

**Dep. Ex. 828**

# Project Status Report

Report No. 23  
Fontainebleau Las Vegas  
8,749,063 SFG Hotel & Casino  
Las Vegas, Nevada



Prepared for  
Bank of America  
Dallas, Texas  
&  
Lehman Brothers Holdings, Inc  
New York, New York

April 23, 2009  
IVI Project No. V61210964





**CONSTRUCTION CONSULTING &  
PROJECT MANAGEMENT**

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April 23, 2009

CDROM Overnight Mail

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Re: Fontainebleau Las Vegas  
8,749,063 SFG Hotel & Casino  
Las Vegas, Nevada  
IVI Project No. V61210964

Dear Mr. Bolio and Freedman:

Attached is our Project Status Report No. 23 for the Developer's Draw Request No. 23 and the General Contractor's Requisition No. 23.

If you have any questions please call me directly at (914) 313-5067. If I am not available, please contact Robert W. Barone, R.A., LEED AP, at (914) 313-5113.

Sincerely,

**INSPECTION & VALUATION INTERNATIONAL, INC.**

Paul R. Bonvicino Jr.  
Senior Project Manager

Reviewed by:

Robert W. Barone, LEED AP  
Senior Vice President

PRB/aok

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## SUMMARY

### Anticipated Construction Cost vs. Direct Cost Budget

The Developer's direct cost budget was increased by \$190,265,022 in June 2008 to account for a significant amount of additional construction costs, resulting in a revised direct cost budget of \$2,099,999,238, and a direct cost contingency budget of \$211,894,252. During this PC, the Developer increased the direct cost budget by \$50,000,000 to account for a additional construction costs, resulting is a revised direct cost budget of \$2,149,999,238. During this PC, the Prime Contract Control Budget was increased \$64,854,542 from \$1,986,150,792 to \$2,051,005,334, and the Contingency was reduced by \$38,854,000, resulting in a current direct cost contingency of \$37,994,445. This equates to 5.7% of the cost-to-complete and is adequate for the project as detailed in the Contractor's most recent Anticipated Cost Report. While the ACR has been submitted by the Developer as a true representation of known costs, IVI is still concerned that all the subcontractor claims have not been fully incorporated into the report.

### Construction Status

The project began in January 2007 with the Grand Opening anticipated in November 1, 2009. At 69.1% complete, the overall construction progress was tracking in-line with the latest construction schedule at the time of our visit.

While the Project is tracking in accordance with the current schedule, it appears that the work in the podium may need to be accelerated to meet the aggressive target for that portion of the Project. A few venues are tentatively scheduled to open after Grand Opening as detailed in Section 4.1.

### Quality of Work/Conformance with Construction Documents

The work observed appears to be in general conformance to the drawings and specifications we have reviewed, and during our site visit, we did not observe any significant areas of unsatisfactory workmanship. It should be noted that the General Contractor has been maintaining a clean, relatively debris free site.

Five (5) previous material incidents occurred on-site August 2, 2007, August 6, 2007, February 11, 2008, June 3, 2008 and June 25, 2008. We understand that OSHA has acknowledged no fault or negligence on the part of TWC or FB for the August 2 and 6 incidents and will issue their formal report in 12 to 18 months (August 2008 to January 2009) for the first three (3) incidents. The fourth incident was no fault or negligent on the part of TWC or FB.

Five (5) additional incidents with minor injuries have occurred on-site, Monday December 10, 2007, Thursday January 3, 2008, Saturday January 12, 2008, Monday September 1, 2008 and Thursday October 2, 2008. The incidents are currently under investigation by OSHA and the fourth by LVPD.



### **Outstanding Documentation**

- Tenant commitment report;
- Formal OSHA report for the construction workers fall and the failure of the precast tees;  
and
- Close-out documentation for Orphan Tanks 3 and 4 (expected by June/July 2009).

These outstanding items were discussed during our previous site meetings.



**1. SITE VISIT DATA**

<b>Site Visit Date:</b>	March 2, 2009
<b>Previous Visit Date:</b>	February 2, 2009
<b>Additional Site Visit:</b>	NA
<b>Next Site Visit Date:</b>	March 31 & April 1, 2009
<b>Weather:</b>	Sunny, 65°F
<b>BofA Representative:</b>	None
<b>LBH Representative:</b>	None
<b>EZ Solutions:</b>	None
<b>PCI Group:</b>	None
<b>IVI's Representative:</b>	Paul Bonvicino
<b>Developer Entity:</b>	Fontainebleau Las Vegas, LLC
<b>Developer Representatives:</b>	R C White, Deven Kumar, Jackie Miller, Bernie Glanister
<b>Architect's Representative:</b>	Scott Walls
<b>General Contractor's Representatives:</b>	Bob Ambridge, Bob Oehrli, Don Byrd, Roger McElfresh, Kili Ogilvie, Stephanie Cisneros, Cheryl Ross, Glen Russo, Robin Allen, Dan Ruddock, Steve Kessler, Joe DeMarco, Cheryl Szeles, Mark LeFever
<b>Developer's Advance Request No &amp; Date:</b>	27, March 11, 2009 (Exhibit "B")
<b>Date Advance Received by IVI:</b>	March 12, 2009 (Additional documentation and clarification provided through March 18, 2009)
<b>General Contractor's Requisition No. &amp; Date:</b>	27, February 28, 2009 (Exhibit "C")
<b>Date Requisition Received by IVI:</b>	March 12, 2009
<b>Period Covered (PC):</b>	February 1 to February 28, 2009



**2. REVIEW OF PAYMENT REQUISITION**

**2.1. Value of Work Completed to Date – Core and Shell**

In accordance with the Form of Construction Consultant’s Advance Certificate dated March 19, 2009 (Exhibit “D”), IVI has approved the following advance. Included as part of (Exhibit “B”) are the following: Developer’s Advance Request Certificate, Advance Confirmation Notice, Requested Cost Report, Shared Cost Allocation Report, Current Available Sources Report, Funding Order Report, Advance Request Transfer Report, Detailed Remaining Cost Report, Retail Remaining Cost Report, In Balance Report and the Contractor’s Payment Application letter. In addition to the aforementioned also included as (Exhibit “B-1”) are the following: Budget/Schedule Amendment Certificate dated February 28, 2009, Appendix I to Budget/Schedule Amendment, Appendix III to the Budget/Schedule Amendment Certificate and Attachment A to Budget Amendment Certificate. The General Contractor’s Advance Certificate (Exhibit “C”) dated February 28, 2009 and Architect Advance Certificate (Exhibit “C-1”) dated February 28, 2009 is included.

a. Developer's Direct Cost Budget	\$ 1,904,673,934	
b. Adjustments (approved COs, revisions, etc.)	+ 245,325,304	(1)
c. Adjusted Direct Cost Budget	<u>\$ 2,149,999,238</u>	
d. Value of Work Completed to Date	\$ 1,525,788,040	
e. Stored Materials	38,923,410	
f. Deposits	+ 13,070,865	
g. <b>Subtotal Completed Value + Stored Materials</b>	<u>\$ 1,577,782,315</u>	
h. Less Retainage	- 91,750,636	
i. Total Completed Value Less Retainage	<u>\$ 1,486,031,679</u>	
j. Less Previous IVI Recommended Disbursements	- 1,398,099,618	
k. <b>Recommended Disbursement for the PC</b>	<u>\$ 87,932,061</u>	
l. Cost to Complete Direct Cost Budget (c - i)	\$ 663,967,559	
m. IVI's Estimated Cost to Complete	\$ 663,967,559	
n. <b>Gross Percentage Complete (g/c)</b>		<b>73.4%</b>
o. <b>Net Percentage Complete (k/c)</b>		<b>69.1%</b>
Budget Amendment No. 1	\$ 5,060,279	
Budget Amendment No. 2	\$ 190,265,025	
Budget Amendment No. 3	\$ <u>50,000,000</u>	
(1) Total Amendment change	\$ 245,325,304	





**2.2. Value of Work Completed to Date – FF&E**

a. Developer's FF&E Budget	\$ 169,853,898	
b. Adjustments (approved COs, revisions, etc.)	+	0
c. Adjusted FF&E Budget	<u>\$ 169,853,898</u>	(1)
d. Value of Work Completed to Date	\$ 0	
e. Stored Materials	0	
f. Deposits	+	80,192,223
g. <b>Subtotal Completed Value + Stored Materials</b>	<u>\$ 80,192,223</u>	(2)
h. Less Retainage	-	1,229,706
i. Total Completed Value Less Retainage	<u>\$ 78,962,517</u>	
j. Less Previous IVI Recommended Disbursements	-	55,990,203
k. <b>Recommended Disbursement for the PC</b>	<u>\$ 22,972,314</u>	
l. Cost to Complete Direct Cost Budget (c - i)	\$ 90,891,381	
m. IVI's Estimated Cost to Complete	\$ 90,891,381	
n. <b>Gross Percentage Complete (i/c)</b>		<b>47.2%</b>
o. <b>Net Percentage Complete (k/c)</b>		<b>46.5%</b>

(1) Gaming FF&E	\$ 40,871,099	
Rooms FF&E	73,784,267	
Exterior Signage	26,532,720	
Common Areas	+	<u>28,665,812</u>
Developer's Direct Cost Budget	\$ 169,853,898	

(2) The total value of deposits to date are as follows:

Gaming FF&E	\$ 1,077,415	
Rooms FF&E	45,856,452	
Exterior Signage	12,297,061	
Common Areas	+	<u>20,961,295</u>
Total	\$ 80,192,223	

IVI has received the FF&E overview summary of costs and status for each component as detailed in Section 3.3 of this report.

**2.3. Funding for Stored Materials and Deposits**

During this period, additional funding was requested for off-site stored materials with the Developer providing IVI with the following (Exhibit "E"):

- An Inventory of Unincorporated Materials spreadsheet, which details a total of \$38,923,410 in currently stored materials and includes additional inventory this PC of \$5,099,078;
- Supporting documentation for stored materials, including evidence of property insurance, bill of sale and Transfer of Title; and
- Inspection report verifying Stored Materials prepared by Professional Associates Construction Services dated February 11, 2009.

During this period, funding was requested for material deposits with the Developer providing IVI with the following (Exhibit "F"):



- Deposit Summary spreadsheet detailing a total of \$13,070,865 in deposits which includes deposits of \$2,179,537 this PC.

Stored materials and deposits to date are identified in the following tables:



Description or item (Tower 200)	Storage Location	Cumulative Off-Site Stored Value	Cumulative On-Site Stored Value	Key	Authorize Funding
Copper Tubing-Plumbing	2020 Mendenhall, NLV, NV	\$484,769		1, 2, 3, 5, 6	9
FCU/Thermal Fuse	16791 Burke La, Huntington Beach	\$188,793		1, 2, 3, 5, 6	9
MC Cable	3950 W Diablo Dr., LV, NV	\$29,668		1, 2, 3, 4	9
Hardware	4030 Industries, NLA, NV	\$488,475		1, 2, 3	9
Condo Mirrors	4030 Industries, NLA, NV	\$10,911		1, 2, 3	9
Condo Millwork	4030 Industries, NLA, NV	\$3,443,352		1, 2, 3	9
Condo Shower Doors	4030 Industries, NLA, NV	\$787,819		1, 2, 3	9
Condo Closets	4030 Industries, NLA, NV	\$237,160		1, 2, 3	9, 10
Vanities+T57/61	16791 Burke La, Huntington Beach	\$727,371		1, 2, 3	9, 10
Brackets	16791 Burke La, Huntington Beach	\$250,000		1, 2, 3	9
T1 Elevator Lobbies	16791 Burke La, Huntington Beach	\$74,100		1, 2, 3	9
Stone Shelves	16791 Burke La, Huntington Beach	\$12,785		1, 2, 3	9
Fire Alarm MC Cable	4375 s. Valley View, LV, NV	\$15,410		1, 2, 3	9
Condo Trim	4030 Industries, NLA, NV	\$85,268		1, 2, 3	9
FCU Portal A	16791 Burke La, Huntington Beach	\$52,016		1, 2, 3	9, 10
Tile Material	2020 Mendenhall, NLV, NV	\$774,701		1, 2, 3	9
Glass Shower/Part	4030 Industries, NLA, NV	\$1,156,482		1, 2, 3	9
FCU/Thermal Fuse	16791 Burke La, Huntington Beach	\$169,956		1, 2, 3	9
Bath Accessories	280 Orville Wright, LV, NV	\$197,739		1, 2, 3	9
Lighting Fixtures	3950 W Diablo Dr., LV, NV	\$594,717		1, 2, 3	9
MC Cable	4375 s. Valley View, LV, NV	\$71,217		1, 2, 3	9
Misc. Elec. Materials	4375 s. Valley View, LV, NV	\$226,726		1, 2, 3	9
Elevator Lobbies	16791 Burke La, Huntington Beach	\$1,308,000		1, 2, 3	9
Lighting Fixtures	13169 Slover Ave., Fontana, CA	\$131,457		1, 2, 3	9
Cable Tray	3455 W Reno Ave, Sun Valley	\$94,476		1, 2, 3	9
Trim+Suite Shower drs	4030 Industries, NLA, NV	\$693,821		1, 2, 3	9
Welded Frames	4030 Industries, NLA, NV	\$88,555		1, 2, 3	9
Crown Molding	4030 Industries, NLA, NV	\$291,202		1, 2, 3	9
Elevator Materials	4855 West Harmon, LV, NV	\$6,596,540		1, 2, 3	9
LED Color Changing	30733 W Ten Mile, Farmington, MI	\$588,415		1, 2, 3	9
Wiring Devices	6065 Polaris	\$339,115		1, 2, 3	9
Electrical Materials	4375 s. Valley View, LV, NV	\$136,294		1, 2, 3	9
Pocket Fascia Bds	Architectural Materials	\$117,837		1, 2, 3	9
KD Frames	4030 Industries, NLA, NV	\$231,400		1, 2, 3	9
Condo Kitchen	4030 Industries, NLA, NV	\$25,730		1, 2, 3	9
Granite	6025 Hauck St, LV, NV	\$457,808		1, 2, 3	10
Wood Doors	4030 Industries, NLA, NV	\$3,782,606		1, 2, 3	9
Upgrade beam/case	4030 Industries, NLA, NV	\$94,952		1, 2, 3	9
Upgrade hardware	4030 Industries, NLA, NV	\$234,593		1, 2, 3	9
Closet Doors	4030 Industries, NLA, NV	\$1,319,126		1, 2, 3	9, 10
Mirrors+Door Mirrors	4030 Industries, NLA, NV	\$518,967		1, 2, 3	9, 10
Appliances+Econ	Econ Warehouse	\$51,420		1, 2, 3	9
Polished Tile	2020 Mendenhall, NLV, NV	\$225,130		1, 2, 3	9
Marble	2020 Mendenhall, NLV, NV	\$363,061		1, 2, 3	9
Low Voltage Cable	3950 Ponderosa, LV, NV	\$157,280		1, 2, 3	9
ASI Panels	2901 Meade Ave, LV, NV	\$29,910		1, 2, 3	9
Glass Mosaic	2020 Mendenhall, NLV, NV	\$39,685		1, 2, 3	9
Switchgear	5570 S Valley, LV, NV	\$44,968		1, 2, 3	9, 10
Door Casing	16791 Burke La, Huntington Beach	\$21,000		1, 2, 3	9, 10
Vanity Extension	16791 Burke La, Huntington Beach	\$7,420		1, 2, 3	9, 10
FCU	16791 Burke La, Huntington Beach	\$25,002		1, 2, 3	9, 10
Low Voltage Material	4375 s. Valley View, LV, NV	\$66,483		1, 2, 3	9, 10
	<b>Closing Inventory Total</b>	<b>\$28,161,688</b>			



