

Return to:
MR. GORDON DE PAULI
16TH FLOOR
F77B Bldg.
ONE EAST FIRST ST.
RENO, NEVADA
89505

MEMORANDUM OF LEASE

The undersigned, PARK CATTLE CO., a Nevada corporation as LANDLORD, and DESERT PALACE, INC., a Nevada corporation as TENANT, entered into a Net Lease Agreement ("the Lease") on a parcel of land situated in Douglas County, Nevada, consisting of (a) the parcel of land described on Exhibit A and (b) from and after such time as FIRST NATIONAL BANK OF NEVADA completes and commences to do business on its partially constructed branch bank at Stateline, Nevada, the parcel of land described on Exhibit B, all buildings and other improvements on that land and all additions to, and replacements of, those buildings and improvements ("the Premises"), and all furniture, furnishings and equipment ("the Furnishings") now or subsequently owned by LANDLORD which are located on the Premises. The parcels of land described on Exhibits A and B are more particularly described on Exhibit C.

The Lease, dated October 15, 1979, provides that the Premises and the Furnishings were leased by LANDLORD to TENANT for a period of approximately twenty-four years and nine months, commencing on the later of (i) November 1, 1979, or (ii) the fifth day after the day on which the TENANT receives all necessary governmental approvals to operate the casino and other facilities of the Park Tahoe Hotel and Casino, and terminating at 11:59 P.M. on July 31, 2004. Tenant has the right to renew and extend said term for two successive periods of 25 years each. The maximum date to which the Lease may be renewed and extended is 11:59 P.M. on July 31, 2054. Said rights of extension are exercisable by notice from TENANT to LANDLORD given at least one year prior to the expiration of the Lease, or as to the second renewal option, one year prior to the expiration of the first renewal option.

The Lease further provides that if LANDLORD receives a bona fide offer to purchase the Premises or the LANDLORD's rights under the

Lease (other than as security for indebtedness which LANDLORD in good faith intends to repay), or if TENANT receives a bona fide offer to purchase TENANT's rights under the Lease, and the party which receives the offer ("Selling Party") is willing to accept the offer, the Selling Party must give the other party (the "Other Party"), notice of the offer and the Other Party will have an option, exercisable by written notice to the Selling Party 60 days after the Selling Party gives the Other Party notice of offer, to purchase the Premises or said rights under the Lease on the terms set forth in Selling Party's notice of offer.

The Lease further provides that if LANDLORD loses its license to receive percentage rent, as provided in Section 2.1(b) of the Lease, and it is finally determined that the LANDLORD must have such a license in order to operate a casino on the Premises, LANDLORD shall have one year from the date of said final determination in which to sell the Premises. If LANDLORD fails to sell the Premises during said one-year period, TENANT shall have the option to terminate the Lease or purchase the Premises on the terms set forth in Section 24.7.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of November , 1979.

PARK CATTLE CO.

By *Brooks Park*
Brooks Park

DESERT PALACE, INC.

By *Kerrin J. Malloy, V.P.*
Kerrin Malloy

STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

On November 16, 1979 personally appeared before me, a Notary Public, BROOKS PARK, who acknowledged to me that he is the President of PARK CATTLE CO., and that he executed the above instrument for the purposes and considerations therein expressed and in the capacity therein stated.

Dated this 16 day of November, 1979.

Douglas C. Tucker
Notary Public
DOUGLAS C. TUCKER
NOTARY PUBLIC - STATE OF NEVADA
CARSON CITY
My Commission Expires June 8, 1988.

STATE OF NEVADA)
) ss.
COUNTY OF ~~DOUGLAS~~ *Clark*)

On November 14, 1979 personally appeared before me, a Notary Public, KEVIN MALLEY, who acknowledged to me that he is the *Vice President* of DESERT PALACE INC., and that he executed the above instrument for the purposes and considerations therein expressed and in the capacity therein stated.

Dated this 14 day of November, 1979.

Geraldine M. Hease
Notary Public
GERALDINE M. HEASE
Notary Public—State of Nevada
COUNTY OF CLARK
My Commission Expires Jan 12, 1980

EXHIBIT "A"

All of the following real property located at Stateline, Lake Tahoe, Douglas County, Nevada, more particularly described as follows, to-wit:

All of Parcel 2 as shown on the Site Survey of Park Tahoe filed in the Office of the County Recorder of Douglas County, Nevada on October 11, 1978 in Book 1978 of Maps at Page 634 File No. 26156.

