

SETTLEMENT AGREEMENT

The City of Reno, a municipality incorporated in accordance with the laws of the State of Nevada (City), Mandalay Resort Group (fka Circus Circus Enterprises, Inc.), a Nevada corporation and Circus Circus Casinos, Inc. (collectively referred to herein as Circus), Harrah's Operating Company, Inc., dba Harrah's Casino Hotel Reno ("Harrah's"), RFC Reno LLC, a Nevada limited liability company that is the successor to Hilton Hotels Corporation, the former owner and operator of the hotel and casino formerly known as the "Flamingo Reno" ("RFC"), Sierra Development Company, a Nevada corporation ("Cal Neva"), Circus and Eldorado Joint Venture, a Nevada partnership ("Silver Legacy"), Eldorado Resorts LLC, a Nevada limited liability company ("Eldorado"), the Regents of the University of California, the Board of Trustees of the Leland Stanford Junior University, and McKesson Corporation f/k/a McKesson, HBOC, Inc. (collectively referred to as the "Universities Group"), hereby enter into this Settlement Agreement (Agreement) on this 22 day of October, 2002. The term Casinos as used in this Agreement applies to Circus, Harrah's, RFC, Cal Neva, Silver Legacy and Eldorado.

Recitals

WHEREAS, the City entered into a prior settlement agreement with Circus, Harrah's and RFC's predecessor, Hilton Hotels Corporation, dated September 8, 1998 ("Prior Agreement").

WHEREAS, the City entered into a prior settlement agreement with Cal Neva dated December 7, 1998 ("Cal Neva Agreement").

WHEREAS, the parties to this Agreement attended a number of Settlement Conferences to settle all outstanding issues concerning the Prior Agreement and pursuant to those Settlement Conferences the parties to this Agreement by way of this Agreement have agreed to fully and finally resolve all matters relating to the title or other right of the City to charge lease payments with respect to the subject premises leased by the City to the Casinos ("the Issue") and all other matters raised during the course of the litigation or relating to this Agreement.

WHEREFORE, the parties to this Agreement, in consideration for the above recitals as well as the terms and conditions herein, hereby agree as follows:

Terms and Conditions

A. Payment and Improvement Provisions

1. Payment By Circus to City. Circus hereby agrees to pay the City the total amount of One Hundred Twenty-five Thousand Dollars (\$125,000.00), payable as follows:

a. Cash. Circus shall pay the City Ninety Thousand Dollars (\$90,000.00) in cash within fourteen (14) days of the Finality of Judgment as defined in Paragraph B(6) herein.

b. Improvements. The remaining Thirty-five Thousand Dollars (\$35,000.00) shall be paid in the form of improvements to public areas outside, but in the vicinity of, Circus Circus Hotel & Casino. Said improvements may constitute any of the items defined in "Improvements" in Paragraph A(6) of this Agreement or such other improvements as may be agreed upon by the parties. Said improvements shall be made within two (2) years of the Finality of Judgment as defined in Paragraph B(6) herein. Said improvements may include materials and labor in landscaping Virginia Street between 5th and 6th Street in a similar manner as presently exists on Sierra Street between 5th and 6th Street. Circus shall provide the City of Reno invoices demonstrating the value of work and materials expended on the improvements and such invoices shall be deemed true and accurate for purposes of reaching the Thirty-five Thousand Dollar threshold. Circus may invoice its own labor and materials.

2. Payment by Harrah's to City. Harrah's shall pay the City One Hundred Seventy-five Thousand Dollars (\$175,000.00) as follows:

a. Cash. Harrah's shall pay the City One Hundred Thousand Dollars in cash over three years: \$33,333.33 within two weeks of the Finality of Judgment as defined in Paragraph B(6) herein.; \$33,333.33 one year after the first payment, and \$33,333.34 one year after the second payment.

b. Improvements. The remaining Seventy-five Thousand Dollars (\$75,000.00) shall be paid in the form of improvements to be performed and completed within three (3) years of the Finality of Judgment as defined in Paragraph B(6) herein . Said improvements may constitute any of the items defined in "Improvements" in Paragraph A(6) of this Agreement or such other improvements as may be agreed upon by the parties.

