

ORDINANCE #68433
Board Bill No. 121

An Ordinance authorizing and directing the Mayor and the Comptroller of the City of St. Louis to enter into and execute a lease option and lease, which is hereto attached and substantially in the same form as Lease Option (Exhibit A) and Lease Agreement (Exhibit B), of City-owned property located at 8400 Alabama and 8402 Alabama for a period of the lesser of ninety-nine (99) years or upon the expiration of Pinnacle's, or its assigns, lease with St. Louis County Port Authority; and containing a severability clause.

BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:

SECTION ONE. The Mayor and the Comptroller of the City of St. Louis are hereby authorized and directed to enter into and execute on behalf of the City the "Lease Option" and "Lease Agreement," attached and substantially in the same form and incorporated by reference as Exhibit A and Exhibit B, between the City and Pinnacle Entertainment, Inc., a Delaware Corporation ("Lessee"), for a period of the lesser of ninety-nine (99) years or upon the expiration of Pinnacle's, or its assigns, lease with St. Louis County Port Authority.

SECTION TWO. The terms, covenants, and conditions set forth in this Ordinance shall be applicable exclusively to the "Lease Option" and "Lease Agreement" and shall not be applicable to any other existing or future agreements, documents, or instruments unless specifically authorized by an ordinance after the effective date of this Ordinance.

SECTION THREE. The sections, conditions and provisions of this Ordinance or portions thereof shall be severable. If any section, condition or provision of this Ordinance or portion thereof is held invalid by a court of competent jurisdiction, such holding shall not invalidate the remaining sections, conditions, or provisions of this Ordinance.

OPTION TO LEASE

THIS OPTION TO LEASE (the "Option") is entered into by and between PINNACLE ENTERTAINMENT, INC., a Delaware corporation and its affiliates or subsidiaries ("Pinnacle") and THE CITY OF ST. LOUIS, MISSOURI, a city and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State of Missouri (the "City") on _____ date.

1. **Option to Lease.** The City hereby grants to Pinnacle an option to lease the unimproved properties known as 8400 and/or 8402 Alabama, City of St. Louis, Missouri more specifically described on Exhibit A attached hereto and incorporated herein by this reference (the "Leased Premises"). This Option is granted in consideration of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged.

2. **Term of Option.** Pinnacle shall have the right to exercise this Option by giving written notice of such election to the City prior to the expiration of two years from the date that this Option is passed by Ordinance which is the date upon which this Option shall expire. Pinnacle shall exercise this Option by delivering to the City (prior to expiration of the Option Term) a copy of the Lease Agreement (attached hereto as Exhibit B) signed on behalf of Pinnacle. Provided Pinnacle exercises this Option and delivers a signed copy of the Lease Agreement to the City within the Option Term as set forth above, the City shall in turn sign the Lease Agreement within fourteen (14) days thereafter, and deliver a fully executed copy of the Lease Agreement to Pinnacle.

3. **The Lease Agreement.** Upon full execution of the Lease Agreement, such Lease Agreement shall become operative in accordance with its terms. The Leased Premises will be delivered to Pinnacle by the City upon such date when the Lease Agreement is fully signed by both parties and is operative.

4. **Expiration of Option to Lease.** In the event Pinnacle does not exercise this Option within the Option Term set forth above, this Option shall expire and shall have no further force and effect.

5. **Miscellaneous.** The captions of the section of this Option are inserted for convenience only and shall not be used in the interpretation or construction of any provisions of this Option. If any provision of this Option is held invalid or unenforceable, the holdings shall affect only the provisions in question and that provision in other circumstances, and all other provisions of this Option, shall remain in full force and effect. The rule that the terms of an agreement are strictly construed against the drafting party shall have no application to the construction or interpretation of this Option. The interpretation and enforceability of this Option shall be governed by the laws of the State of Missouri. All exhibits and other attachments to this Option are hereby incorporated herein by this reference as though fully set forth herein. Upon execution of the Option to Lease, the Register or designee shall cause a copy

of the Option to Lease, with Exhibit A, to be filed in the office of the Recorder of Deeds of the City.

INTENDING TO BE FULLY BOUND, the parties have executed this Option the day and year first above written.