Description or item (Tower 200)	Vendor	Cumulative Deposits	Key	Authorize Funding
Guest Closet Units	Architectural Materials	\$1,193,371	1	9
Custom Color	Zetian Systems	\$81,250	1	9
Kitchen Cabinets	M3 Procurement & Design	\$548,981	1	9, 10
Aluminum Extrusions	Zetian Systems	\$516,925	1	9, 10
Glass	Zetian Systems	\$364,550	1	10
Structural Silicone	Zetian Systems	\$215,782	1	10
Limestone	Ital Stone	\$29,449	1	9
Granite	Ital Stone	\$72,010	1	9, 10
Dishwasher	Miele	\$69,046	1	9, 10
Dishwasher	Miele	\$132,319	1	9, 10
Exterior lighting	Uilluminating	\$6,500,000	1	9
Interior Glass	Zetian Systems	\$356,013	1	10
Biege Stone	Ital Stone	\$173,315	1	10
Oven	Miele	\$104,130	1	10
Cooktop	Miele	\$31,253	1	10
Cooktop	Miele	\$38,311	1	10
Millwork	Austin General Contractor	\$1,003,297	1	10
Kitchen Cabinets	Quality Transportation	\$38,078	1	10
Wood Doors	Gallagher-Kaiser	\$150,400	1	9
	<b>Closing Inventory Total</b>	<b>\$11,618,480</b>		

Description or item (Garage/Convention 300)	Storage Location	Cumulative Off- Site Stored Value	Cumulative On- Site Stored Value	Cumulative Deposits	Key	Authorize Funding
Wire	3755 W Hacienda Ave	\$2,080			1, 2, 3, 4	9
Copper-Hydrionics	2020 Mendenhall NLV, NV	\$21,441			1, 2, 3, 4	9
Light Fixtures	3755 Sunset, LV, NV	\$141,847			1, 2, 3, 4	9
Elevator Equipment	4855 W. Harmon, LV, NV	\$3,793,324			1, 2, 3	9, 10
Gears/Switches	3455 W Reno Ave, LV, NV	\$128,815			1, 2, 3, 4	9
Dimmer Material	3325 W Sunset, LV, NV	\$296,857			1, 2, 3, 4	10
Partitions	2020 Mendenhall NLV, NV	\$89,034			1, 2, 3, 4	10
Copper Tubing-Plumbing	2020 Mendenhall NLV, NV	\$39,985			1, 2, 3, 4	9
	<b>Closing Inventory Total</b>	<b>\$4,513,383</b>		<b>\$0</b>		

Description or Item (Overtime Inspection Account 400)	Storage Location	Cumulative Off-Site Stored Value	Cumulative On-Site Stored Value	Cumulative Deposits	Key	Authorize Funding
Inspections	Clark County Development Services			\$5,300	1	9
	<b>Closing Inventory Total</b>	<b>\$0</b>		<b>\$5,300</b>		



Description or Item (Podium 500)	Storage Location	Cumulative Off-Site Stored Value	Cumulative On-Site Stored Value	Cumulative Deposits	Key	Authorize Funding
Structural Steel Raw Material	1730 W. Reno, OK City, Ok	\$142			1, 2, 3, 4	9
Partitions	2020 Mendenhall, NLV, NV	\$122,672			1, 2, 3, 4	9
Bolts & Misc. Components	1730 W. Reno, OK City, Ok	\$79			1, 2, 3, 4	9
Millwork	885 Gateway, San Diego, Ca	\$718,075			1, 2, 3, 4	10
Copper Tubing-Plumbing	2020 Mendenhall, NLV, NV	\$124,106			1, 2, 3, 4	9
Wire	3755 W. Hacienda Ave, LV, NV	\$3,955			1, 2, 3, 4	9
Elevators	4855 W Harmon, LV, NV	\$3,373,796			1, 2, 3	9
Pool Deck/Spa	710 Sunnyvale Dr, Wilmington, NC	\$619,327			1, 2, 3, 4	10
Hardware	1300 Freeport Blvd., Sparks, NV	\$95,070			1, 2, 3, 4	9
Electrical Material	Sun Valley	\$286,789			1, 2, 3	9
Glazing Accessories	Giroux Glass	\$330,999			1, 2, 3	9
Onyx	4050 Harmon, LV, NV	\$144,485			1, 2, 3	9
Grey River Marble	Ital Stone	\$428,664			1, 2, 3	9
Glazing Accessories	Giroux Glass			\$39,699	1	9
Spa Marble	Superior Tile			\$140,000	1	9
Tile	Silver State Marble			\$325,146	1	9
Casino Tile	Sam fet			\$503,280	1	9
Greystone	Ital Stone			\$438,960	1	9, 10
	<b>Closing Inventory Total</b>	<b>\$6,248,159</b>		<b>\$1,447,085</b>		

Component	Cumulative Off-Site Stored Value	Cumulative On-Site Stored Value	Cumulative Deposits	Key	Authorize Funding
Tower (200)	\$28,161,868		\$11,618,480	1, 2, 3, 4	9
Garage/Convention (300)	\$4,513,383		\$0	1, 2, 3, 4	9
Inspections (400)	\$0		\$5,300	1, 2, 3, 4	9
Podium (500)	\$6,248,159		\$1,447,085	1, 2, 3, 4	9
<b>Closing Inventory Total</b>	<b>\$38,923,410</b>		<b>\$13,070,865</b>		

**Key to Back-up Documents Received**

- (1) Inventory Schedule.
- (2) Bill of Sale evidencing Developer's ownership of the stored materials.
- (3) Evidence of insurance on the stored material naming BofA as an additional insured.
- (4) Designer/Third Party Inspector acceptance.
- (5) IVI stored material visit.
- (6) Viewed on-site.
- (7) Material previously received.
- (8) Photographs taken by the GC/Subcontractor.
- (9) Previously funded by BofA.
- (10) Additional Funding this PC.

The Contractor previously provided a procedural flow chart for products sourced internationally. The chart and photos by the third party inspector confirm that the international supplier and manufacturer are currently on time with shipping and delivery of the products.



**2.4. Requisition Retainage**

Generally, the retainage is currently held at 10% of the trade work up to 50% of the contract amount, which is in compliance with the loan agreement and appropriate.

**2.5. Certifications**

IVI has received the Developer's Project Entities' Advance Certificate for the current draw request, which is included as part of Exhibit "B". The Advance Request now includes the General Contractor's Advance Certificate and the Project Architect's Advance Certificate (Exhibit "C" and Exhibit "C-1"), respectively.

**2.6. Waivers of Lien**

IVI has received current and generally appropriate waivers of lien from the General Contractor, and subcontractors. A copy of the General Contractor's and subcontractor's waiver is included as (Exhibit "G"). IVI has also received copies of the Lien Release Log (Exhibit "H") from the Developer for each component. It should be noted that the log did not include the unconditional waivers received after issuance; however, copies of the unconditional waivers have been included.

**3. DIRECT COST BUDGET STATUS**

**3.1. Prime Contract and Change Orders**

IVI has received fully executed copies of the General Contractor's agreement, which identifies the Control Budget including Developer Change Orders as shown below for each component. Bolded line items are new change orders received this PC.

Site Change Order Schedule		
Site CO#1-Landscaping reclassification		-\$44,074,777
Site CO#2 OCIP reclassification		\$937,936
Site CO#3 LEED's credit		-\$200,790
Site CO#4 Compliance with Nevada Power		\$3,743,761
Site CO#5 Electrical conduit relocation		\$110,282
Site CO#6 Dewatering system relocation		\$370,000
Site CO#7 NP Co relo lines overhead to underground		\$1,119,598
Site CO#8 Nevada Power field conditions		\$509,742
Site CO#9 Removal of pylon sign		\$73,753
Site CO#10 Relocate overhead power lines		\$100,400
Site CO#11 Extended allowances for dewatering		\$150,000
Site CO#12 Las Vegas Blvd. water revisions		\$38,753
Site CO#13 Extend existing conduit to transformer		\$126,783
<b>Site CO#14 Lightning protection</b>		<b>\$1,104,155</b>
<b>Subtotal Change Orders</b>		<b>\$ (35,890,404)</b>



LEED Change Order Schedule		
LEED Contract		-\$37,000,000
LEED CO#1 Credit reallocation		\$59,000,000
LEED CO#2 Garage mechanical modifications		-\$2,014,885
LEED CO#3 Podium mechanical modifications		-\$2,370,635
LEED CO#4 Added men's & women's showers		-\$75,455
LEED CO#5 Garage finishes modification		-\$190,000
LEED CO#6 Garage control revisions		-\$1,972,669
LEED CO#7 Garage structural modifications		-\$2,446,648
LEED CO#8 Tower finishes modifications		-\$133,521
LEED CO#9 Tower finishes modifications		-\$200,000
LEED CO#10 Tower Budget Lati Veneer		-\$49,748
<b>Subtotal Change Orders</b>		<b>\$ 12,546,438</b>

Tower Change Order Schedule		
Tower CO#1-Deduct Colasanti backcharge		-\$400,000
Tower CO#2 LEED's credit		-\$23,034,939
Tower CO#3 Steel required field modifications		\$600,482
Tower CO#4 Additional beams		\$138,746
Tower CO#5 Concrete field modification		\$41,685
Tower CO#6 Additional fireproofing		\$275,653
Tower CO#7 T1 terrace field conditions		\$45,520
Tower CO#8 Tower entry lockset & Incomm System		\$454,675
Tower CO#9 T1 knee wall modifications		\$204,797
Tower CO#10 Roof walk ways		\$119,775
Tower CO#11 Additional elevator openings		\$626,340
Tower CO#12 Sprinkler, electrical and HVAC revisions		\$6,149,277
Tower CO#13 Life Line System		\$410,500
Tower CO#14 Wireless Infrastructure		\$1,011,840
Tower CO#15 Concrete material price escalation		\$1,619,979
Tower CO#16 Electrical revisions		\$12,999,999
Tower CO#17 Light fixtures South Façade		\$8,500,000
Tower CO#18 Coordination of structural beams		\$616,294
Tower CO#19 Lati Veneer		\$383,269
Tower CO#20 Additional equipment including ladders		\$78,969
Tower CO#21 Warehousing costs		\$338,476
Tower CO#22 Building insulation & firestopping		\$50,001
Tower CO#23 Crane/Hoisting Equipment		\$20,234,342
Tower CO#24 Budget transfer Podium to Tower		\$17,472,684
Tower CO#25 Transfer elevator operations		\$1,541,678
<b>Tower CO#26 Various</b>		<b>\$26,553,907</b>
<b>Subtotal Change Orders</b>		<b>\$ 77,033,948</b>



Garage Change Order Schedule	
Garage CO#1-Furnish/install Misc Steel	\$9,946,607
Garage CO#2-Added Hydraulic Elevator	\$321,302
Garage CO#3-Deduct Stair #12	-\$349,326
Garage CO#4-Deduct Overhead	-\$472,314
Garage CO#5 LEED's Credit	-\$13,386,296
Garage CO#6 Added Emergency Ramp/County requirement	\$660,768
Garage CO#7 Garage collapse costs	\$5,060,279
Garage CO#8 Upgraded pressure on Condensers	\$518,485
Garage CO#9 Provide 6 Boiler Economizers	\$1,496,401
Garage CO#10 Conversion costs from GMP to LS	\$3,605,522
Garage CO#11 Central plant boiler modifications	\$748,253
Garage CO#12 HVAC revisions	\$1,127,841
Garage CO#13 Structural steel modifications	\$2,632,773
Garage CO#14 Steel modifications	\$3,117,334
Garage CO#15 Concrete revisions	\$4,636,023
Garage CO#16 Additional masonry scope	\$888,349
Garage CO#17 Modification caisson & emergency ramp	\$205,343
Garage CO#18 Expansion control Podium to Garage	\$600,000
Garage CO#19 Steel modifications	\$2,976,952
Garage CO#20 Fire Alarm	\$43,165
Garage CO#21 Underground Utility Verification	\$2,884
Garage CO#22 Additional Scaffolding	\$7,920
Garage CO#23 Expansion Controls	\$2,060,400
Garage CO#24 Roof Membrane	\$1,251,959
Garage CO#25 Fireproofing	\$131,408
Garage CO#26 Hot Domestic Water Control System	\$80,564
Garage CO#27 Plumbing revisions	\$2,857,049
Garage CO#28 Emergency Generator Fill Station	\$168,397
Garage CO#29 Dock Storm Drains	\$156,355
Garage CO#30 Fire protection / TCO	\$255,000
Garage CO#31 & CO#32 Overtime NPC Yard & Utilities respectively	\$64,910
Garage CO#33 Waterproofing Level 1	\$972,533
Garage CO#34 Added men's & women's showers	\$75,455
Garage CO#35 Upgrade formaldehyde free finish	\$1,972,669
Garage CO#36 Control revisions for LEED compliance	\$190,000
Garage CO#37 Revision roof access/drywall/fire protection	\$3,703,810
Garage CO#38 Concrete revisions	\$444,076
Garage CO#39 Transfer crane/hoisting costs from General Conditions	\$1,766,595
Garage CO#40 Structural modifications of roof steel	\$2,446,648
Garage CO#41 Isolation Ceiling for sound control	\$527,558
Garage CO#42 & CO#43 Misc. steel revisions & package	\$4,537,217
Garage CO#44 Electrical revisions	\$4,180,358
Garage CO#45 Excavation/backfill for ejector pit	\$138,770
Garage CO#46 Steel revisions	\$39,730
Garage CO#47 Backfill north wall	\$357,227
Garage CO#48 Switchgear filters	\$534,520
Garage CO#49 Overtime to meet milestones	\$46,284
Garage CO#50 Elevator revisions	\$119,181
Garage CO#51 Façade mock-up & exterior louvers	\$3,766,147
Garage CO#52 Transfer Meeting Room budget	\$3,311,126
Garage CO#53 Transfer elevator operations	\$1,093,389
Garage CO#54 Misc.	\$29,932,023
<b>Subtotal Change Orders</b>	<b>\$ 91,569,624</b>





General Conditions Change Order Schedule		
General Conditions CO#1-Overhead Podium and Garage	\$1,082,844	
General Conditions CO#2-Colasanti charge	\$400,000	
General Conditions CO#3 Adjusted Prime Contract Control Budget	\$221,477	
General Conditions CO#4 Overhead on CO's	\$279,678	
General Conditions CO#5 Additional site costs	\$24,014	
General Conditions CO#6-Overhead on Podium CO's	\$2,658,287	
General Conditions CO#7-Costs associated with Podium/Site/Tower and Garage	\$1,551,644	
General Conditions CO#8 Costs associated with Podium & Garage	\$1,080,533	
General Conditions CO#9 Cranes/Hoisting Costs	\$1,025,828	
General Conditions CO#10 Additional management staff	\$425,001	
General Conditions CO#11 Transfer costs to Tower	-\$20,234,341	
General Conditions CO#12 Transfer costs to Garage	-\$1,766,596	
General Conditions CO#13 Transfer costs to Podium	-\$3,612,946	
General Conditions CO#14 Costs for September 2008	\$2,305,758	
General Conditions CO#15 Transfer elevator operations	-\$4,510,601	
General Conditions CO#16 General conditions future projects	\$4,016,400	
General Conditions CO#17 Additional projected	\$2,453,525	
General Conditions CO#18 CM Staffing	\$4,254,019	
<b>Subtotal Change Orders</b>		<b>\$ (8,345,475)</b>