3. Payment by RFC to City. RFC shall pay the City Ninety-three Thousand Five Hundred Forty-Seven Dollars (\$93,547.00) as follows:

a. Cash. RFC shall pay the City Sixty Thousand Dollars (\$60,000.00) in cash over three years: \$20,000.00 within one year the Finality of Judgment as defined in Paragraph B(6) herein.; \$20,000.00 one year after the first payment, and \$20,000.00 one year after the second payment.

b. Improvements. The remaining Thirty-three Thousand Five Hundred Forty-seven Dollars (\$33,547.00) shall be paid in the form of improvements to be performed and completed within three (3) years of the Finality of Judgment as defined in Paragraph B(6) herein.. Said improvements may constitute any of the items defined in "Improvements" in Paragraph A(6) of this Agreement or such other improvements as may be agreed upon by the parties.

4. Payment by Cal Neva to City. Cal Neva shall pay the City One Hundred Five Thousand Dollars (\$105,000.00) as follows:

a. Cash. Cal Neva shall pay the City Thirty Thousand Dollars (\$30,000.00) in cash over three years: \$10,000 shall be due on September 1, 2002; \$10,000.00 shall be due on September 1, 2003; and \$10,000.00 shall be due on September 1, 2004. Forty Thousand Dollars (\$40,000.00) has already been paid by Cal Neva in performance of its original Settlement Agreement and credit is hereby given for that amount.

b. Improvements. The remaining Thirty-five Thousand Dollars (\$35,000.00) shall be paid in the form of improvements to be performed and completed within three (3) years of the Finality of Judgment as defined in Paragraph B(6) herein. Said improvements may constitute any of the items defined in "Improvements" in Paragraph A(6) of this Agreement or such other improvements as may be agreed upon by the parties.

5. Payment to the Universities Group. The following casinos and the City of Reno shall pay the Universities Group the total sum of One Hundred Fifty Thousand Dollars (\$150,000.00), to be paid in three annual installments, without interest, with each installment due on the first day of the Third Month following the Finality of Judgment as defined in Paragraph B(6) herein. Sums payable by the Casinos under this Section (A)(5) shall be delivered to the City no later than ten (10) days prior to the date the sums are due to the Universities Group. The City will accept the funds from the Casinos and timely make full payment as required under this Section (A)(5), including sums owed by the City and the Casinos, to the Universities Group. Allocation of the payments shall be as follows:

- a. Harrah's shall pay the total sum of \$30,000.00.
- b. RFC shall pay the total sum of \$30,000.00.
- c. Cal Neva shall pay the total sum of \$25,000.00.
- d. Eldorado shall pay the total sum of \$15,000.00.
- e. Silver Legacy shall pay the total sum of \$15,000.00.
- f. City shall pay the total sum of \$35,000.00.

Any payment to the Universities Group required by this Agreement shall be paid directly to the Law Offices of Hale Lane et al in Reno, Nevada. Once payment is made to and received by such location, there shall be no further responsibility by any party to this Agreement to ensure that payment reaches the University Group.

6. Improvements Provisions.

- a. Definition. Improvements mean:
 - (i) Streetlight banners;
 - (ii) Alley identification banners;
 - (iii) Increased street and sidewalk lighting;
 - (iv) Streetscapes (lights, trees, planters, and stamped pavements);
 - (v) Street Improvements;
 - (vi) Railroad corridor improvements;
 - (vii) Homeless services;
 - (viii) Public art, if the art is approved by C.I.T.Y. 2000 Arts

- Commission;
- (ix) The public portions of a private project (for example, if a party to this Settlement Agreement should build a new hotel tower, and the City required, as part of the project, improvements to streetscapes, the value of the streetscapes portion of that project would qualify in calculating the non-cash portion of the settlement amount);
- (x) Wingfield park improvements;
- (xi) Replacement of utility boxes with art boxes;
- (xii) Wallscapes;
- (xiii) Annual flower baskets on light poles downtown;
- (xiv) Visual corridor along Virginia Street;
- (xv) Avenue of public art;
- (xvi) Participation in special events to improve or market the Reno area;
- (xvii) Cultural Events Grants Program; and
- (xviii) Sidewalks, walkways and crosswalks;
- (ixx) Other improvements or events agreed upon by the parties.