PINNACLE ENTERTAINMENT, INC., a Delaware Corporation

By: _____
Printed Name: _____
Title: _____

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

On this ___ day of _____, 2009, before me a Notary Public in and for said state, personally appeared _____ who acknowledged himself to be the _____ of Pinnacle Entertainment, Inc., a Delaware corporation, and that he, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public

My commission expires:

CITY OF ST. LOUIS, MISSOURI

Mayor

Comptroller

Attest:

Register

Approved as to Form:

City Counselor

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

On this ___ day of _____, 2009, before me a Notary Public in and for said state, personally appeared Francis Slay who acknowledged himself to be the Mayor of the City of St. Louis and Darlene Green, who acknowledged herself to be the Comptroller of the City of St. Louis and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public

My commission expires:

EXHIBIT "A"
Depiction of the Leased Premises

EXHIBIT "B"
Attach copy of Lease Agreement

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made and entered into as of this ____ day of _____, 2009 (the "Effective Date"), by and between the City of St. Louis, Missouri, a city and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State of Missouri ("Lessor"), and Pinnacle Entertainment, Inc., a Delaware Corporation ("Lessee").

Recitals of Fact

- A. Lessor is the owner of certain property located in the City of St. Louis, Missouri, known as 8400 and 8402 Alabama more fully described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"); and
- B. Lessor desires to lease to Lessee and Lessee desires to lease from Lessor the Premises for the purpose of constructing and maintaining a sign by Lessee in exchange for the maintenance, as described herein, of the Premises and parcels listed on Exhibit B attached hereto.

Agreement

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

- 1. Effectiveness of Lease. This Lease shall be deemed effective and binding on the parties as of the Effective Date. Subject to the terms and conditions of this Lease, Lessor hereby demises and leases to Lessee, and Lessee hereby leases and takes from Lessor, the Premises, for the Term (as hereinafter defined).
- 2. Lessor's Representations and Warranties. Lessor represents and warrants to Lessee that Lessor is the owner of the Premises as described in Exhibit A and the parcels listed on Exhibit B. Subject to any and all covenants, restrictions, easements, and other matters of record, if any, Lessor has the full right and authority to make this lease and covenants that no part of the parcels described above will be used for signage purposes by anyone other than Lessee.
- 3. Lessee's Property. All leasehold improvements, structures, material and equipment (trade fixtures) placed upon the Premises by Lessee, except for landscaping improvements that are placed upon the Premises and are not immediately around the sign, shall remain Lessee's property and shall be removed by Lessee at Lessee's expense within sixty (60) days after the termination of the Lease unless public safety necessitates removal within a shorter time period. If Lessee fails to remove the leasehold improvements, structures, materials and equipment as required under this section of the lease within sixty (60) days, Lessor may remove them and Lessee shall be responsible for costs and reasonable attorney fees for such removal.
- 4. Lessee's Right to Install Utility Lines. Lessor agrees to permit Lessee, at the sole cost and expense of the Lessee, to install utility lines on the Premises to service the signage. Lessee shall assume responsibility for ensuring that any and all utility lines necessary for the signage are maintained in a safe, good working order and secure manner.
- 5. Term of Lease. The term of this Lease (the "Term") shall commence on the Effective Date herein and shall expire on the earlier of ninety-nine (99) years from the Effective Date or upon the expiration of Pinnacle's, or its successors or assigns, lease with St. Louis County Port Authority for the River City Casino Site.

6. Rent. In consideration of this Lease, Lessee agrees to the following:

a. Lessee shall plant a minimum of fifteen thousand dollars (\$15,000.00) of landscaping improvements on the parcels of land described in Exhibit A and this amount shall include the landscaping improvements that are customary and generally required in connection with the signage.

b. Lessee shall mow the grass and maintain the landscaping improvements on the Premises and the parcels described in Exhibit B a minimum of twice a month from March through October of each year.

c. Lessee shall maintain the Premises and the parcels described in Exhibit B in a safe, clean manner and shall keep the property free from litter and debris. The Premises and parcels described in Exhibit B shall be maintained pursuant to all Ordinances, Code provisions and regulations of the City of St. Louis.

d. If Lessor sells any of the parcels described in Exhibit B, then the parties shall amend the Lease pursuant to the provisions contained in this Lease, to eliminate the obligation to maintain the parcels sold from the requirements of 6(b) and 6(c) of this Lease.