Podium Change Order Schedule	
Podium CO#1-Chilled Water Trough to Tower	\$1,053,138
Podium CO#2-Structural Changes	\$9,243,660
Podium CO#3-Added Ventilation Ducts	\$2,524,345
Podium CO#4-Deducted General Conditions	-\$610,531
Podium CO#5-Landscaping reclassification	\$44,074,777
Podium CO#6 Site OCIP reclassification	-\$937,936
Podium CO#7 LEED's Credit	-\$22,377,975
Podium CO#8 Additional 161 foundation piles	\$1,032,477
Podium CO#9 Increase concrete duct, added re-bar	\$2,736,298
Podium CO#10-Foundation Revisions	\$1,849,806
Podium CO#11-Upgrade of Monitoring Systems	\$2,370,635
Podium CO#12-Structural revisions	\$11,597,697
Podium CO#13-Structural column revisions	\$41,568,038
Podium CO#14 Expansion control Podium to Garage	-\$600,000
Podium CO#15 Kitchen equipment buy-out	\$1,002,066
Podium CO#16 Steel handrails & railings	\$457,443
Podium CO#17 Partial buy-out of retail corridor	\$277,015
Podium CO#18 Fire Protection	\$739,174
Podium CO#19 Structural Revisions	\$2,853,024
Podium CO#20 Structural Revisions	\$9,739,229
Podium CO#21 Misc. steel revisions	\$4,700,926
Podium CO#22 Switchgear revision	\$485,797
Podium CO#23 Fire protection modifications	\$1,355,006
Podium CO#24 Added beverage CO system	\$1,206,093
Podium CO#25 Transfer of General Conditions	\$3,612,945
Podium CO#26 Venue budget	-\$4,406,358
Podium CO#27 Added beverage conduit system	-\$1,206,093
Podium CO#28 Structural revisions	\$1,214,062
Podium CO#29 Window washing equipment	-\$500,000
Podium CO# 30 Transfer budget to garage	-\$3,311,126
Podium CO# 31 Transfer budget to tower	-\$17,472,684
Podium CO# 32 BOH structure & finishes	\$2,943,498
Podium CO# 33 Public restrooms	\$442,914
Podium CO#34 Transfer elevator operations	\$1,875,533
Podium CO#35 Pollution control units	\$3,194,506
Podium CO#36 Additional air handlers	\$3,607,936
Podium CO#37 Structural revisions	\$11,500,000
Podium CO#38 Shipping costs for AHU's	\$176,360
Podium CO#39 Elevator revisions	-\$565,008
<b>Podium CO#40 Misc.</b>	<b>\$3,010,440</b>
<b>Subtotal Change Orders</b>	
<b>\$ 120,457,129</b>	

Summary Change Order Schedule	
<b>Prime Contract Control Budget</b>	
Site	-\$35,890,404
Tower	\$77,033,948
LEED	\$12,546,438
Garage	\$91,569,624
General Conditions	-\$8,345,475
Podium	\$120,457,129
<b>Subtotal Change Orders</b>	
<b>\$ 257,371,260</b>	
<b>Adjusted Prime Contract Control Budget</b>	
<b>\$ 2,051,005,334</b>	

IVI has reviewed the Developer change orders in detail with the Developer and has determined the change orders are not scope changes. IVI has prepared a schedule that provides a detailed description for each owner change order (Exhibit "I"). It should be noted that the Adjusted Prime Contract Control Budget increased \$64,854,542 from \$1,986,150,792 to \$2,051,005,334 this PC.



IVI has also attached the executed supporting change order documentation (Exhibit "I-1") provided by the General Contractor which adjusts the Control Budget.

**3.2. Subcontract Buy-out Status & Bonds**

The Disbursement Agreement requires that the General Contractor award fixed price or GMP agreements for each subcontractor in accordance with the following timeline:

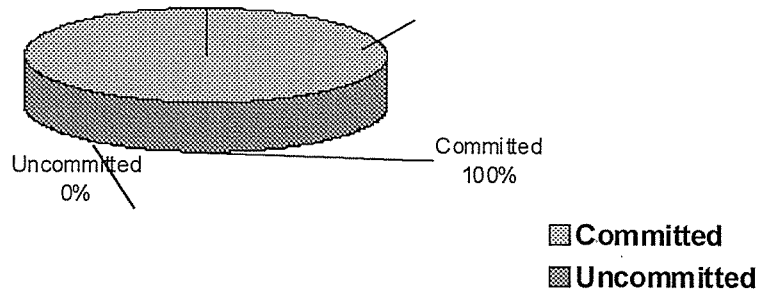
Date	% of Direct Costs
April 30, 2007	60%
June 30, 2007	75%
October 25, 2007	85%
2008 *	95%

\*First advance after exhaustion of the second mortgage proceeds account.

The second mortgage has been exhausted and the first advance funding took place on August 25, 2008.

IVI has received 213 executed subcontracts, purchase orders and Owner change orders representing 100% of the direct cost budget of \$1,895,569,775 as shown in IVI's Contracts Received Schedule and TWC's Executed Contracts and POs (Exhibit "J").

**GC Scope Buyout**



**3.3. Anticipated Costs**

IVI has received the General Contractor's January 2009 Anticipated Cost Report (Exhibit "K") with detailed back-up for each component dated February 2009. The updated ACR incorporates the anticipated costs to complete each component of the project incurred this PC.



The ACR includes \$53,172,979 in pending OCOs; however, these have been taken into account within the Anticipated Contingency Summary. The Anticipated Summary anticipates a balance contingency of \$(41,178,542) which does not include the \$50,000,000 budget adjustment. IVI remains concerned that all of the subcontractors have not fully disclosed the potential costs to complete the Project and meet the schedule.

During the June 2008 PC, the Developer increased the Owner Equity Funds by \$190,265,021. The General Contractor's ACR identified \$217,191,288 in potential extra cost exposure due to; anticipated component modification, completion of the design documents, modifications required to satisfy the neighbor's concerns about the garage façade, budget busts and concealed field conditions related to underground utilities. At this time, the construction costs are anticipated to increase but not exceed the Developer's revised direct cost budget of \$1,909,734,213 plus \$190,265,021 plus \$50,000,000 with the new direct cost budget totaling \$2,149,999,234. The executed Developer change orders during this PC increased the Prime Contract Control Budget by an additional \$64,854,542. The amended Developer's Prime Contract Control Budget is \$2,051,005,334 as detailed in Section 3.1 of this report. Additional Budget Variances are anticipated; however, the List of Scope Changes (Exhibit "L") does not list any.

The Developer has provided documentation confirming LEED approval and the associated financial benefits accompanied as detailed in Section 6.10 of this report. However, it appears that the anticipated LEED credits are tracking behind projections. At this time the Developer has acknowledged a +/- \$6,000,000 lower target; however, IVI is still concerned it may be more. The Developer has begun a detailed audit of the General Contractor's cost documentation to determine if all the possible credits have been obtained from the subcontractors.

IVI received the latest cost report summary and supporting back-up (Exhibit "M") dated March 10, 2009 related to the FF&E. The FF&E costs are currently trending within the budget as detailed in Section 2.2 of this report. The overall percentages committed are detailed in the matrix below:

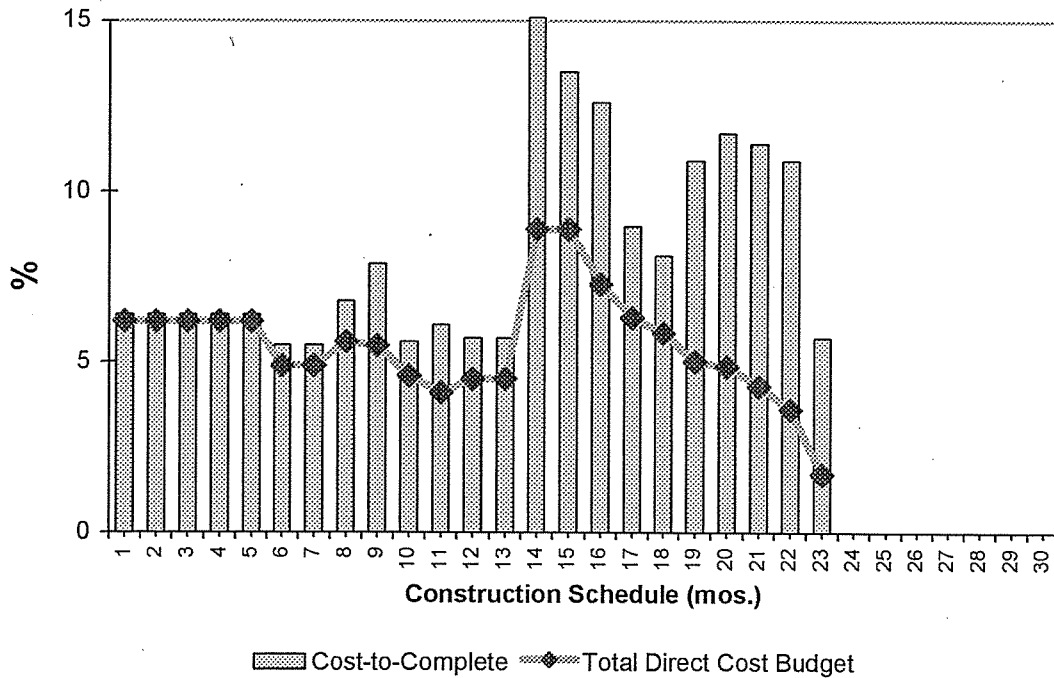
Commitments Against Tracked Areas	Approved Bank	Committed	Variance to Commit	Previous Percentage Committed	Percentage Committed to Date
Total Gaming	\$40,870,000	\$14,022,000	\$26,848,000	34%	34%
Total Rooms	\$73,784,000	\$56,703,600	\$17,080,400	71%	77%
Common Area-FOH	\$23,281,000	\$20,851,822	\$2,429,178	82%	90%
Common Area - BOH	\$5,385,000	\$4,378,494	\$1,006,506	81%	81%
Exterior Signage	\$26,532,000	\$23,459,127	\$3,072,873	88%	88%
<b>Total</b>	<b>\$169,852,000</b>	<b>\$119,415,044</b>	<b>\$50,436,956</b>	<b>67%</b>	<b>70%</b>

The Tower FF&E delivery (desks) started March 2, 2009, with a scheduled completion date of August 31, 2009.



3.4. Contingency Status

Contingency vs. Direct Cost Budget



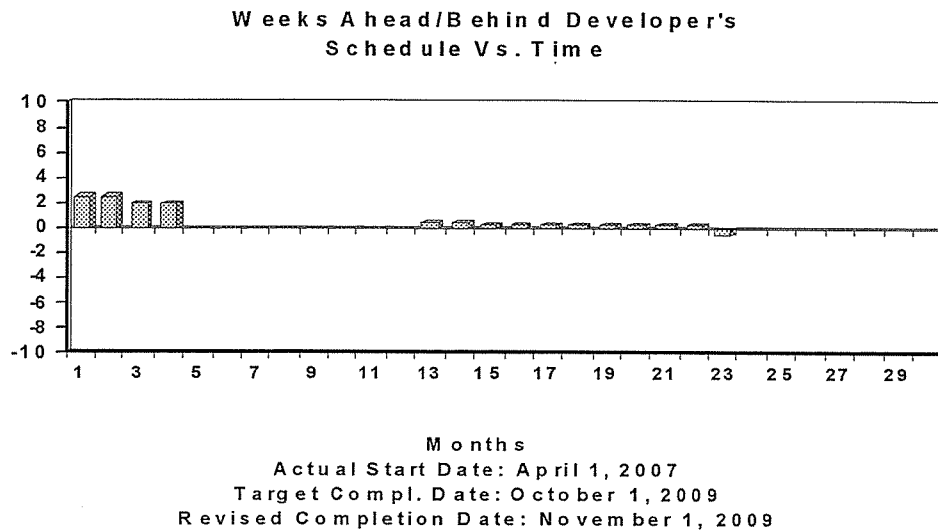
An \$111,039,860 contingency was available solely for direct costs, which originally represented 6.2% of the direct cost budget (less the contingency value). This was increased by \$100,854,392 to \$211,894,252 as a result of expected change orders for extra costs during a previous PC.

During this PC, the Developer executed \$64,854,542 in change orders to the General Contractor’s Control Budget, which exceeded the contingency; however, the Developer has increased the Direct Cost Budget by \$50,000,000, providing a current contingency balance of \$37,994,445. The current ACR indicated an overage of \$41,178,542 which does not include the additional \$50,000,000; however, that is suspect pending potential subcontractor claims to accelerate the schedule to meet the aggressive target and a concern that the anticipated LEED credit will not be attained. As such, IVI believes the current contingency budget will be depleted.



#### 4. SCHEDULE STATUS

##### 4.1. Construction Schedule



IVI has received a copy of the undated Major Construction Summary and Milestones, which outlines the overall 30-month construction schedule on a summary level and is an adequate overview presentation of the schedule. IVI has also received the Monthly Update Schedule, dated December 6, 2007 updated by phase; Tower, Podium and Garage/Convention Center and by discipline. This is considered the baseline schedule.

The schedule start date of April 1, 2007 is based on the Developer issued Notice to Proceed of April 1, 2007 through completion of the entire project, October 1, 2009. The schedule represents a phased fast-track program, since construction operations commenced prior to completion of all construction documents.

During this PC, the Developer has submitted a Schedule Amendment that revises the Grand Opening to November 1, 2009.

The Developer has retained PCI, a schedule consulting firm, to independently review the progress of the work with weekly meetings and issue monitoring reports on the status of the schedule that have been provided to IVI. Key construction dates were current as indicated on PCI's February 6, 2009 schedule report (milestone pages only) which indicated that the project was tracking on schedule; however, during this PC, PCI did not provide a report (Exhibit "N"-intentionally left blank). Therefore, PCI and the General Contractor could not concur that the project is on schedule. PCI attends the draw meetings as a 'checks and balance' to insure that the project remains on schedule, and any difference of opinion concerning the schedule can be immediately addressed without impacting the completion dates for each component/phase.