b. Other Improvement Provisions. Improvements may be made to areas outside, but in the vicinity of, the Casinos. Casinos shall provide the City invoices demonstrating the value of work and materials expended on the improvements and such invoices shall be deemed true and accurate for purposes of reaching the non-cash threshold. Casinos may invoice its own labor and materials. Additionally, any projects completed between February of 2001 and the execution of this Settlement Agreement shall be included in reaching the non-cash threshold by the Casinos. The Casinos must obtain City permits for such Improvements if required by law. To avoid duplication of Improvements between the Casinos and the City, once a particular Casino notifies the City or the City notifies a particular Casino that it intends to proceed with a specified Improvement, the particular Casino or City which is placed on such notice is precluded from going forward with a duplicative Improvement. In the event that a particular Casino and the City notify one another that both are proceeding with a duplicative Improvement, the party which first imparted notice shall have the right to proceed with the Improvement.

B. City and University Obligations

1. Quitclaim and Non-Interference Obligations of the City. In return for the payments by each of the Casinos as set forth above, the City shall do as follows:

a. Quitclaim of Leasehold. The City shall within fourteen (14) days of the Finality of Judgment as defined in Paragraph B(6) herein, but in no event prior to the Quitclaim by the University provided in paragraph B(2) of this Agreement, and in the form attached hereto as Exhibits A through D, quitclaim all of its right, title and interest in the Lease Agreements which were the subject of the Prior Agreements as further described in Exhibits A through D, said descriptions to include a description of all

property in each lease between the City as one party and Circus, Harrah's, RFC and Cal Neva, respectively, as the other party.

b. Quitclaim By City to Casinos and Reservation of City Rights. The City shall within fourteen (14) days of the Finality of Judgment as defined in Paragraph B(6) herein and in the form attached hereto as Exhibits A through F, quitclaim all of its right, title and interest to the centerline of the streets and alleys adjacent to all existing property owned, leased or otherwise operated by Circus, Harrah's, RFC, Cal Neva, Silver Legacy and the Eldorado, subject only to the public common law easement in favor of the City which may be used by the City and the public for legitimate public purposes within the scope of a public common law easement created by the city maps more specifically described as (i) Town of Reno Map filed August 1, 1868 and June 27, 1871; (ii) Map of Ward's Addition, Including Conner's Survey filed on June 7, 1899; and (iii) Map of Evan's North Addition filed on December 16, 1879 (collectively referred to as "City Maps" and attached hereto as exhibits to Exhibit "H") (said easement to be referred to herein as the "Public Easement"). Nothing in this Agreement affects the rights, privileges and obligation of the parties with respect to the property described in the Memorandum of Understanding between the City of Reno and Union Pacific Railroad dated the December 1, 1998, and more particularly shown on the map, Exhibit A, thereto, with the sole exception of portions of Commercial Row, Lake Street, and Center Street adjacent to Harrah's property currently owned by the Railroad. When the City receives title to the same, it will quitclaim to the centerline of the adjoining streets to Harrah's, reserving an easement to the public of the same geographic and legal scope as that defined for the Public Easement. The quitclaim deed shall be in the same form as the Quitclaim Deed to Harrah's under this Agreement. The Public Easement shall allow for the continuation of existing public purpose activities not inconsistent with this Agreement, including the right to travel on the streets and alleys (unless previously formally abandoned or otherwise formally relinquished by the City) and for the use, maintenance and other administration of the sidewalks, curbs, gutters, drop-inlets, parking meters, electric transmission lines, fiber optic facilities, bus stops, signs, street lights, the Reno Arch, banners and the franchising of public utilities such as telephone lines, electric transmission lines, water lines, sewer facilities, storm water facilities and the right to enforce City ordinances and collect fines with respect thereto. Terms and conditions relative to the Public Easement are further described in Section B(1)(c) below. All provisions of this Section B(1)(b) shall apply to properties within the City of Reno presently owned, leased or otherwise operated by any of the Casinos. Any property quitclaimed pursuant to this Agreement now or in the future shall be subject to a Public Easement in favor of the City as defined in this Agreement. In the event that the City holds a license or other agreement for the control, operation, or maintenance of a street or alley which is lesser in geographic or legal scope than the Public Easement, said license or other agreement shall be reserved and remain in effect.