7. Termination of the Lease.

a. Default. In the event that either party is in default under the terms of this Lease, the non-defaulting party shall deliver written notice in accordance with the notice provisions of this Lease to the non-defaulting party. Said party may cure such failure within fourteen (14) days of receipt of such notice. It shall be a default of the Lease, if Lessee is unable to (i) secure or maintain any required permit or license from any appropriate governmental authority; or (ii) federal, state or local statute, ordinance regulation or other governmental action that precludes or materially limits the use of Premises for the proposed use or if either party fails to fulfill any other obligations under the terms of the lease. The defaulting party shall be responsible for any and all expenses, including reasonable attorney fees, associated with enforcing this provision.

b. Removal of Property. Upon termination of the Lease, the parties hereto shall have no further obligations under the Lease, except, that Lessee shall remove all of Lessee's trade fixtures, movable equipment, furnishings and other personal property from the Premises at Lessee's expense, and, upon the request of Lessor, Lessee shall demolish and remove all improvements placed on the Premises by Lessee. Lessee may also remove the landscaping improvements immediately adjacent to the sign for purposes of removing its fixtures and restore that portion of the Premises to its original condition; however, Lessee shall not remove any other landscaping improvements made to the parcels in Exhibit A or Exhibit B.

8. Signage. Pinnacle may only construct one sign for River City Casino and its related businesses on the Premises and such signage shall be subject to the reasonable review and approval of the City of St. Louis and its related agencies. All cost of construction, maintenance and upkeep of the signage shall be the responsibility of Lessee. Lessee shall be responsible for obtaining any necessary permits and/or licenses or clearances from all governmental bodies for signage and for the cost of customary landscaping generally required in connection with the type and scope of the signage. Any signage placed on the Premises must be able to be removed.

9. Notices. All notices, demands, request or other communications ("notices") required or permitted by this Lease shall be in writing and shall be deemed to be received when actually received by any person at the intended address if personally served or if sent by courier or facsimile, whether actually received or not, twenty-four (24) hours after the date and time of delivery to a nationally recognized courier, addressed as follows:

To Lessor: Deputy Mayor for Development
 200 City Hall
 St. Louis, Missouri 63103
 Facsimile: (314) 622-4061

Copies to: City Counselor
 314 City Hall
 St. Louis, Missouri 63103
 Facsimile: (314) 622-4956

Comptroller
212 City Hall
St. Louis, Missouri 63103
Facsimile: (314) 622-4026

If to Lessee: 3800 Howard Hughes Parkway
Suite 1800
Las Vegas, Nevada 89109
Attention: John A. Godfrey, General Counsel
Facsimile: (702) 784-7778

Copies to: Jerry Riffel
Lathrop & Gage, L.C.
2345 Grand Blvd., Suite 2800
Kansas City, MO 64108
Facsimile: (816) 292-2001

Either party may, in substitution of the foregoing, designate a different address and addresses within the continental United States for purposes of this section by written notice delivered to the other party in the manner prescribed, at least ten (10) days in advance of the date upon which such change of address is to be effective.

10. Successors and Assigns. This Lease shall be binding upon the parties hereto, their employees, contractors, tenants, licensees, agents, invitees, successors and assigns of the parties hereto. Lessor shall not assign its interest under this Lease or any part thereof except to a party who purchases the underlying fee title to the Premises and Lessee shall not assign its interest under this Lease or any part thereof except to a party who purchases title to the subject sign structure and maintains it in accordance with paragraph eight provided, however, this sentence shall not preclude a collateral assignment of Lessor's interest under this Lease to an established financial institution as, and part of, a bona fide loan transaction nor shall it preclude an assignment by Lessor or Lessee to any entity controlled by, or under control of Lessor or Lessee, respectively.

11. Sublease. Lessee shall not sublease this lease to any entity not controlled by, or under control of Lessee.

12. Indemnification. Lessee shall defend, indemnify and hold Lessor harmless from all damages to persons or property by reason of negligent or willful acts of its agents, employees or others by Lessee and on the Premises and parcels described in Exhibit B.