Task	Targeted Date	Actual A/Targeted Date
Start Tower Sitework and Piles	December 13, 2006	January 2, 2007 (A)
Start Garage Sitework and Piles	January 12, 2007	January 2, 2007 (A)
Start Podium Sitework and Piles	January 15, 2007	April 16, 2007 (A)
Complete Tower Sitework and Piles		September 12, 2007 (A)
Start Podium Structural Steel Erection	July 23, 2007	September 24, 2007 (A)
Tower Start Drywall T1 – T61	January 3, 2008	January 3, 2008 (A)
Perm Power to the Tower for Service Elevator	June 2, 2008	May 1, 2008 (A)
Garage Construction Parking available	July 31, 2008	August 28, 2008 (A)
Podium Begin Interior Build Out	May 21, 2008	April 18, 2008 (A)
Tower Passenger Elevators through T20	October 1, 2008	November 15, 2008 (A)
Tower Complete Structural Concrete	January 6, 2009	November 13, 2008 (A)
Start Central Plant Start-up/Testing & Commissioning		January 19, 2009 (A)
Garage Generator Start-up		March 2, 2009
Tower – Start FF&E deliveries	March 2, 2009	March 2, 2009 (A)
Garage Generator On-line		March 13, 2009
Start Tower Start-up/Testing & Commissioning	April 21, 2009	April 21, 2009
Start Convention Center Start-up/Testing & Commissioning	October 23, 2008	May 11, 2009
Start Podium Start-up/Testing & Commissioning	February 18, 2009	May 1, 2009
Tower Employee TCO		August 21, 2009
Tower – Complete FF&E deliveries	August 31, 2009	August 31, 2009
Tower Complete	September 21, 2009	September 15, 2009
Podium Complete	September 21, 2009	October 1, 2009
Ballroom/Convention Center Complete	May 20, 2009	November 1, 2009
Garage Complete		November 1, 2009
Soft Opening	September 22, 2009	N/A
Grand Opening	October 12, 2009	November 1, 2009
Theatre Complete	April 9, 2010	TBD

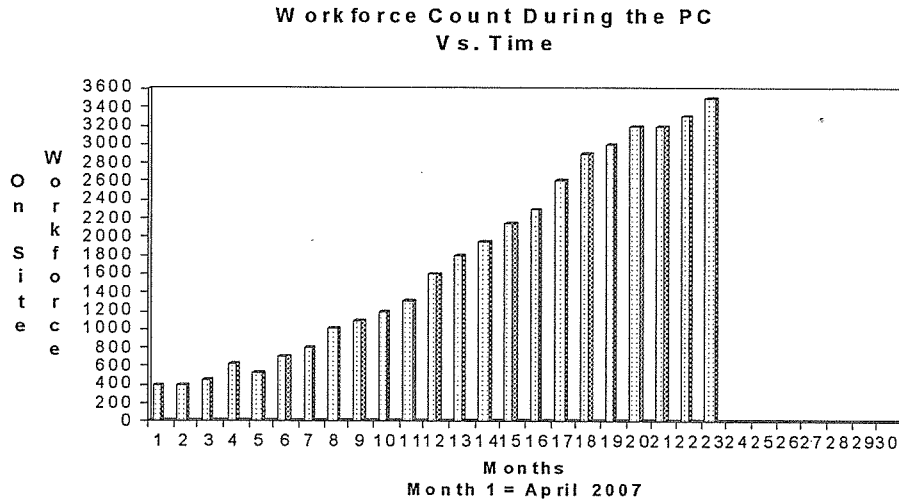
Based upon our visit, work is tracking in-line with the latest schedule; however, it appears that the work in the podium may need to be accelerated to meet the aggressive target. It is also important to note that the current November 1, 2009 Grand Opening will only be met if items of work in the Podium are not delayed further.

Due to installation issues, the curtain wall system is slightly behind schedule; however, the delay in the installation of the curtain wall system is not part of the critical path and will have no impact on the overall schedule. Additionally, concerning the retail spaces, it is anticipated that several venues may open 30-60 days after the scheduled grand opening of November 1, 2009. The Developer has provided a tentative schedule dated, (Exhibit "O") and will fine tune the venue schedule for discussion at the next draw meeting. The Theatre will be a completed shell only at Grand Opening until a show venue has been finalized.



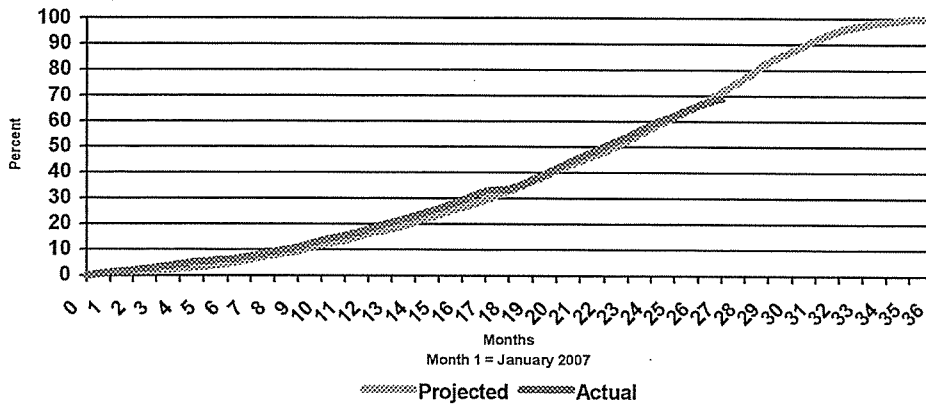
**4.2. Workforce**

During the PC, the workforce averaged approximately 3,500 trade people on site. This current workforce is adequate to ensure progress consistent with the construction schedule.



**4.3. Disbursement Schedule**

**Cumulative Direct Cost Disbursements vs. Time**



IVI originally received a copy of the Developer’s Project Cash Flow based on the 30-month construction schedule; however, this was based upon an April 2007 start. Subsequently, we plotted the projected S-curve for the 36 month construction period, which took a January 2007 start and two (2) month close-out period into account. The project’s cumulative net direct cost disbursements are now 69.1% of the direct cost budget, right in line with projections.

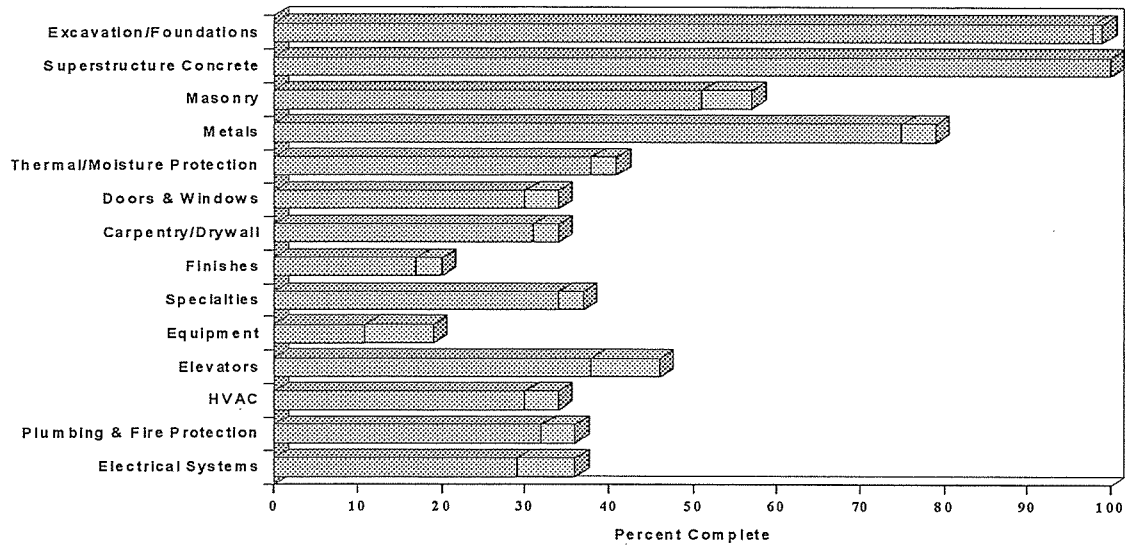




**5. CONSTRUCTION STATUS**

**5.1. Key Indicators**

**Construction Progress of Key Systems**



**5.2. System Status**

**Temporary Facilities**

The Developer has a fully staffed project office off-site on the adjacent property formerly known as the ‘Wet-n-Wild’ site. The Contractor’s office consists of a series of approximately six (6) adjoining trailers; however, there are currently approximately 50 to 60 “job-trailers” on site.

**Site Work**

The basic roadways and infrastructure adjacent to the site exist and will be modified per the established scope of work. Off-site water and sanitary connection is complete in the Riveria Boulevard right-of-way. Also, the overhead electrical lines relocation phase of the project is 100% complete.

The electrical feeds; Swenson and Highland are 100% and were previously accepted by Nevada Power and Light.

Building lightning protection for the four components;

Component	Previously Completed	Completed this PC
Tower	25%	25%
Podium	60%	60%
Garage	95.5%	95.5%
Pylon	0%	0%



The percent complete for the tower will remain relatively flat until completion of the superstructure roof and parapet.

During mass excavation of the site, the subcontractor uncovered Orphan Tanks 3 and 4, reporting the discovery to NDEP. The closure of the USTs will be remediated the same way Orphan Tanks 1 and 2 were handled. Specifically, the tanks and their contents were removed and disposed of by the instructions of NDEP. Currently, the excavated soils are being disposed of at the proper facilities per County and State requirements, scheduled for completion in June/July 2009. The dewatering wells are being tested on a regular basis to ensure that contaminants have not reached the water tables. All costs for excavation and removal of the tanks are being paid through Fontainebleau's Pollution Control Insurance Policy (AIG). No costs for the associated work have been added to the Construction Budget.

**A. TOWER (200)**

**Excavation and Foundations**

Site clearing and earthwork is 100% complete.

**Concrete Superstructure**

The core foundation is 100% complete. The superstructure was "topped-off" on November 13, 2008, 6-weeks ahead of schedule.

**Masonry**

The project does not have masonry in the scope of work.

**Roofing and Waterproofing**

The project has not reached this stage of the construction schedule.

**Doors and Windows**

A mock-up of the curtain wall system was constructed in Los Angeles, reviewed and approved by the Architect, Developer and Contractor. All of the curtain wall material has been ordered with the status as follows:



Task	Previously Completed	Completed this PC
Curtain Wall Clips 100%		
North Elevation	T62	T62
South Elevation	T62	T63
East Elevation	T63	T63
West Elevation	T62	T63
Curtain Wall System 100%		
North Elevation	T54 T55 thru T56/50%	T55 thru T58 T59 thru T60/50%
South Elevation	T58	T59/100%
East Elevation	T56 T57 & T58/50%	T57 thru T58 T59 & T60/50%
West Elevation	T54 T55 & T56/50%	T55 thru T58 T59 & T60/50%

Due to performance issues on the installation of the curtain wall system, Embassy Glass, Inc. was replaced with Helou & Sons. The following issues have previously arisen concerning the curtain wall system that has impacted the schedule: movement of the structure above T32 and "wind days". This had caused a schedule delay of approximately 12 days. The General Contractor implemented 10-hour days in October and November to make up for lost time; however, the Contractor is unable to completely make-up the lost time. Therefore, completion of the curtain wall system will be slightly behind schedule; however, it is not part of the critical path and will have no impact to the overall schedule. Additionally, the progress of the super suites on the upper floors are behind schedule and the Contractor will review the schedule at the next draw meeting.

**Carpentry and Drywall**

The following tasks are 100% complete to the following levels:

Task	Previously Completed	Completed this PC
Partition layout	Complete	Complete
Install top track	T1 thru T58	T59 thru T62
Metal stud framing	T1 thru T56	T57 thru T60
Ceiling framing	T1 thru T44	T45 thru T52
Tub framing	T1 thru T45	T46 thru T53
Drywall one side (Rooms)	T1 thru T55	T56 thru T57
Drywall two side (Rooms)	T1 thru T43	T44 thru T47
Tape and finish (Rooms)	T1 thru T40	T41 thru T43
Drywall one side (Condo)	T1 thru T55	T56 thru T57
Drywall two sides (Condo)	T1 thru T41	T42 thru T45
Tape and finish (Condo)	T1 thru T38	T39 thru T42

**Finishes**

The following tasks are 100% complete to the following levels (unless otherwise noted):



Task	Previously Completed	Completed this PC
Ceiling skim coat	Complete	Complete
Install porcelain tile (Rooms)	T1 thru T32 T33 & T34/50%	T33/95% T34/85% T35/50%
Install porcelain tile (Condo)	T1 thru T15	T16 thru T19/90% T20 thru T29/80%
Install tub decks	T1 thru T50	T51 thru T53
Install shower curbs	T1 thru T39	T40 thru T41
Shower curb stone	T1 thru T25	T26 thru T 34
Set Tubs	T1 thru T 47	T48 thru T49
Install Carpet (Rooms)	T1 thru T21 T22 & T24/75%	T25, T27, T28/80% T26 & T29/25%
Install Carpet (Condo)	T5 thru T13/20%	T5 thru T13/75% T14/70% T15/30% T16 thru T17/5%
Wall covering T1, T3 thru T5 T2 T6 thru T35 T36 T37 thru T39 T40 & T41	95% 100% 90% 50% 0% 0%	95% 100% 90% 90% 90% 50%
Painting T1 & T3 T2 T4 thru T22 T23 thru T35 T36 & T37 T38 thru T39 T40 thru T45	95% 100% 95% 90% 50% 5% 5%	95% 100% 95% 90% 90% 90% 50%
Shower enclosure Rooms Condo	T1 thru T25 T1 thru T18	T26 thru T32 T19 thru T22
Bathroom vanities Rooms Condo	T1 thru T34 T1 thru T20	T35 thru T38 T21 thru T23
Condo Kitchen Cabinets	T1 thru T31	T32 thru T37

The typical finishes for the condo's units are running two to three floors behind schedule.

**Conveying Systems**

The elevator system has been delivered to the site and is proceeding on schedule as follows:

Task	Previously Completed	Completed this PC
Passenger Cars P1 thru P8	100%	100%
Passenger Cars P9 thru P16	80%	85%
Passenger Cars P17 thru P24	35%	45%
Passenger Cars P25 thru P32	30%	40%
Service Cars S1 thru S8	100%	100%
Service Cars S9 thru S16	77%	85%



Passenger cars P1 thru P8 and Service cars S1 thru S8 are operational since November after execution of a contract with the Hoister's union for operators. Service cars S9 thru S16 are scheduled to be operation by April 2009.

**Fire Protection**

The following tasks are 100% complete to the following levels (unless otherwise noted):

Task	Previously Completed	Completed this PC
Rough-In	T1 thru T62	Complete
Sprinkler System Trim	T1 thru T35 T36 thru T40/50%	T41 thru T42 T43 thru T47/50%
Fire Pump rough-in	95%	97%

Installation of the fire standpipe is complete.

**Plumbing**

The following tasks are 100% complete to the following levels (unless otherwise noted):

Task	Previously Completed	Completed this PC
Install soaking tubs	T1 thru T47	T48 thru T49
In wall plumbing	T1 thru T53	T54 thru T57
Plumbing Rough-In	T1 thru T63	Complete
Install fixtures	T2 thru T6	T7 thru T15
Install trim	T1 thru T49 T50 thru T61/20%	T50 thru T55

Risers, laterals and overhead work is 100% complete.

**HVAC**

The percentage complete for the following major tasks are:

Task	Level	Previously Completed	Completed this PC
Set Distribution Equipment	Retail Mech.	95%	No change
Set Distribution Equipment	T31	80%	No change
Sleeves, Hangers/Supports	T1 thru T57	Complete	Complete
Rough-In Ductwork/Piping	T1 thru T36	Complete	Complete
Rough-In Ductwork/Piping	T31	90%	95%
Rough-In Ductwork/Piping	T32	50%	60%
Rough-In Ductwork/Piping	T37 thru T44	96%	96%
Rough-In Ductwork/Piping	T45 thru T54	50%	96%
Rough-In Ductwork/Piping	T55 thru T56	20%	96%
Rough-In Ductwork/Piping	T57 thru T61	20%	20%
Set Fan Coil Units	T1 thru T39	Complete	Complete
Set Fan Coil Units	T40 thru T44	96%	96%
Set Fan Coil Units	T45 thru T61	0%	35%



**Electrical**

The percentage complete for the following task are:

Task	Level	Previously Completed	Completed this PC
Main Switchgear Distribution	T31	96%	96%
Main Switchgear Distribution	T62	90%	90%
Power Lighting & Branch	T1 thru T3	100%	Complete
Power Lighting & Branch	T4 & T5	95%	100%
Power Lighting & Branch	T6 thru T12	85%	100%
Power Lighting & Branch	T13 thru T24	80%	82%
Power Lighting & Branch	T25 thru T33	70%	82%
Power Lighting & Branch	T34 thru T41	68%	70%
Power Lighting & Branch	T42 thru T58	20%	35%
Power Lighting & Branch	T59 thru T61	4%	10%

**B. GARAGE/CONVENTION (300)**

A failure occurred in one of the double tees placed on Level P-6 in August 2007 which started a chain reaction, resulting in the collapse of seven (7) double tees. The seven (7) double tees damaged the Casino Deck Level where the debris settled. This has been repaired; however, delays of six (6) to eight (8) weeks have resulted which will not impact the completion day.