c. No Interference with Future Development. The property described and referred to in this paragraph B(1)(c) shall include any property depicted or described in the City Maps. The City Maps are referred to and incorporated herein as Exhibit ("H"). The City shall not interfere with any Casino's future development of or make any further ownership or monetary claim with respect to air rights or subterranean rights above or below the streets or alleys adjacent to each of the Casinos to the centerline

thereof, subject only to the Public Easement. Any improvement, addition or construction within the air space which is the subject of any present or future Quitclaim Deed to a Casino under this Agreement, the height of the bottom of which is at or above the height of the bottom of the lowest Casino skywalk, sky-bridge, sky-building or sky-structure, shall be presumed to be outside the Public Easement and shall not constitute interference with the Public Easement. The City can only overcome the presumption by establishing that the improvement, addition or construction would cause real and substantial harm to the public if allowed. The City shall be solely responsible to maintain and repair all property within the scope of the Public Easement, and shall also be subject to any other obligation as a holder of a Public Easement. In using the Public Easement, the City shall not impact or otherwise interfere with the respective Casino's existing use of or improvements to such air and subterranean rights, whether or not such uses or improvements are determined to be within the scope of the Public Easement. No Casino shall, in further developing its existing property, unreasonably interfere with the scope of the Public Easement or any proper use of the Public Easement. In the event that a Casino further develops its property and obtains a building permit for such development, the Casino shall be deemed not to unreasonably interfere with the scope of the Public Easement and any claim by the City to the contrary shall, upon issuance of the building permit, be waived. In no event shall any of the Casinos be required to pay rent or any other monetary consideration for the use of the air rights, subterranean rights, any existing use or improvement within the scope of the Public Easement or any future use or improvement which does not unreasonably interfere with the Public Easement at the time the use is commenced or improvement is constructed. All provisions of this Section B(1)(c) shall apply to properties within the City of Reno presently owned, leased or otherwise operated by any of the Casinos as well as properties which are purchased, leased, developed or otherwise operated in the future by any of the Casinos or their Affiliates as that term is defined herein. With respect to future properties covered by this Section B(1)(c), once a Casino purchases, leases, develops or otherwise begins operating a property within the City Maps, the City shall be precluded from transferring to anyone (with or without consideration) any right, interest or title it may have, if any, in air rights or subterranean rights appurtenant to such property. Following such purchase, lease, or other operation of the property, and within forty-five (45) days of the written request from the Casino to the City, the City shall provide the Casino with a Quitclaim Deed in the form of the Quitclaim Deeds to the Casinos attached hereto and in accordance with the terms of this Agreement. Nothing in this Agreement shall be construed to affect any Franchise Agreements within the scope of the Public Easement which the City may have with any utility or other person or entity, and this Agreement will not affect the City's ability to enter into, or charge money with respect to Franchise Agreements in the future within the scope of the City's Public Easement. The Casinos rights under this Section (B)(1)(c) shall be freely assignable to any subsequent purchaser, tenant or operator of the property. This provision shall not apply to streets and alleys the City acquired after enactment of the Dedication Statute in 1905 and for which the City holds fee simple title at the time the Casino commences development. The Casinos shall comply with applicable rules, regulations and ordinances required for the any improvement, addition or construction within the air space or subterranean rights described in the present and future Casino Quitclaim Deeds provided for in this Agreement. Nothing in this

Agreement affects the rights, privileges and obligations of the parties with respect to property described in the in the Memorandum of Understanding between the City of Reno and Union Pacific Railroad dated December 1, 1998, and more particularly shown on the map, Exhibit A, thereto, with the sole exception of portions of Commercial Row, Lake Street, and Center Street adjacent to Harrah's property currently owned by the Railroad. When the City receives title to the same, it will quitclaim to the centerline of the adjoining streets to Harrah's, reserving an easement to the public of the same geographic and legal scope as that defined for the Public Easement. The quitclaim deed shall be in the same form as the Quitclaim Deed to Harrah's under this Agreement.

2. Quitclaim Obligations of the Universities Group. The members of the Universities Group shall provide to the City, in sufficient time for the City to meet its recordation obligations under this Section (B)(2), but in no event more than five (5) business days after the Finality of Judgment as defined in Paragraph B(6) herein, a quitclaim deed in favor of the City quitclaiming all right title and interest in the property described in Exhibit G hereto. The City shall record Exhibit G prior to the recordation by the City of Exhibits A through F, which shall occur no later than thirteen (13) days after the Finality of Judgment as defined in Paragraph B(6) herein. It is agreed that between the City and the Universities Group, the Universities Group are deemed to have been divested of any and all title right and interest to the streets identified in Exhibit "G" as of the date each adjacent parcel to such portion of the street was initially sold.