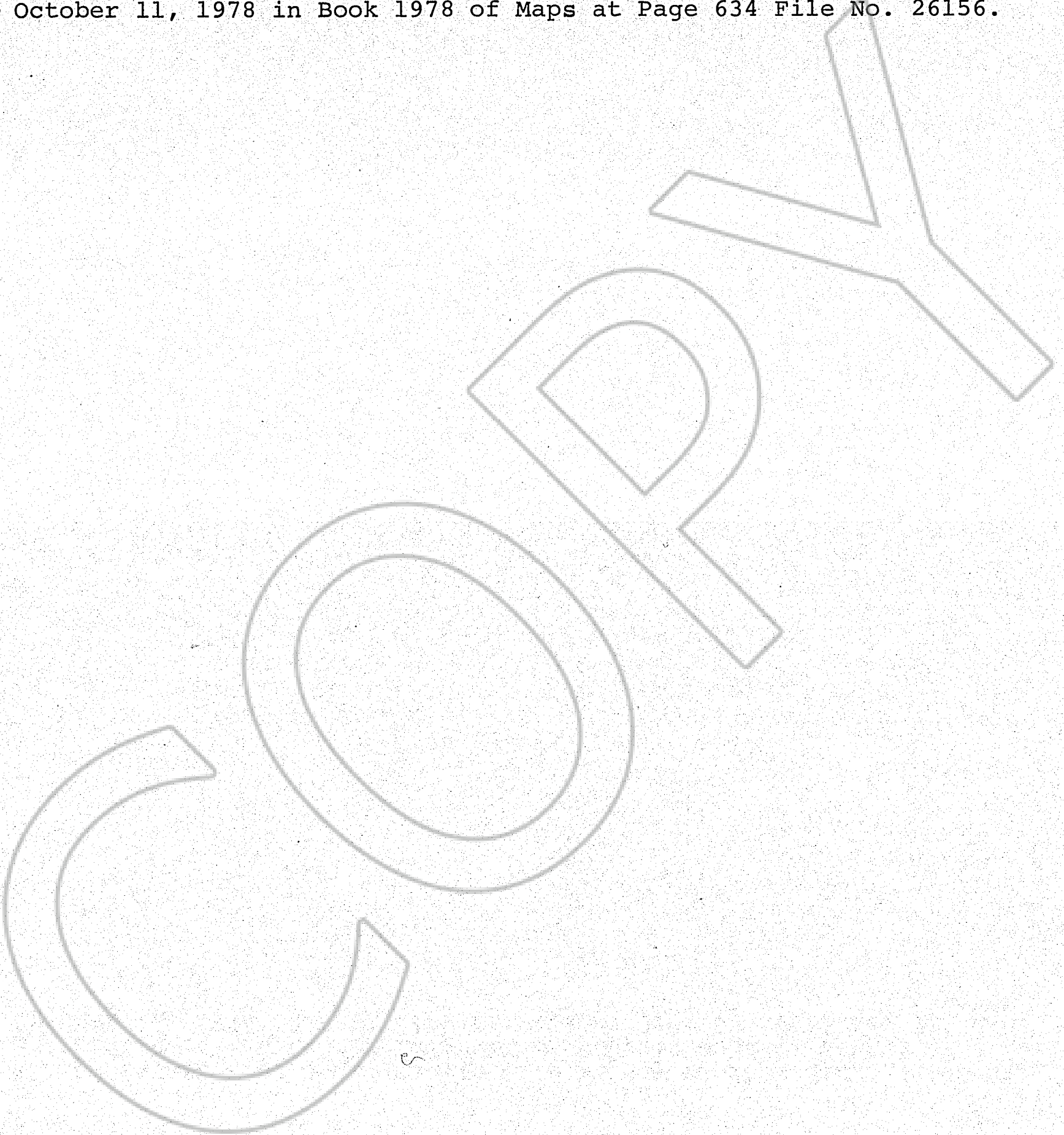


EXHIBIT "B"

All of the following real property located at Stateline, Lake Tahoe, Douglas County, Nevada, more particularly described as follows, to-wit:

Being a portion of the Southeast 1/4 of the Northeast 1/4 of Section 27, Township 13 North, Range 18 East, M.D.B.&M. and being more particularly described as follows:

Commencing at the Section corner common to Sections 26, 27, 34 and 35, Township 13 North, Range 18 East, marked by a brass cap; thence North $0^{\circ}19'55''$ West, a distance of 284.76 feet to a brass cap marked 26.27 C.C.; thence North $48^{\circ}36'30''$ West, a distance of 2414.21 feet along the Nevada-California State Line; thence North $28^{\circ}02'$ East, along the East Right of Way Line of U. S. Highway 50, a distance of 1375.64 feet to the True Point of Beginning; thence North $28^{\circ}02'$ East, a distance of 175.00 feet to a point; thence South $61^{\circ}58'$ East, a distance of 250.00 feet to a point; thence South $28^{\circ}02'$ West, a distance of 175.00 feet to a point; thence North $61^{\circ}58'$ West, a distance of 250.00 feet to the true point of beginning.

EXHIBIT "C"

A parcel of land situated in Section 27, Township 13 North, Range 18 East, M.D.B.&M. and more particularly described as follows:

Beginning at a point where the Easterly right-of-way line of U. S. Highway 50 intersects the present California Nevada State Line; thence North $28^{\circ}02'00''$ East, along said right-of-way line, a distance of 877.66 feet to the Northeasterly corner of parcel conveyed to Barneys Club Inc. by deed recorded October 3, 1960 in Book 7, Page 117, Douglas County Records, the TRUE POINT OF BEGINNING;

Thence North $28^{\circ}02'00''$ East, along said right-of-way line, a distance of 960.81 feet;

Thence, from a tangent which bears the last named course, along a circular curve to the right with a radius of 34.00 feet and a central angle of $90^{\circ}01'23''$, an arc length of 53.42 feet to a point on the Southwesterly right-of-way line of the Stateline Loop Road;

Thence South $61^{\circ}56'37''$ East, along said right-of-way line of the Stateline Loop Road, a distance of 642.21 feet;

Thence, from a tangent which bears the last named course, along a circular curve to the right with a radius of 800.00 feet and a central angle of $19^{\circ}15'02''$, an arc length of 268.79 feet; thence South $28^{\circ}01'28''$ West, a distance of 1116.49 feet; thence North $62^{\circ}02'11''$ West, a distance of 69.95 feet to the Northeasterly property line of parcel owned by Harrah's; thence North $32^{\circ}49'43''$ West, along said property owned by Harrah's, a distance of 342.69 feet;

Thence North $61^{\circ}58'00''$ West, along the property boundaries of Harrah's and Barney's, a distance of 570.86 feet to the TRUE POINT OF BEGINNING.

Said parcel contains an area of approximately 22.21 acres.

REQUESTED BY
Brooks Park
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA
8.00 PD
1979 NOV 21 AM 9:03

MARIE A. RAHEL
RECORDER
Donna Juchter 38955
UQep BOOK 1179 PAGE 1310