**Excavation and Foundations**

Mass excavation, drilled piers, piles, micro piles and the secant wall are 100% complete. The secant wall permit was closed out November 2007.

**Concrete Superstructure**

The foundation is underway with 100% of the walls and perimeter walls complete. 100% of the double tees have been fabricated and installed. Slab placement in increments of 20,000 SF continues three to five times per week with approximately 99.5%.

**Masonry**

The contractor has completed the masonry work within the Nevada Power Yard area with 92% of the masonry work completed overall.

**Structural Steel**

The structural steel structure was completed on October 24, 2008.

**Miscellaneous Metals**

The emergency egress stairs and railings are in process with 85% complete.



**Roofing and Waterproofing**

The subcontractor has mobilized, completing the underlayment at the cooling tower and 80% of the roofing installations, a 30% increase this PC.

**Doors and Windows**

The exterior metal framing is in process and the percentage complete for the following tasks are:

Task	Previously Completed	Completed this PC
South Façade	70%	80%
East Façade	90%	100%
Exterior Louver System	100%	100%
Doors & Hardware	23%	32%

**Carpentry and Drywall**

Framing and drywall is in progress on the Dock/Parking Levels and Ballroom with 85% and 80%, respectively, an increase of 13% and 10% respectively, during this PC for each component.

**Finishes**

The painting subcontractor has mobilized on Level P-1 for painting of the exposed concrete and is 100% complete.

**Conveying Systems**

Shop drawings for the elevators have been approved, and shafts for the hydraulic elevators have been set. Materials for the South Freight Elevators have been delivered; motors have been installed and the balance of material is stored on-site. It is anticipated that elevators CF 6 thru 8, CS-2 and EP 1 thru 3 will be operational by March 2009.

**Fire Protection**

The standpipe has been set at the south end of the garage with approximately 90% of the rough-in complete, a 12% increase during this PC. Approximately 98% of the applied fire proofing is complete, a 1% increase during this PC.

**Plumbing**

Materials have been purchased and are being stored in the Developer's warehouse. The percentage complete for the following tasks are:



Task	Previously Completed	Completed this PC
Underground dewatering	95%	97%
Central Plant rough-in	Complete	Complete
Convention Center/Ballroom	80%	85%
Underground sanitary lines	95%	98%

**HVAC**

Engineering is in progress and hangers below the casino level are being placed. The eight chiller units are currently installed and five boilers have been set. Mechanical chase to the roof is in process remaining at 99% complete. Installation of the roof top air houses is in process with 90% complete, a 5% increase this PC. The cooling towers are in place and installation remains at 99% complete. The central plant is to be operational I May 2009.

**Electrical**

The underground electrical duct bank is 100% complete and the conduit from Rivera to the Nevada Power yard is in-place. Primary switch gear has been set and temporary power has been provided. Installation of the generators is in process with 98% complete, an 3% increase this PC.

**C. PODIUM (500)**

**Excavation and Foundations**

Mass excavation has been underway and is 100% complete with a small area remaining north and northwest of the Tower. 100% of the drilled piles/caissons are complete with 98% of the pile caps complete, no change this PC. The pile caps will be completed upon demobilization of Garage/Convention Center crane.

**Concrete Superstructure**

The percentage complete for the following tasks are:

Task	Previously Completed	Completed this PC
Grade Beams/Wall Foundations	100%	Complete
Basement Walls	88%	90%
Core/shear Walls	Complete	Complete
Slab on Grade	73%	83%
Slab on Metal Decking	75%	79%

**Masonry**

Walls in the Valet Level are 97% complete, an increase this PC of 17%.

**Structural Steel**

Installation of the steel stairs is in progress in Sequence 1. The percentage complete for the following tasks are:





Task	Previously Completed	Completed this PC
Structural Steel & metal decking on-site	78%	80%
Installed steel & metal decking	68%	70%
Steel frame erection		
Sequence 1 (Meeting Rooms North)	100%	Complete
Sequence 2A (Pool Suites)	100%	Complete
Sequence 2B (South Shops)	100%	Complete
Sequence 3A (Meeting Rooms South)	100%	Complete
Sequence 3B (Theatre)	100%	Complete
Sequence 4 (Casino/Pool Deck)	95%	98%
Sequence 5A (Casino Pool Deck)	100%	Complete
Sequence 5B	100%	Complete

The last main truss along the west elevation was scheduled for installation on January 12, 2009; however, due to weather related shipping delays installation was rescheduled for February 6, 2009. The truss is still not on site and is tentatively scheduled for arrival on March 15, 2009. The delay will not impact the scheduled dry-in date of May 1, 2009 for the west façade.

**Miscellaneous Metals**

Engineering and fabrication for the steel stairs continues to proceed and is 98.5% complete, an increase this PC of .5%.

**Roofing and Waterproofing**

Below grade waterproofing is 100% complete and waterproofing Level 8 is 40% complete.

**Doors and Windows**

Door framing in the Back of House area is in process and is 55% complete.

**Carpentry and Drywall**

Installation of the metal studs and drywall is in progress with 35% complete, an increase this PC of 5%.

**Finishes**

The project has not reached this stage of the construction schedule. The Contractor will complete a mock-up of the casino floor by February 28, 2009 for Developer approval on or before March 6, 2009 in order to maintain the critical path.

Due to performance issues on the installation of the water features Tracy & Ryder will be terminated and replaced with Water FX.



**Conveying Systems**

The escalators have been delivered to the site and rail installation for Elevators HS1 and HS2 continues to proceed and is 90% complete, a 6.5% increase this PC.

**Fire Protection**

Installation has begun at the casino levels below the Tower. Spray fireproofing overall is 73% complete in the south podium, an increase of 10% this PC. The progress per floor is detailed below:

Task	Level	Previously Completed	Completed this PC
2 <sup>nd</sup> Floor Framing	Valet	90%	95%
3 <sup>rd</sup> Floor Framing	Casino/Theatre	84%	90%
4 <sup>th</sup> Floor Framing	Casino Mechanical	Complete	Complete
5 <sup>th</sup> Floor Framing	Retail/Meeting L01	87%	87%
7 <sup>th</sup> Floor Framing	Retail Mech./Meeting L02	90%	90%
8 <sup>th</sup> Floor Framing	Pool Sub-deck	66%	75%
9 <sup>th</sup> Floor Framing	Pool Deck/Meeting L02	51%	51%
10 <sup>th</sup> Floor Framing	VIP L01	59%	62%
11 <sup>th</sup> Floor Framing	VIP L02/Meeting L03	55%	66%
12 <sup>th</sup> Floor Framing	VIP L02/Theatre	55%	75%
13 <sup>th</sup> Floor Framing	VIP L04/Meeting L05	52%	53%
14 <sup>th</sup> Floor Framing	VIP Roof/Meeting L06	47%	47%

**Plumbing**

Installation has begun at the casino levels below the Tower and sleeving/canning is proceeding with approximately 63% complete, a 3% increase during this PC.

**HVAC**

Installation has begun at the casino levels below the Tower and sleeving/canning is proceeding with approximately 33% complete, a 3% increase during this PC.

**Electrical**

Installation has begun at the casino levels below the Tower for temporary power, main power and low voltage, and sleeving/canning is proceeding with approximately 44% complete, a 2% increase during this PC.

**D. FF&E**

**Tower (200)**

Deposits have been placed for long lead item and items critical to maintaining the construction schedule. These items include: bathroom vanities and guest closet units, as detailed in Section 2.3 of this report. Tower Level T2 and T3 have been installed for quality control review prior to the balance of the installation scheduled for March 2, 2009.



The remaining long lead items to be negotiated and purchased include:

- Way finding system;
- Pool entry furnishings; and
- Pool Cabana Sales.

**Garage/Convention (300)**

Deposits have been placed for long lead item and items critical to maintaining the construction schedule. These items include: chairs, kitchen equipment and carpeting, as detailed in Section 2.3 of this report.

The remaining long lead items to be negotiated and purchased include:

- Hospitality (Lifescapes); and
- Way finding system.

**Podium (500)**

Deposits have been placed for long lead item and items critical to maintaining the construction schedule. These items include: carpeting and back-of-house equipment, as detailed in Section 2.3 of this report.

The remaining long lead items to be negotiated and purchased include:

- Way finding system;
- Wine Bar, American Bistro, Center Bar, Gotham Bar, NOBU and Lobby Bar; and
- Convention Lobby.

**5.3. Quality of Work and Conformance with Construction Documents**

The work observed appears to be in general conformance to the drawings and specifications we have reviewed, and during our site visit, we did not observe any significant areas of unsatisfactory workmanship. The previously deficient precast concrete tees have now been replaced. In addition, work has been performed in accordance with generally accepted construction industry standards.

At the time of our site visit, the street side elevations of the project have been fenced in securely and appropriate safety measures appear to have been taken. IVI noted that generally, all workers were wearing hard hats.

Five (5) previous material incidents have occurred on-site:

Material Incidents		
#	Date	Comments
1	Thursday August 2, 2007	Three (3) construction workers were involved in a construction site fall; falling from an approximate height of 30-feet. One (1) worker died and two (2) sustained minor injuries. Complete details are not available at the present time; however, once the detailed information becomes available IVI will incorporate into the next PSR. OSHA was immediately called, inspected the area of the accident, and allowed construction to proceed. The OSHA report will also become part of a forthcoming PSR.



Material Incidents		
#	Date	Comments
2	Monday August 6, 2007	A precast concrete tee collapse took place within the proposed Garage/Convention Center area in the southeast quadrant of the site. Specifically; one (1) precast concrete tee failed under its own weight. It is believed that the failure was due to an insufficient length of re-bar at the bottom chord of the precast tee. This is considered an anomaly; the Developer and Contractor in conjunction with their team of professionals have prepared a two volume Double Tee Incident Correspondence & Photos report confirming that this was an isolated incident. The cause of the failure was determined to be due to the misplacement of the reinforcing in the North West corner of the Double Tee at level P-6. During the investigation, discrepancies were observed concerning the tendons on all of the tees. It has been determined that all of the 9' tees and 12' tees longer than 60' must be removed, recast and replaced. The aforementioned will affect approximately 300 tees. The on-site tees have been replaced at this time.
3	Monday February 11, 2008	A construction worker was struck by a chilled water pipe as it slid through the nylon chokers from the 19 <sup>th</sup> Floor to the 18 <sup>th</sup> Floor. The injuries sustained are a left hand which was nearly severed and a compound fracture to the right leg in two places. (Note that the hand was successfully reattached later in the day).
4	Tuesday June 3, 2008	The hydraulic crane cable snapped causing two (2) beams to fall and damaged two (2) in-place concrete garage tees. The damaged tees were replaced within by Friday June 6, 2008.
5	Wednesday June 25, 2008	Welding was in process directly above the product "Polacell" on the low roof of the garage. The product ignited and quickly became too big for the fire watch posted; the on-site water truck and the fire department extinguished the fire. Additionally, the fire caused extensive damage to the large generator temporary located next to the fire lane. The incident is currently under review and a report is expected within the next 30 to 60 days (August 2008 to September 2008).

Concerning incidents 1 and 2 OSHA verbally acknowledged on their closing conference call, Wednesday September 5, 2007 that no fault or any negligence in TWC or FB. There will be no monetary fines or citation for the two (2) accidents, a formal OSHA investigation report is due between August 2008 and January 2009.

Five (5) additional incidents with minor injuries have occurred on-site, Monday December 10, 2007, Thursday January 3, 2008, Saturday January 12, 2008 and Monday September 1, 2008 and Thursday October 2, 2008. The incidents are currently under investigation by OSHA and the fourth by LVPD.



There is a concern related to the fourth incident and LVPD. Apparently even though LVPD was at the scene twice; once for the drunk driver and the second for the barricade collapse, there was no accident report filed by LVPD. This is being investigated by the General Contractor's attorneys. In the interim, the General Contractor has been contacted by an attorney representing the 20 year old injured women; however, a lawsuit has not been filed as of February 1, 2009.

#### 5.4. Testing Reports

IVI has received copies of previous monthly non-conformance Inspection Report Logs (Exhibit "P") dated February 27, 2009.

### 6. DOCUMENTATION UPDATE

#### 6.1 Drawings and Specifications

IVI has received the Major Milestone Summary, which includes Value Engineering ("VE") updated April 12, 2007 prepared by BWA, which outline the design status.

The project is tracking the schedule with milestone updates incorporated in the outline below:

Component	Task	Date
Site	Land Use Permits Available	October 4, 2006
Site	Grading Drainage Permit Study Approved	October 13, 2006
Garage/Convention Center	Issue for Permit 100% Foundation Construction Documents	October 31, 2006
Tower	Issue for Permit 100% Foundation Construction Documents	November 6, 2006
Tower	Issue for Permit 50% Construction Documents	November 21, 2006
Garage/Convention Center	Issue for Permit 50% Construction Documents	December 1, 2006
Tower	Issue for Permit 100% Structural Construction Documents (up to level 35) Mechanical Level	December 12, 2006
Garage/Convention Center	Issue for Permit 100% Structural Construction Documents	December 18, 2006
Tower	Issue for Permit 80% Construction Documents	February 1, 2007
Podium	Issue for Permit 100% Foundation Construction Documents (South Tower)	February 1, 2007
Podium	Issue for Permit 50% Construction Documents	February 1, 2007
Tower	Issue for Permit 100% Structural Construction Documents (Level 36 to Top)	February 7, 2007
Garage/Convention Center	Issue for Permit 80% Construction Documents	February 14, 2007
Podium	Issue for Permit 100% Structural Construction Documents (South of Tower)	March 2, 2007
Tower	Issue for Permit 100% Construction Documents	March 12, 2007
Garage/Convention	Issue for Permit 100% Construction	March 21, 2007



Component	Task	Date
Center	Documents	
Garage/Convention Center	Issue AMPE 100% CD's for permit	April 4, 2007
Podium	Issue Structural CD's (South Tower) for permit	April 20, 2007
Podium	Issue 80% Progress CD's	May 30, 2007
Podium	Issue for Permit 80% Construction Documents	June 1, 2007
Podium	Issue Theatre Footprint modification	July 15, 2007
Garage/Convention Center	CCBD approved proceeding as collapse	August 31, 2007
Podium	Issue for Permit 100% Foundation/Structural Construction Documents (North of Tower)	September 19, 2007
Garage/Convention Center	Permit issued for AMPE	October, 2007
Podium	Issue ASMPE 100% CD's (North Tower) for permit	October, 2007
Garage/Convention Center	Revised Ballroom/Convention Center CD's issued	October 1, 2007
Podium	Issued VE North Podium Foundation and Structural Plans	February 1, 2008
Garage/Convention Center	100% AMEP issued	February 4, 2008
Garage/Convention Center	Ballroom interior design CD's issued	February 29, 2008

In anticipation that several venues may open 30-60 days after the scheduled grand opening of October 2009, a mural will be designed and constructed for the future storefront spaces along the promenade.