3. Past and Future Rent. Except as specifically provided in paragraph B(4) of this Agreement, no party shall have any obligation whatsoever to refund or make further rental payments, including but not limited to the following:

a. The City of Reno shall have no obligation to refund any back rent paid by any Casino for the use of the property described in Exhibits A through D, regardless of claims made by any Casino.

b. No Casino shall be obligated to pay any additional past, present or future rent or other consideration for use of the property described in Exhibits A through F, including the period between 1994 and the date this Agreement is fully executed.

4. Future Rent to the Universities Group. In the event that the City (inclusive of its board entities as referred to in paragraph C:12) enters into a future lease, license or other agreement to specifically generate proceeds to the City for air or subterranean rights over and underneath existing streets and alleyways within the property quitclaimed by the Universities Group to the City in Exhibit G, other than property which is now or at any time in the future owned or operated by one of the Casinos or its Affiliates, for a period of ten (10) years from the date of the Finality of Judgment as defined in Paragraph B(6) herein, the Universities Group shall be entitled to a total of five percent (5%) of any proceeds so collected from such lease, license or agreement. The City is not obligated to charge any money for said property interest. Without expanding the plain meaning of the phrase "future lease, license or other agreement" as that phrase is used in this paragraph, the Universities Group shall not be entitled to any "proceeds" relating to the continuation of existing public purpose activities within air or subterranean rights over and underneath existing streets and alleys within the property quitclaimed by the Universities Group to the City in Exhibit G, including the right to travel on the streets and alleys and the use, maintenance and other administration of sidewalks, curbs, gutters, drop-inlets, parking

meters, electric transmission lines, fiber optic facilities, bus stops, signs, street lights, the Reno Arch, banners and the franchising of public utilities such as telephone lines, electric transmission lines, water lines, sewer facilities, storm water facilities and the right to enforce City ordinances and collect fines with respect thereto. If the City receives a deferred payment, it will pay the Universities Group when the City receives payment. The Universities Group is not entitled to any proceeds from any lease, license or agreement with respect to any property described in the Memorandum of Understanding between the City of Reno and Union Pacific Railroad dated December 1, 1998 and more particularly shown on the map, Exhibit A, thereto.

5. Homeless Shelter.

a. The City shall diligently acquire, rehabilitate or construct a building or buildings to house a permanent homeless services center outside the Redevelopment District (as defined by ordinance) to include at a minimum adequate facilities for either ninety-four (94) homeless persons or ninety-four (94) homeless persons who are on leave from the jail to participate in the Sheriff's work program. Public meals facilities established after the date of this Agreement must be located proximate to the homeless services center and provide meal services to the users of the homeless services center. Acquisition or construction of the permanent homeless services center will be completed within twenty-four (24) months from the Finality of Judgment as defined in Paragraph B(6) herein. The City is currently operating a temporary homeless services center in a facility located on Morrill Avenue. In the event the City Council takes the necessary action to make the Morrill Avenue facility a permanent facility, said facility will satisfy the requirements of this paragraph.

b. The City shall diligently acquire all currently operating public meals facilities in the Redevelopment District, and relocate the services provided by these facilities outside of the Redevelopment District within twenty-four (24) months from the Finality of Judgment as defined in Paragraph B(6) herein. Public meals facilities is defined as follows: Any use of any land whether in a structure, tent or any enclosed or unenclosed private or public area, where for no charge or only a token charge (provision of meals where the charge for the meal is less than the actual cost to provide the meal) meals are provided to the public for a period exceeding more than twenty-four (24) days in any year.

c. City Staff shall, within two (2) months from the Finality of Judgment as defined in Paragraph B(6) herein, present for City Council consideration a plan providing for the following:

1. Closure and relocation, if they are to be reopened, of all Homeless Services (as that term is described herein) providers currently operating within the Redevelopment District in any legally defensible manner.

