL COMMITMENTS

I. Net Worth of \$30 million

- Certified by CPA
- Maintained through completion of itemized Projects
- Annually Updated
- Subject to intra-year updating upon negative events

II. Liquid Security for Projects

- Established at 25% of Project (\$1,504,375)
- Costs Deposited within 30 days of execution of Agreement
- Escrowed Cash or Letter of Credit will be utilized
- Released at direction of arbitrator or to complete a Project upon Architect's certification

III. Performance Bonds

- 100% of actual construction cost will be provided before construction is begun
- Each Project will be covered by Bond.
- City will be named as co-insured on the Bond.

PENALTIES FOR NON-PERFORMANCE

I. Scope of Agreement. Projects and obligations set forth in this Agreement will be covered by remedies set forth in this Agreement. Other obligations under the 2001 Redevelopment Agreement remain covered by the remedies set forth in that agreement.

II. Two Step Process

- Mediation – 10 business day period
- Binding Arbitration. Arbitration will provide timely dispute resolution technique. City and Master Developer will pick an arbitrator to be ready to hear disputes. 45 day period to arbitrate a matter.
- Arbitrator's scope. Arbitrator will be empowered to address not just fault, but also direct remedies – cure periods and release of performance security
- Default cure period will be six months but arbitrator can deviate to shorter or longer periods
- Each party bears own cost but a party bringing frivolous motion to arbitrate can be penalized
- Arbitrator's award will be enforceable in Court
- Disputes will be confidential

PENALTIES FOR NON-PERFORMANCE

III. An improved approach to dispute resolution. Default and remedies section of the 2001 Redevelopment Agreement became ineffective. The requirement to formally default a party before getting to arbitration created an environment where both parties were reluctant to utilize the process. This resulted in an environment where issues were addressed on an ad hoc basis with no real ability to document or enforce a negotiated resolution to an issue. Alternately, an issue was not resolved and lingered and an unproductive environment was created. Each party became frustrated with the efforts of the other party. This Agreement provides a dispute resolution mechanism that has a softer trigger and a more certain process so that legitimate disputes can be resolved with a degree of certainty.

AGREEMENT ITEMS NOT MANDATED BY THE FEBRUARY 1, 2006 RESOLUTION

I. Infrastructure. Planning and coordination of Infrastructure projects is integrated into the Redevelopment Agreement and this Agreement. Through City Engineer, City retains right of approval to changes in schedules. Master Developer has explicit duty to respond to unforeseen factors through adjustments to staffing and project management.

II. Formalized and improved communications

- Progress Meetings
- Progress Reports
- Right to inspect prior to completion
- Correspondence

III. Other Items (Exhibit F). Agreement also identifies other issues that the City and Master Developer have identified which need to be resolved. Resolution of these issues will be governed by remedies section of this Agreement.