## 6.2. Permits

Permits are in place for the current work underway. The permits received during this PC (Exhibit "Q") are bolded below:

Component	Description	Permit No.	Date Issued
Site	Dust Permit	33202	November 20, 2006
Site	Temporary Discharge Permit	Tnev2007368	December 4, 2006
Site	Demolition	06-41516 DE2	December 4, 2006
Site	Temporary Power Permit	06-53143 EPD	December 13, 2006
Site	Land Use Permit	06-41514	December 14, 2006
Site	Grading Permit	06-41514 GD6	January 12, 2007
Site	Secant Wall Permit	06-46993 BU1	January 16, 2007
Tower	Phased Foundation	06-48249 BU3	February 20, 2007
Garage	Emergency Ramp	06-52272 BU1	February 22, 2007
Wet n Wild	Dust Permit	N/A	February 22, 2007
Wet n Wild	Demolition ( <i>Wet-n-Wild</i> )	07-12042 DE2	March 1, 2007



Component	Description	Permit No.	Date Issued
Tower	Structural	06-48249	March 6, 2007
Garage	Foundation-Parking	06-47392 BU1	March 14, 2007
Tower	Structural (Levels 1 through 34)	07-05172	May 3, 2007
Garage	Structural Permit	07-7220-BU4	May 4, 2007
Podium	Foundation Permit	07-11015	May 10, 2007
Tower	Structural	06-48249	May 14, 2007
Garage	Sub-Slab Drainage	06-47392 BU3	May 17, 2007
Garage	Structural	07-25864	June 12, 2007
Garage	Foundation Electrical	06-47392 EDP	June 25, 2007
Podium	Foundation Electrical	07-11015 EDP	July 6, 2007
Tower	AMEP	07-14840	July 31, 2007
Garage	Submittal Letter	07-33797	August 8, 2007
Podium	Structural	07-21582	August 9, 2007
Tower	Structural L35 – Roof	07-141186	August 12, 2007
Tower	Foundation	06-48249-001	August 16, 2007
Tower	Structural Permit	06-48249-02	August 16, 2007
Podium	Foundation F3	07-11015-001	August 27, 2007
Garage	Temporary Power	07-34342 EPD	September 5, 2007
Podium	Master Egress	06-48195-001	September 6, 2007
Tower	Structural Revision L1 – L34	07-5172-01	September 6, 2007
Garage	Materials & Methods	06-39826	September 15, 2007
Podium	Master Egress	06-48195-002	September 15, 2007
Tower	Electrical	07-14840-EPD	October 3, 2007
Garage	Structural	07-7220-01	October 18, 2007
Garage	Foundation	06-47392-01	October 19, 2007
Tower	Piping Supports @ Valet	06-48249-03	October 24, 2007
Podium	Underground	07-11015PLFT	October 29, 2007
Tower	Plumbing	07-14840-PLFT	November 1, 2007
Garage	Architectural Permit	07-17708 BU5	November 8, 2007
Garage	Micro Piles	07-32876	November 13, 2007
Garage	PLFT	07-17708-PLFT	November 14, 2007
Tower	Mechanical	07-14840	November 20, 2007
Garage	Closure Secant Wall Permit	06-46993 BU1	November 26, 2007
Podium	Foundation DPH	07-11015-03	November 29, 2007
Tower	Master Egress Permit	06-33024	December 15, 2007



Component	Description	Permit No.	Date Issued
Garage	Stairs 4, 5, & 6	07-7220-02	January 4, 2008
Garage	Double-Tee	07-7720-03	January 4, 2008
Podium	Foundation Phased	07-38187 BU3	January 14, 2008
Podium	North Podium Foundation and Structural Permit	07-40154 BU4	January 18, 2008
Garage	Structural	07-7220-04	January 18, 2008
Garage	Foundation	06-47392-02	February 7, 2008
Podium	AMEP	07-42658BU	February 13, 2008
Podium	South Podium	07-33462 BU5	February 20, 2008
Tower	Revisions	07-33024	February 20, 2008
Podium	North Podium AMPE	07-42658	February 25, 2008
Tower	Structural Smoke Control	07-14840	March 4, 2008
Garage	AEMP Revisions	07-17708-01	March 4, 2008
Podium	MEPD	07-33462EPD	March 5, 2008
Site	Fire Protection Report	06-33024	March 6, 2008
Garage	Fire Protection Report	06-39826	March 6, 2008
Podium	Fire Protection Report	06-48195	March 6, 2008
Podium	Fire Protection Report	07-33462	March 6, 2008
Tower	Curtain Wall and Embeds	07-5172-04	March 7, 2008
Tower	Structural Revisions	07-14186-04	March 7, 2008
Tower	Rebar Revisions	07-5172-03	March 9, 2008
Podium	Plumbing	07-33462PLFT	March 11, 2008
Podium	Stairs 101, 115 & 117	07-21582-14	March 12, 2008
Podium	Stairs 116	07-21582-15	March 12, 2008
Podium	Porte Coche Revisions	07-38187-01	March 13, 2008
Podium	Porte Coche Revisions	07-40154-01	March 17, 2008
Podium	Stair Revisions	07-21582-16	March 20, 2008
Podium	Framing Revisions	07-21582-17	March 20, 2008
Tower	Arch Revisions	07-14840-07	March 25, 2008
Tower	Engineering	06-33024-02	April 6, 2008
Site	Pedestrian Overhead Canopy	08-06455 BU1	April 8, 2008
Tower	Architectural Revision	07-14840-05	April 8, 2008
Garage	Structural Revision	07-7220-05	April 15, 2008
Tower	Sprinkler System	N/A	April 15, 2008
Garage	Foundation Revision	06-47392-03	April 25, 2008
Podium	Stair Revision	07-21582-20	April 28, 2008





Component	Description	Permit No.	Date Issued
Tower	Engineering	06-33024-03	May 6, 2008
Podium	Stair Revision	07-21582-31	May 7, 2008
Tower	Arch Revisions	07-14840-09	May 8, 2008
Podium	Arch Revision	07-33462-01	May 12, 2008
Garage	Arch Set Rev.	07-17708-02	May 13, 2008
Podium	Structural	07-21582-23	May 20, 2008
Podium	Structural	07-21582-22	May 21, 2008
Tower	Stairs #1, #2 & #3	07-5172-007	May 22, 2008
Tower	Architectural	07-14840-10	May 28, 2008
Garage	Stairs #10 & #22	07-7220-06	May 28, 2008
Podium	Life Safety	06-48195-03	May 29, 2008
Garage	Stairs #16	07-7220-07	June 2, 2008
Garage	Stair Framing	07-7220-09	June 4, 2008
Tower	Structural	07-5172-008	June 6, 2008
Tower	Structural	07-14186-06	June 16, 2008
Podium North	Structural	07-40154-02	June 17, 2008
Podium North	Foundation	07-40154-02	June 17, 2008
Tower	Structural	07-5172-09	June 20, 2008
Tower	Stairs 1-3	07-14186-10	June 20, 2008
Garage	Sanitary	08-13931 BU1	July 7, 2008
Tower	Architectural	07-14186-07	July 8, 2008
Podium	Structural	07-21582-24	July 8, 2008
Tower	Electrical	07-14840-12	July 11, 2008
Tower	AMEP	07-14840-11	July 11, 2008
Tower	Architectural	07-14186-09	July 16, 2008
Podium	Site	07-33462-03	July 17, 2008
Garage	Electrical	07-17708-EL	July 25, 2008
Garage	Structural	07-7220-11	July 29, 2008
Garage	Structural	07-7220-12	July 30, 2008
Podium	Stairs	07-21582-18	July 8, 2008
Podium	Framing	07-21582-26	July 8, 2008
Garage	East Elevation	07-7220-13	July 15, 2008
Podium	Architectural	07-33462-02	July 30, 2008
Podium	Site	07-33462-04	July 30, 2008
Podium	Mechanical	07-42658 MEFT	August 5, 2008



Component	Description	Permit No.	Date Issued
Podium	Spa	08-13578	August 7, 2008
Garage	Barrier Cables	07-7220-14	August 8, 2008
Podium	Theatre Arch.	07-33462-05	August 11, 2008
Podium	Building	07-42658-01	August 11, 2008
Tower	Misc. Coordination	07-14840-13	August 15, 2008
Podium	Structural	07-21582-27	August 19, 2008
Podium	Plumbing	07-42658 PLFT	August 21, 2008
Garage	Structural	07-7220-15	September 3, 2008
Garage	Structural	07-7220-16	September 4, 2008
Podium	Foundation	07-38187-3	September 5, 2008
Tower	Misc. Coordination	07-14840-14	September 9, 2008
Podium	Stair 121	07-21582-25	September 9, 2008
Podium	Structural	07-33462-06	September 10, 2008
Podium	Structural	07-40154-3	September 10, 2008
Garage	Structural	07-7220-18	September 11, 2008
Podium	Casino	08-23297	September 11, 2008
Garage	Structural	07-7220-19	September 12, 2008
Garage	Structural	07-7220-20	September 14, 2008
Garage	TCO Exit Plan	07-7220	September 15, 2008
Garage	Foundation	06-47392-04	September 15, 2008
Podium	Structural	07-40154-4	September 17, 2008
Tower	Materials & Methods	06-33024-11	September 21, 2008
Podium	Building	07-42658	September 23, 2008
Podium	Building	08-13578-01C	September 23, 2008
Podium	Framing	07-21582-29	September 24, 2008
Podium	Architectural	07-21582-28	September 24, 2008
Garage	Structural/Stair #3	07-7220-21	October 1, 2008
Podium	Architectural	07-21582-31	October 6, 2008
Garage	Structural	07-7220-22	October 6, 2008
Tower	Structural	07-14186-012	October 7, 2008
Podium	Structural	07-38187-4	October 7, 2008
Podium	Framing	07-21582-32	October 10, 2008
Garage	Fire	07-17708-FA	October 15, 2008
Podium	Stair 192	07-21582-41	October 20, 2008
Podium	Stair 191	07-21582-43	October 20, 2008
Podium	Structural	07-21582-35	October 21, 2008



Component	Description	Permit No.	Date Issued
Tower	Structural	07-14186-013	October 21, 2008
Tower	Structural	07-14186-015	October 21, 2008
Tower	Architectural & MEP	07-14840-15	October 21, 2008
Podium	Structural	07-21582-33	October 22, 2008
Podium	Structural	07-21582-34	October 22, 2008
Garage	Architectural	07-17708-003	October 22, 2008
Site	Sidewalk Canopy	08-25201	October 24, 2008
Podium	Site	07-21582-36	October 27, 2008
Podium	Structural	07-21582-37	October 28, 2008
Podium	Structural	07-21582-39	November 10, 2008
Garage	Egress	07-7220	November 10, 2008
Garage	Misc.	07-7220-24	November 10, 2008
Podium	Wedding Chapel	08-27529	November 11, 2008
Podium	Theatre	07-21582-40	November 11, 2008
Garage	Structural	07-17708-04	November 12, 2008
Garage	Misc.	07-7220-26	November 12, 2008
<b>Podium</b>	<b>Venue-Asian Noodle Bar</b>	<b>08-31034 BU1</b>	<b>November 13, 2008</b>
Garage	Structural	07-7220-25	November 14, 2008
Garage	Structural	07-7220-27	November 18, 2008
Garage	Structural	07-7220-28	November 18, 2008
Podium	Convention Lobby	08-30383 BU1	November 18, 2008
Garage	Stair 2	07-7220-29	November 19, 2008
Garage	Structure	07-7220-30	November 19, 2008
Garage	Stair 11	07-7220-31	November 19, 2008
Podium	Stair 193	07-21582-42	November 25, 2008
Podium	Stair 157	07-21582-44	November 25, 2008
Podium	Stair 159	07-21582-45	November 25, 2008
Podium	Stair 162	07-21582-46	November 25, 2008
Podium	Stair 158	07-21582-47	November 25, 2008
Podium	Venue-Restaurant Bar	08-30819	November 25, 2008
Podium	Venue-Pool Café	08-30985	November 25, 2008
Garage	Stair 9	07-7220-33	November 26, 2008
Garage	West Elevation	07-7220-32	November 29, 2008
<b>Podium</b>	<b>Delta NS9</b>	<b>07-40154-06</b>	<b>December 1, 2008</b>
<b>Podium</b>	<b>Venue-Main Lobby &amp; VIP</b>	<b>08-31184 BU1</b>	<b>December 1, 2008</b>
Garage	Stair 1	07-7220-34	December 2, 2008



Component	Description	Permit No.	Date Issued
Podium	Venue-Oasis Pool Bar	08-30822	December 2, 2008
Garage	Delta 12	07-17708-05	December 2, 2008
Podium	Structural	07-21582-48	December 5, 2008
Garage	SK-06 &SK-07	07-7220-35	December 8, 2008
Podium	Foundation delta NF6	07-38187-05	December 9, 2008
Podium	Structural delta NS8	07-40154-05	December 9, 2008
<b>Podium</b>	<b>Venue-Euro Pool</b>	<b>08-31856</b>	<b>December 10, 2008</b>
<b>Podium</b>	<b>Venue-Grand Pool</b>	<b>08-31858</b>	<b>December 10, 2008</b>
<b>Podium</b>	<b>Venue-Oasis Pool &amp; Spa</b>	<b>08-31859</b>	<b>December 10, 2008</b>
<b>Podium</b>	<b>Venue-Serenity Pool</b>	<b>08-31860</b>	<b>December 10, 2008</b>
<b>Podium</b>	<b>Venue-Grand Spa</b>	<b>08-31862</b>	<b>December 10, 2008</b>
Podium	Bleau Lounge	08-31185 BU1	December 11, 2008
Podium	Venue-Euro Pool Bar	08-30824 BU1	December 12, 2008
Garage	East Elevation	07-7220-36	December 13, 2008
Podium	Fireproofing	07-21582-38	December 17, 2008
Podium	Exterior Courtyard	07-21582-51	December 19, 2008
Podium	Fire Alarm	07-33462 FA 9	December 19, 2008
Tower	Embedment Shop Drawings	07-14186-17	December 19, 2008
Podium	Delta 18	07-33462-09	December 22, 2008
<b>Podium</b>	<b>Venue-Gotham Bar &amp; Grill</b>	<b>08-32589</b>	<b>December 22, 2008</b>
<b>Podium</b>	<b>Venue-Cabanas Type C</b>	<b>08-32690</b>	<b>December 22, 2008</b>
<b>Podium</b>	<b>Venue-Cabanas Type D</b>	<b>08-32691</b>	<b>December 22, 2008</b>
<b>Podium</b>	<b>Venue-Cabanas Type B</b>	<b>08-32640</b>	<b>December 23, 2008</b>
<b>Podium</b>	<b>Venue-Cabanas Type A</b>	<b>08-32641 BU1</b>	<b>December 23, 2008</b>
Garage	Structural Framing Level 6	07-7220-45	December 23, 2008
Garage	Delta 13	07-17708-06	December 24, 2008
Podium	Venue-Casino Sundries	08-32957 BU1	December 24, 2008
Podium	NCR Response	07-21582-52	December 26, 2008
Garage	West-North Elevations	07-7220-39	December 26, 2008
Podium	Venue-Burger Bar	08-32956	December 29, 2008
Tower	Structural Delta 15B	07-14186-18	December 30, 2008
Garage	Structural Delta 10	07-7220-43	December 30, 2008
Garage	Emergency Ramp	06-52272-04	December 31, 2008
Garage	North Elevation	07-7220-44	December 31, 2008
Garage	Foundation Delta 9	06-47392-06	January 2, 2009
Podium	Structural Delta S17	07-21582-53	January 2, 2009



Component	Description	Permit No.	Date Issued
Podium	Retail Promenade	07-21582-54	January 6, 2009
Podium	Hospitality Courtyard	07-33462-10	January 9, 2009
Garage	Broiler Breach Support	07-7220-46	January 9, 2009
Tower	Structural Delta 14B	07-14186-16	January 12, 2009
Podium	Venue-Lobby Sundries	08-32955	January 13, 2009
Garage	Delta 14	07-17708-07	January 16, 2009
Garage	SK-01 thru SK-05	07-7220-47	January 16, 2009
Podium	Las Vegas Blvd. Zone 140	07-33462-11	January 20, 2009
Tower	Delta 21	07-14180-17	January 21, 2009
Garage	SK-59	07-7220-48	January 23, 2009
Podium	Venue-East Casino	08-23297 FA9	January 26, 2009
Podium	Venue-FB Logo	09-1305 BU1	January 26, 2009
Podium	Venue-Amada Restaurant	09-1400	January 26, 2009
Garage	SK-61	07-7220-49	January 27, 2009
Garage	Garage Cable Barrier	07-7220-50	January 27, 2009
Podium	Venue-Pool Retail	09-1401	February 1, 2009
Podium	Venue-Towel Hut	08-32639 BU1	February 1, 2009
Podium	Delta S19	07-21582-57	February 2, 2009
Podium	Delta 21	07-33462-12	February 4, 2009
Podium	Ductwork Supports	07-21582-55	February 5, 2009
Podium	Delta NS10	07-40154-07	February 5, 2009
Podium	Delta N5	07-42658-03	February 6, 2009
Podium	Delta S18	07-21582-56	February 9, 2009
Garage	Stair #5	07-7220-51	February 10, 2009
Garage	Stair #7	07-7220-52	February 10, 2009
Garage	Zone 251	07-7220-53	February 10, 2009
Garage	SK-64	07-7220-54	February 13, 2009
Garage	SK-62, 63 & 65	07-7220-55	February 13, 2009
Garage	Space Frame	07-7220-56	February 13, 2009
Podium	KHS&S Secondary Steel	07-21582-59	February 17, 2009
Podium	Stair 146	07-21582-58	February 18, 2009
Podium	Stair 151	07-21582-60	February 18, 2009
Podium	Slab Construction Joints	07-21582-61	February 18, 2009
Tower	Delta 22	07-14180-18	February 19, 2009



**6.3. As-Built Survey**

Not expected at this time.