2. Implementation of regulations relating to Homeless Services, as that term is defined herein, such that no facility for the provision of Homeless Services can be established or operated within the Redevelopment District or any areas that would substantially frustrate the goals of redevelopment (the Regulations"). Said Regulations must be adopted and implemented by the City not more

than twenty-four (24) months from the Finality of Judgment as defined in Paragraph B(6) herein.

3. For purposes of this Agreement, Homeless Services shall be defined as: Drop-In Centers, public meal facilities, homeless in-take centers, and emergency shelters and shall not include transitional housing (temporary housing generally made available to employed persons in established rehabilitation programs for 30 days or longer), counseling offices, thrift stores, or any other facility not providing meals or shelter.

Funds necessary to accomplish all obligations of the City under this Section B(5) shall not be limited to settlement amounts gifted to the City under the Prior Agreement or this Agreement.

6. Entry of Judgment/Finality of Judgment/Release. The Court of the Second Judicial District Court In and For the State of Nevada, County of Washoe, Department No. 8, Case No. CV97-08817 ("Action") shall enter judgment in accordance with this Agreement promptly after full execution hereof, quieting title to property described herein and as set forth in the attached exhibits (District Court Judgment or Judgment). All parties and former parties will be served with notice of entry of judgment. Notice of entry of judgment shall also be published by the City of Reno in the manner set forth in the Nevada Rules of Civil Procedure for service of summons. In the event no appeal of the District Court's Judgment is taken within applicable deadlines, or an appeal is taken and the appeal is affirmed without material change in the rights and obligations to the parties in this Agreement, the District Court Judgment shall be deemed final ("Finality of Judgment" or "Final Judgment"). In the event there is an appeal, the parties hereto agree to oppose the appeal and argue for the affirmation of the District Court Judgment. In the event that the District Court Judgment is not affirmed, and the matter is remanded, the parties shall attempt in good faith to reasonably resolve the outstanding issue(s) in accordance with this Agreement. If the matter cannot reasonably be resolved in accordance with this Agreement, this Agreement shall become null and void and the parties shall be entitled to all rights and be subject to all liabilities existing prior to the execution of this Agreement. Furthermore, except with respect to the rights and obligations set forth in this Agreement, the Judgment and the Exhibits hereto, the parties to this Agreement, on behalf of their heirs, representatives, successors and assigns, hereby release each other party and their heirs, representatives, successors and assigns from and against any claims, causes of action, damages, losses, expenses and costs (including reasonable attorneys fees and costs) arising out of or related to the allegations and claims set forth in the Action or any of the leases entered into between the City and any Casino to this Agreement.

C. Miscellaneous

1. Affiliate. The term Affiliate as used herein shall mean any person or entity (a) that is owned or controlled by the party, (b) that owns or controls the party, (c) that is owned or controlled by a person or entity that owns or controls the party, (d) that owns or controls an Affiliate of the party, or (e) that is owned or controlled by an Affiliate of the party. As used in this definition, the words "owns" or "owned" refer to the ownership of twenty percent (20%) or more of the equity interest in the person or entity so owned, regardless of the manner of ownership. Also, as used in this definition, ownership or control may be direct or indirect.

2. Specific Performance. The parties acknowledge and agree that if a Casino does not perform or complete its improvement requirements under Section A of this Agreement or if the City or Universities Group do not perform their obligations under Section B of this Agreement, it would cause immediate irreparable harm to the party to whom the obligation is owed. In the event any party fails to perform strictly in accordance with this Agreement for any reason, any party to whom the obligation is owed shall be entitled to seek and obtain, with notice, immediate affirmative injunctive relief requiring the other party to perform in accordance with this Agreement. Nothing in this provision shall be construed to prohibit either party from also pursuing any other remedy, at law or in equity, the parties having agreed that all remedies shall be cumulative.

3. Governing Law/Venue. The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of Nevada. Venue of any litigation arising out of this Agreement shall be exclusively in Washoe County, Nevada.

4. Entire Agreement. This Agreement, including Exhibits hereto, is the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to the matters contained in this Agreement. This Agreement represents a complete integration of all the prior and contemporaneous writings, agreements, documents and other understandings relating hereto. Any waiver, modification, consent or acquiescence with respect to any provision of this Agreement or with respect to any failure to perform in accordance therewith shall be set forth in writing and duly executed by or on behalf of the party to be bound thereby. No waiver by any party of any breach hereunder shall be deemed a waiver of any other or subsequent breach.