13. Insurance. Lessee agrees that from and after the date of delivery of the Premises from Lessor to Lessee and continuing through the Term, the Lessee shall carry and maintain, at its sole cost and expense, commercial general liability insurance ("CGL Insurance") covering the Premises and Lessee's use thereof against claims for bodily injury or death and property damage upon, in or about the Premises. Such insurance shall have limits of not less than Two Million Dollars (\$2,000,000.00) per occurrence. The insurance coverage required under this Section shall, in addition, extend to any liability of Lessee arising out of the indemnities provided for under this Lease. All policies of CGL Insurance provided for in this Section shall be issued by insurance companies reasonably acceptable to the Lessor and qualified to do business in Missouri. All policies of CGL described in this Section shall name Lessor as an additional insured. Lessee also agrees to carry workers compensation insurance if its employees are used to maintain the Premises and the parcels on Exhibit B. Lessee shall provide Lessor with certificate(s) of such CGL Insurance and, if applicable, Workers' Compensation Insurance, upon execution of this Lease and thereafter within fifteen (15) days prior to the expiration of any policy. Any certificate of insurance required hereunder shall specifically state that coverage as it pertains to Lessor shall be primary for Lessee's negligence regardless of any other coverage which may be available to Lessor for Lessee's negligence or willful misconduct.

14. Amendment to the Lease. The Lessor and Lessee may amend the terms of this lease by mutual written agreement. All Amendments to the Lease shall be signed by all parties and filed with the Register's Office and the Recorder of Deed's Office.

15. Severability. If any provision of this Agreement or the application thereof to any party or circumstance is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to other parties or circumstances will not be affected thereby, the provisions of this Agreement being severable in any such instance.

16. Miscellaneous. This Lease shall be governed by the laws of the State of Missouri. The captions of the paragraphs

of this Lease are inserted for convenience only and shall be used in the interpretation hereof. If any provisions hereof are found unenforceable, the remaining provisions of this Agreement shall remain in full force and effect and shall be enforceable to the extent unaffected.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year first above written.

ST. LOUIS CITY, MISSOURI

Mayor

Comptroller

Attest:

Register

Approved as to Form:

City Counselor

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

On this ___ day of _____, 2009, before me a Notary Public in and for said state, personally appeared Francis Slay who acknowledged himself to be the Mayor of the City of St. Louis and Darlene Green, who acknowledged herself to be the Comptroller of the City of St. Louis and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public

My commission expires:

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year first above written.

PINNACLE ENTERTAINMENT, INC.

By: _____
Printed Name: _____
Title: _____

Attest:

Printed Name: John A. Godfrey
Title: Executive Vice President, Secretary
and General Counsel

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

On this ___ day of _____, 2009, before me a Notary Public in and for said state, personally appeared Daniel R. Lee who acknowledged himself to be the Chairman and CEO of Pinnacle Entertainment, Inc., a Delaware corporation, and that he, being

authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Daniel R. Lee
Chairman and CEO of Pinnacle Entertainment, Inc.

Notary Public

My commission expires:

EXHIBIT A

8400 Alabama Avenue	32210002450	Vacant Residential Lot
8402 Alabama Avenue	32210002300	Vacant Residential Lot

EXHIBIT B

610-612 Marceau Street	32210000300	Vacant Residential Lot
608 Marceau Street	32210000400	Vacant Residential Lot
602 Marceau Street	32210000500	Vacant Residential Lot
534 Marceau Street	32210000600	Vacant Residential Lot
528 Marceau Street	32210000700	Vacant Residential Lot
516 Marceau Street	32210000800	Vacant Residential Lot
510 Marceau Street	32210000900	Vacant Residential Lot
8415 Virginia	32219991310	Vacant Residential Lot
8417 Virginia	32210001320	Vacant Residential Lot
8419 Virginia	32210001400	Vacant Residential Lot
8423 Virginia	32210001500	Vacant Residential Lot
8427 Virginia	32210001600	Vacant Residential Lot
8431 Virginia	32210001700	Vacant Residential Lot
8501 Virginia	32210001800	Vacant Residential Lot
8505 Virginia	32210001900	Vacant Residential Lot
8509 Virginia	32210002000	Vacant Residential Lot

Approved: July 27, 2009