**6.4. Designer-of-Record Field Observation Reports**

IVI has requested, but has not received a report for this PC.

**6.5. Certificate of Occupancy**

Upon governmental sign-off of each completed component/phase the GC will acquire a Temporary Certificate of Occupancy (TCO) or Certificate of Occupancy (CO). Either a TCO or CO has been received during this PC (Exhibit "R" intentionally left blank) and bolded on the matrix below:

Component/Phase	Permit No.	Date Issued	Expires	Certificate
Parking Garage P-1 to P-3	07-7220	August 26, 2008	January 31, 2009	TCO
Parking Garage P-4	07-7220	October 1, 2008	January 31, 2009	TCO
Parking Garage P-1 to P-4	07-7220	December 1, 2008	January 31, 2009	TCO
Parking Garage P-1 to P-4	07-7220	February 2, 2009	April 30, 2009	TCO

**6.6. Construction Meeting Minutes**

The contractor has continued to provide Project Meeting Minutes prepared by BWA.

**6.7. Shop Drawing and RFI Logs**

IVI as requested has received the RFI Log – Outstanding for the garage, tower and podium (Exhibit "S") during the PC.

**6.8. Tenant/End-User Status and Approvals**

IVI has not received copies of any executed lease agreements for the available retail spaces. Listed below are the proposed tenants and allotted space:

Category	Level	Suite ID	Tenant	Tentative Opening Date	SFG
F&B	Casino	100A	Lobby Bar	TBD	4,391
F&B	Casino	R1	Gotham Bar & Grill	TBD	9,918
F&B	Casino	R2	FB Steakhouse	TBD	9,702
F&B	Casino	R4	Bar American	TBD	10,537
Retail	Casino	104	Retail	TBD	1,157
Retail	Casino	105	Retail	TBD	3,515
Retail	Casino	107	Retail	TBD	1,920
Retail	Casino	108	Retail	TBD	2,300
Retail	Casino	109	Retail	TBD	5,747
F&B	Retail	R6	Italian Concept	TBD	8,739
F&B	Retail	R12	Burger Bar	TBD	3,524
F&B	Retail	R7	Seafood	TBD	9,747
F&B	Retail	237	Gelateria	TBD	2,853
F&B	Pool	R9	Tapas Concept	TBD	7,006
F&B	Pool	R10	Hakkasen	TBD	11,889
F&B	Pool	R11	Night Club/Ultra Lounge	TBD	41,400



Category	Level	Suite ID	Tenant	Tentative Opening Date	SFG
F&B	Casino	R3	NOBU Sushi	TBD	5,385
Retail	Casino	103	Retail	TBD	2,067
Retail	Casino	111	Retail	TBD	1,173
Retail	Casino	A2	Retail	TBD	5,040
Retail	Casino	116	Retail	TBD	2,731
Retail	Casino	116/LOGO	Retail	TBD	2,182
Retail	Casino	LOGO	Retail	TBD	2,036
Retail	Casino	Deli	Retail	TBD	1,689
F&B	Retail	R5	NOBU	TBD	14,548
Retail	Retail	200	Retail	TBD	8,972
Retail	Retail	202	Retail	TBD	715
Retail	Retail	205	Retail	TBD	1,867
Retail	Retail	207	Retail	TBD	2,293
Retail	Retail	209	Retail	TBD	1,612
Retail	Retail	211	Retail	TBD	1,535
Retail	Retail	213	Retail	TBD	2,094
Retail	Retail	215	Retail	TBD	2,016
Retail	Retail	217	Retail	TBD	2,141
Retail	Retail	225	Retail	TBD	5,028
Retail	Retail	226	Retail	TBD	6,423
Retail	Retail	227	Retail	TBD	2,305
Retail	Retail	229	Retail	TBD	2,380
Retail	Retail	231	Retail	TBD	4,630
Retail	Retail	235	Retail	TBD	2,720
Retail	Retail	238	Retail	TBD	670
Retail	Retail	239	Retail	TBD	679
Retail	Retail	241	Retail	TBD	1,995
Retail	Retail	243	Retail	TBD	1,806
Retail	Retail	245	Retail	TBD	1,861
Retail	Retail	247	Retail	TBD	2,803
Retail	Retail	249	Retail	TBD	1,225
Retail	Retail	251	Retail	TBD	1,509
Retail	Retail	253	Retail	TBD	1,790
Retail	Retail	255	Retail	TBD	1,884
Retail	Retail	257	Retail	TBD	1,822
Retail	Retail	258	Retail	TBD	1,778
Retail	Retail	259	Retail	TBD	1,556
Retail	Retail	260	Retail	TBD	1,306
Retail	Retail	261	Retail	TBD	1,047
Retail	Retail	262	Retail	TBD	1,043
Retail	Retail	263	Retail	TBD	1,266
Retail	Retail	265	Retail	TBD	1,286
Retail	Retail	267	Retail	TBD	1,120
Retail	Retail	268	Retail	TBD	1,336
Anchor	Retail	A1	Retail	TBD	14,661
Anchor	Retail	A3	Retail	TBD	27,795
<b>Total SFG</b>					<b>290,373</b>

**6.9. Closeout Documents**

Not expected at this time.



#### 6.10. LEED Status

The Developer previously provided the following as a summary update concerning the status of the LEED qualification costs and the sales tax benefit:

- Executed LEED Deferral Certificate Log;
- LEED Credit checklist; and
- LEED Scorecard & Action Plan.

The aforementioned outlined: potential credit, requirements for compliance, action plan, assigned responsibility and estimated premium costs.

Based upon this documentation, it appears that the project is on track to obtain a Silver certification. The governmental approval process is 4-6 weeks after final submission, with certification expected by March 2010.





7. SALIENT FACTS SCHEDULE

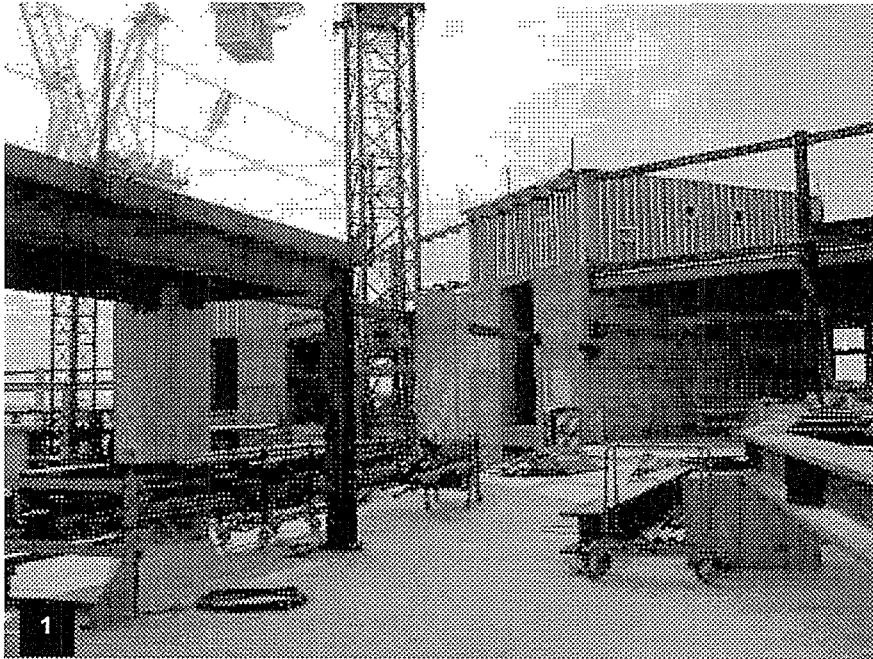
<b>Project Location:</b>	Las Vegas Boulevard, Las Vegas, Nevada
<b>Project Type:</b>	Fontainebleau Resorts Hotel Casino
<b>Project Size:</b>	8,749,063 SFG
<b>Construction Delivery Method:</b>	Cost-of-the-Work Plus a Fee
<b>Developer:</b>	Fontainebleau Las Vegas, LLC. 2827 Paradise Road Las Vegas, Nevada 89109 Mr. Deven Kumar, VP of Development Finance (702) 495-8055 (tel) (702) 495-8403 (fax) dkumar@fbresorts.com
<b>BofA Contact:</b>	Bank of America 901 Main Street, 64 <sup>th</sup> Floor Dallas, Texas 75202 Mr. Brandon Bolio (214) 209-3795 (tel) (214) 209-0085 (fax) brandon.bolio@bankofamerica.com
<b>LBH Contact:</b>	Lehman Brothers Holdings, Inc 399 Park Avenue New York, New York 10022 Josh Freedman (212) 526-7000 (tel) (212) 713-1278 (fax) josh.freedman@lehman.com
<b>General Contractor:</b>	Turnberry West Construction, Inc 6725 Via Austi Parkway, Suite 380 Las Vegas, Nevada 89119 Roger McElfresh, President (702) 495-8005 (tel) (702) 495-7110 (fax) RMcelfresh@turnberryltd.com
<b>Architect:</b>	Bergman, Walls & Associates. 2965 S. Jones Boulevard Suite C Las Vegas, Nevada 89146 Scott Walls (702) 940-0000 (tel) (702) 940-0001 (fax) swalls@bwaltd.com



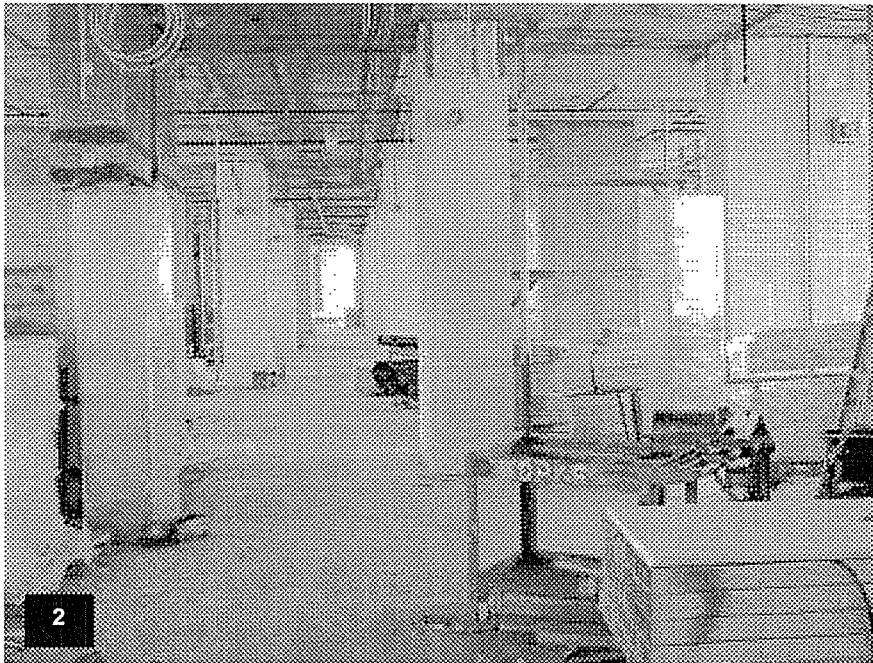
**8. DISBURSEMENT AGREEMENT TERMS**

<b>Agreements:</b>	Executed subcontractor agreement requirements: 60% execution by April 30, 2007; 75% execution by June 30, 2007; 85% execution by October 25, 2007 and 95% after exhaustion of the second mortgage proceeds account.
<b>Contingency:</b>	\$111,039,860; usage to be approved by BofA.
<b>Retainage:</b>	10% retainage will be held per trade contractor until 50% completion, and then the Project Entities may terminate the requirement of further retainage to the extent that the cumulative retainage is equal to 5% of the contract value (as adjusted by change orders, if any).
<b>Bonding:</b>	Payment and Performance Bonds are required from major subcontractors with a value over \$25,000,000, unless specifically waived.
<b>Reallocations:</b>	To be approved by BofA.
<b>Stored Materials:</b>	Funding for stored materials is permitted with an on-site limit of \$25,000,000, an off-site limit of \$50,000,000, increased to \$75,000,000 at the October 2, 2007 draw request meeting for PSR 6 which may further be waived at the discretion of the disbursement agent and a deposit limit of \$50,000,000. Funding for retail stored materials is permitted with an on-site limit of \$4,000,000, an off-site limit of \$4,000,000 and a deposit limit of \$4,000,000. Evidence of insurance, an invoice, a bill-of-sale, and consultant or 3 <sup>rd</sup> party verification is required for funding.