5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto (it being acceptable to have additional signature pages executed by other parties to this Agreement attached thereto).

6. Time of the Essence. Time is of the essence in the performance of and compliance with each of the provisions and conditions of this Agreement.

To Mandalay Resort Group and Circus Circus Casinos, Inc.:

William T. Martin, Esq.
Associate General Counsel
Mandalay Resort Group
3950 Las Vegas Boulevard South
Las Vegas, Nevada 89119

With a copy to:

Mark F. Bruce, Esq.
Bible, Hoy & Trachok
201 W. Liberty Street, Third Floor
Reno, Nevada 89501

To Harrah's Operating Company, Inc. dba Harrah's Casino Hotel Reno:

Harrah's
Executive Offices/Legal Department
219 N. Center Street Street
Reno, Nevada 89504

and

Vernon Nelson, Esq.
1 Harrah's Court
Las Vegas, Nevada 89119

With a copy to:

Al Pagni
Jones Vargas
100 W. Liberty St., 12th Floor
P.O.Box 281
Reno, NV 89504

To Sierra Development Company:

Sierra Development Company
dba Club Cal Neva & Virginian
P.O. Box 2071
Reno, NV 89505-2071

With a copy to:

Louis S. Test
Hoffman, Test, Guinan & Collier
P. O. Box 187
Reno, NV 89504

To Circus and Eldorado Joint Venture:

Circus & Eldorado Joint Venture

Attn: President/CEO
P.O. Box 3920
Reno, NV 89505

With a copy to: John Frankovich
McDonald Carano Law Firm
P. O. Box 2670
Reno, NV 89505

To Eldorado Resorts LLC: Eldorado Resorts, LLC
Attn: President/CEO
P.O. Box 3399
Reno, NV 89505

With a copy to: John Frankovich
McDonald Carano Law Firm
P. O. Box 2670
Reno, NV 89505

To the Regents of the University of California, the Board of Trustees of
the Leland Stanford Junior University and McKesson Corporation:

Regents of the University of California
Lloyd C. Lee
Office of the General Counsel
University of California
1111 Franklin Street, 8th Floor
Oakland, CA 94607

Board of Trustees of the
Leland Stanford Junior University
Jennifer Westerlind, Esq.
Office of the General Counsel
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Bldg. 170, 3rd Floor, Main Quad.
P. O. Box N
Stanford, CA 94309

Carole Ungvarsky
Assistant General Counsel
McKesson Corporation
One Post Street
San Francisco, CA 94104

With a copy to: Timothy A. Lukas

Hale Lane
P. O. Box 3237
Reno, NV 89505

Any party may change its address for notice by written notice given to the other in the manner provided in this Section 11. Any such communication, notice or demand shall be deemed to have been duly given or served on the date personally served, if by personal service, one (1) day after the date of confirmed dispatch, if by electronic communication, or on the date shown on the return receipt or other evidence of delivery, if mailed.

8. No Other Representations. The making, execution and delivery of this Agreement by the parties hereto has been induced by no representations, statements, warranties or agreements other than those expressly set forth herein.

9. Saving Clause. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law, but, if any provision which is not so material that it comprises the essence of this Agreement shall be invalid or prohibited thereunder, such invalidity or prohibition shall be construed as if such invalid or prohibited provision had not been inserted herein and shall not affect the remainder of such provision or the remaining provisions of this Agreement. This Settlement Agreement shall survive the Entry of Judgment and the recording of Quitclaim Deeds to be recorded under this Agreement.

10. Standards of Interpretation. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the parties hereto for any reason (including by virtue of the fact that this Agreement may have been drafted or prepared by counsel for one or more of the parties, it being recognized that all parties, and their respective counsel, contributed materially and substantially to the preparation of this Agreement). Wherever the words "include" or "includes" are used in this Agreement, they should be interpreted in a non-exclusive manner as though the words "without limitation" immediately followed the same.

11. Attorneys' Fees. If any action is brought by either party against the other party hereunder, the prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees, court costs and expenses incurred in connection with the prosecution or defense of such action. For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and shall include all reasonable attorneys fees and costs incurred on any appeal or petition relating thereto.

12. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and to their legatees, legal representatives, executors or administrators, respective transferees, successors, and assigns. With respect to the City, this Agreement shall also be binding against all political subdivisions, agencies and divisions and departments of the City.

13. Exhibits. All Exhibits attached hereto are incorporated herein by reference. All Exhibits references in this Agreement refer to exhibits attached to this Agreement, unless the context clearly indicates otherwise.

14. No Joint Venture. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers.

15. Authorization to Execute. The persons and entities executing this Agreement have received all necessary authority and consent to do so and have, by company power, resolution, assignment or otherwise, the legal power to bind the person or entity for whom it signs to all terms and conditions of this Agreement.

16. Further Assurances. Each party agrees to execute all documents and instruments and take any and all further action reasonably necessary to satisfy all terms and conditions required under this Agreement and to accomplish any and all result intended by this Agreement.

17. Several Liability. Each party to this Agreement is responsible and obligated to perform, complete and satisfy only the obligations specifically required by that party. There shall be no joint-liability with respect to any obligation required hereunder.

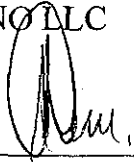
18. Advice of Counsel. The parties each acknowledge that (a) they have thoroughly read and reviewed the terms and provisions of this Agreement and the Exhibits attached hereto and are familiar with the terms of this Agreement, (b) the terms contained in this Agreement are clearly understood by them and have been fully and unconditionally consented to by them, (c) they have had full benefit and advice of counsel of their own selection, in regard to understanding the terms, meaning and effect of this Agreement, (d) the execution of this Agreement is done freely, voluntarily, with full knowledge, and without duress, and (e) that the consideration received by them under this Agreement has been actual and adequate.

19. No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement.

[signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement
the day and year first above-written.

RFC RENO LLC

By:  _____

Amin S. Visram

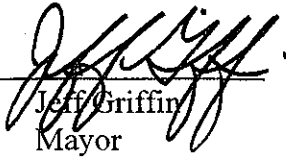
Its: Manager

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement the day and year first above-written.

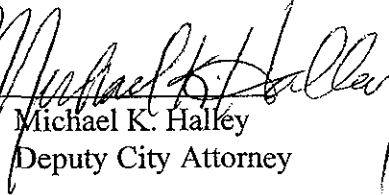
THE CITY OF RENO
a Municipal Corporation

APPROVED FOR FORM AND CONTENT

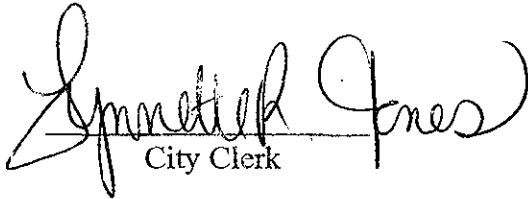
By:


Jeff Griffin
Mayor

By:


Michael K. Halley
Deputy City Attorney

ATTEST:


Lynette Jones
City Clerk

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement
the day and year first above-written.

MANDALAY RESORT GROUP



By: William T Martin
Its: Associate General Counsel

CIRCUS CIRCUS CASINOS, INC.

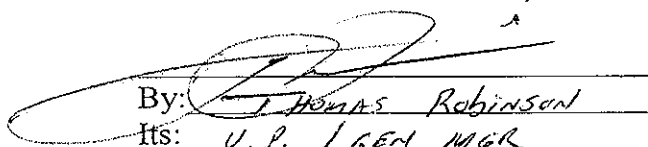
By: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement
the day and year first above-written.

MANDALAY RESORT GROUP

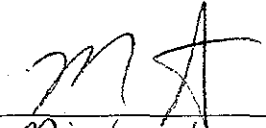
By: _____
Its: _____

CIRCUS CIRCUS CASINOS, INC.

By:  _____
Its: U.P. / GEN MGR _____

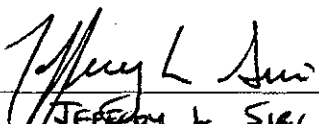
IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement
the day and year first above-written.

HARRAH'S OPERATING COMPANY, INC.
dba HARRAH'S CASINO HOTEL RENO


By: Michael Silberstein
Its: Senior Vice President + General Manager

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement
the day and year first above-written.

SIERRA DEVELOPMENT COMPANY


By: JEFFREY L. SURI
Its: PRESIDENT / CEO