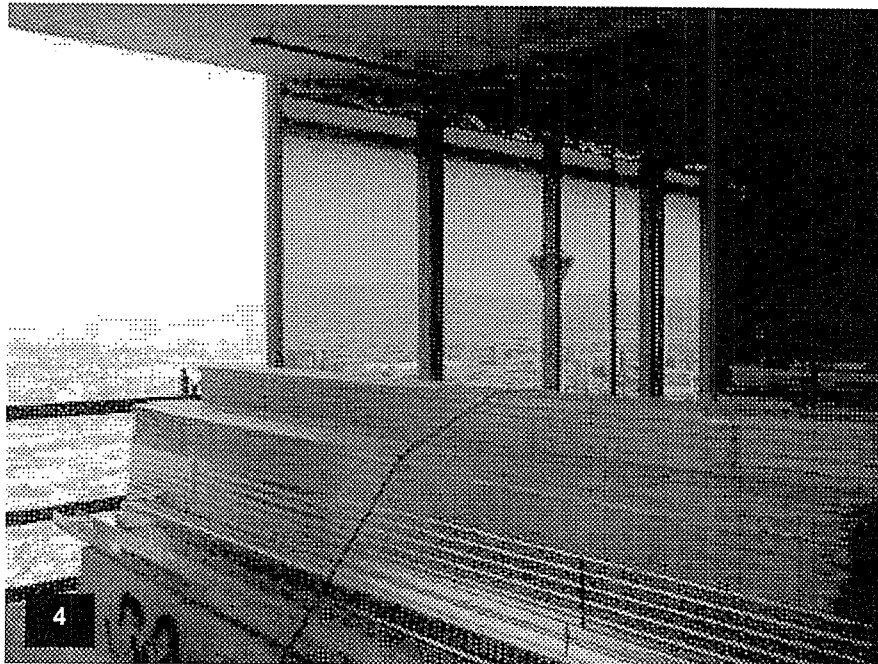
View looking east of the structural steel framing, dunnage, elevator penthouse and parapet framing on the tower roof.



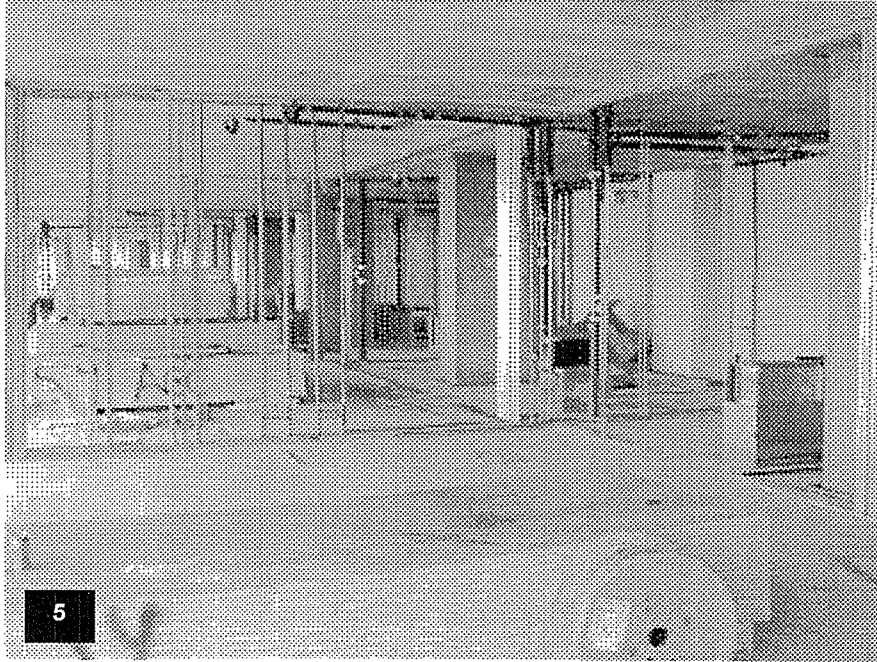
Tower Level T61 – View of the in process mechanical, electrical and plumbing rough-in, and the on-site stored materials.



Tower Level T61 - View of the lobby area and the installed elevator doors.



Tower Level T59 – View of the in process curtain wall system and stored metal stud material.



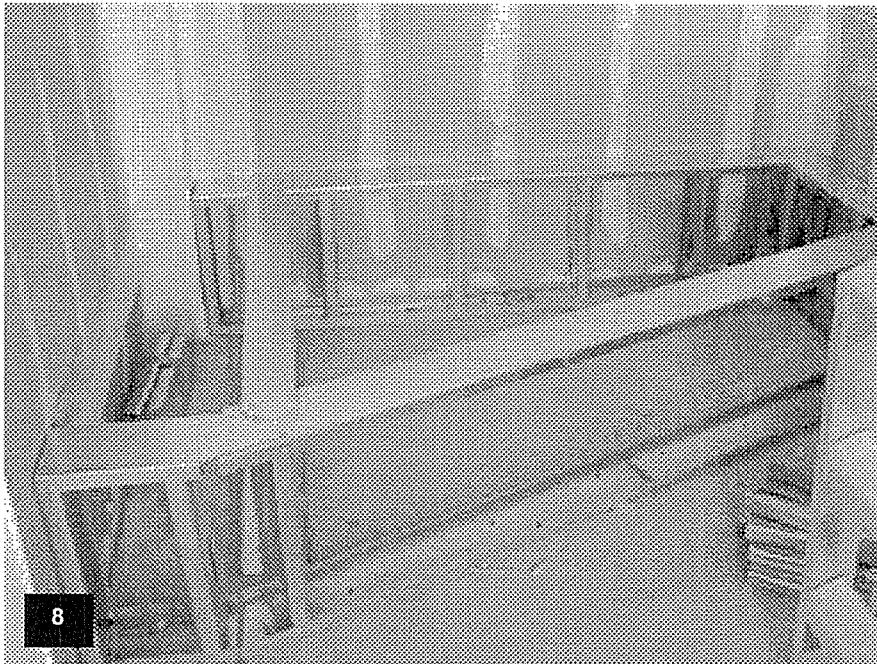
Tower Level T59 – View of the in process metal stud framing, domestic water supply lines, sanitary sewer drain lines and gypsum board stored material within the proposed 6-bay suite.



Tower Level T57 – View of a typical guestroom bathroom with the electrical and plumbing rough-in in process and the metal stud framing complete.



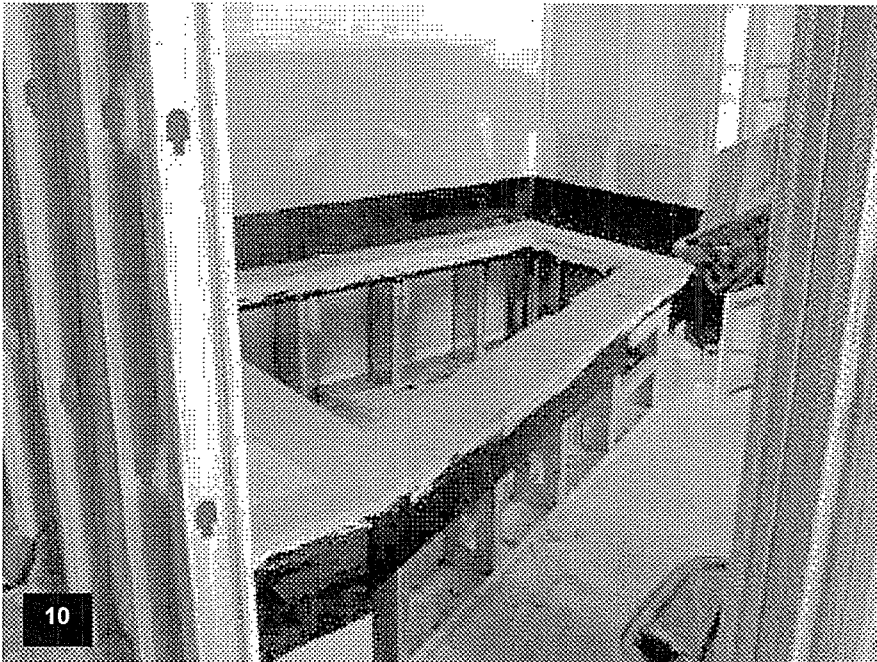
Tower Level T55 – View of the corridor with the metal stud framing complete and the gypsum board installation in process.



Tower Level T55 – View of a typical guestroom bathroom with the metal stud framing of the tub deck in process.



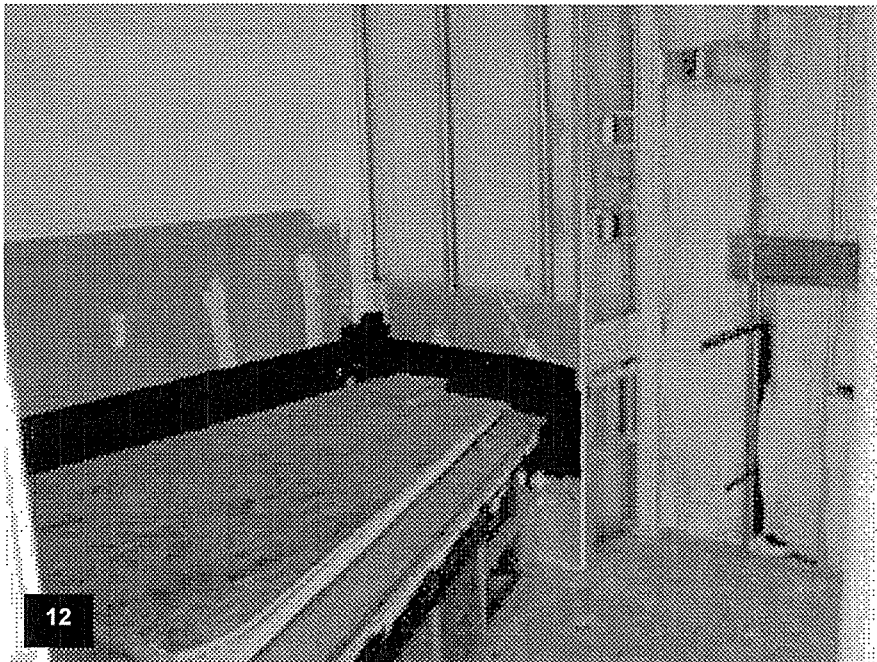
Tower Level T53 – View of a typical guestroom bathroom with the electrical and plumbing rough-in in process and the metal stud framing complete.



Tower Level T51 – View of a typical guestroom bathroom with the metal stud tub decking, waterproofing and stone completed.



Tower Level T49 – View of a typical metal stud demising wall with a built-in shelf in process.

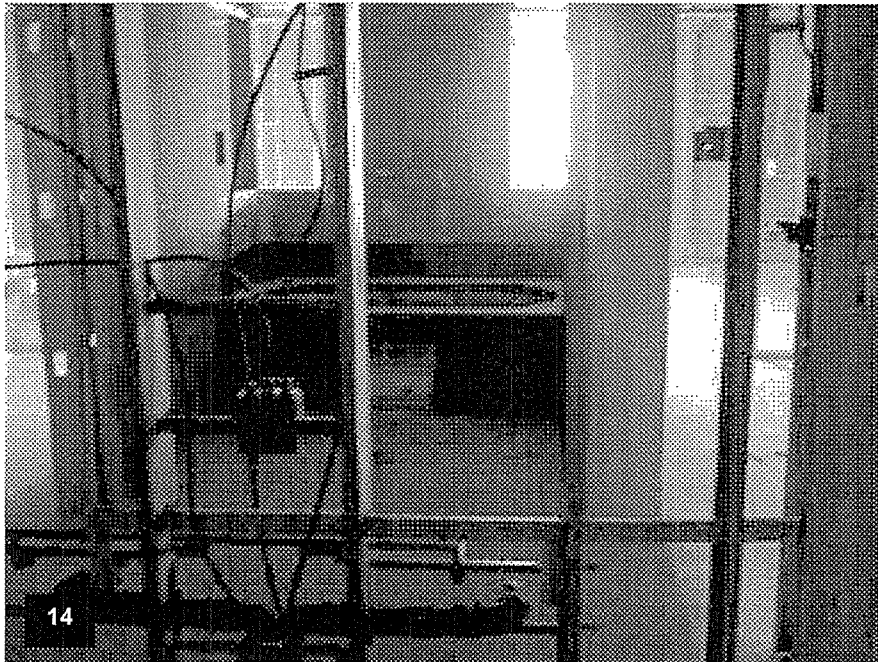


Tower Level T47 – View of a typical guestroom bathroom with the metal stud tub decking, waterproofing, stone platform and tub installation completed.

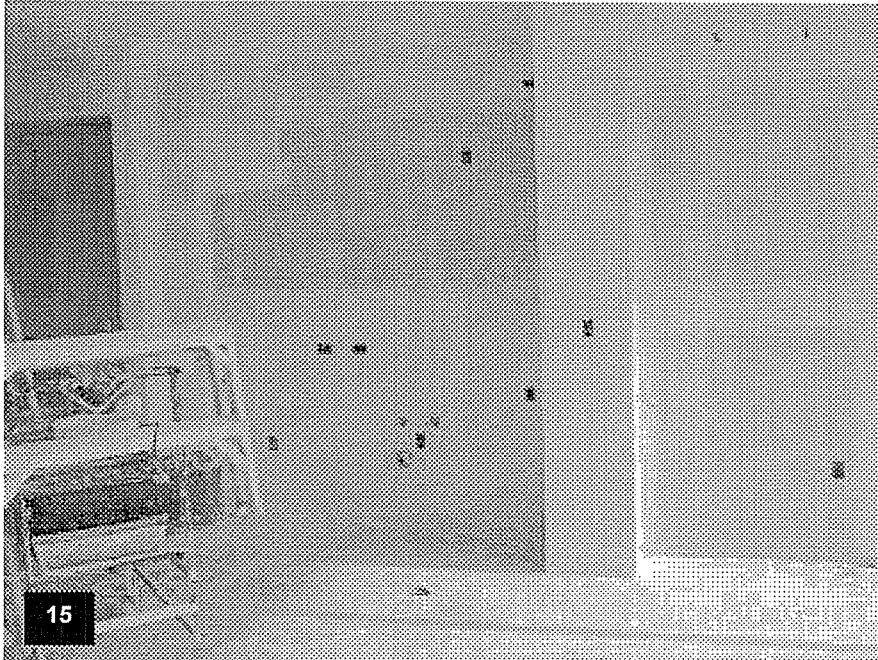




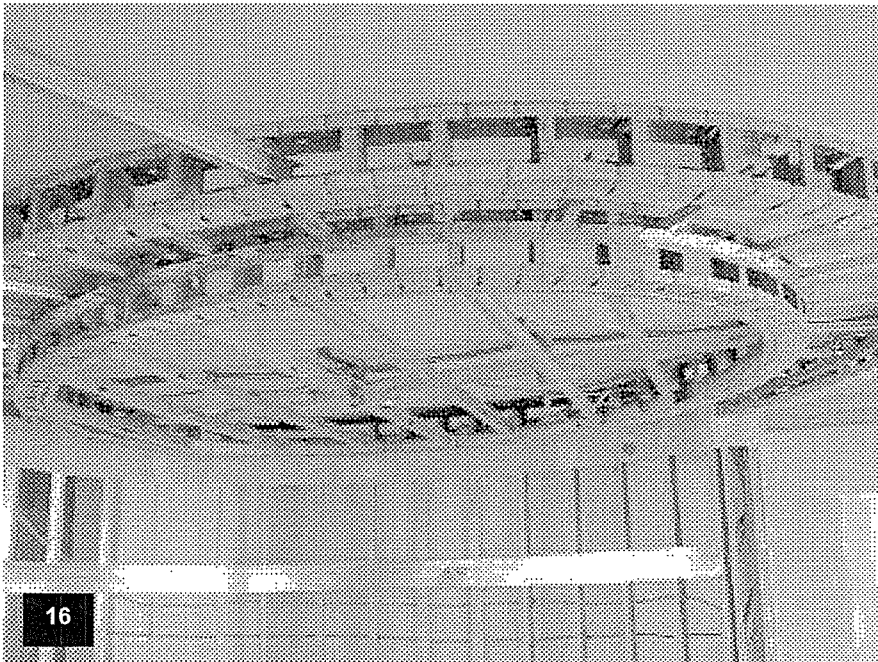
Tower Level T45 – View of a typical guestroom with the electrical rough-in completed and the gypsum board installed ready for taping and spackle.



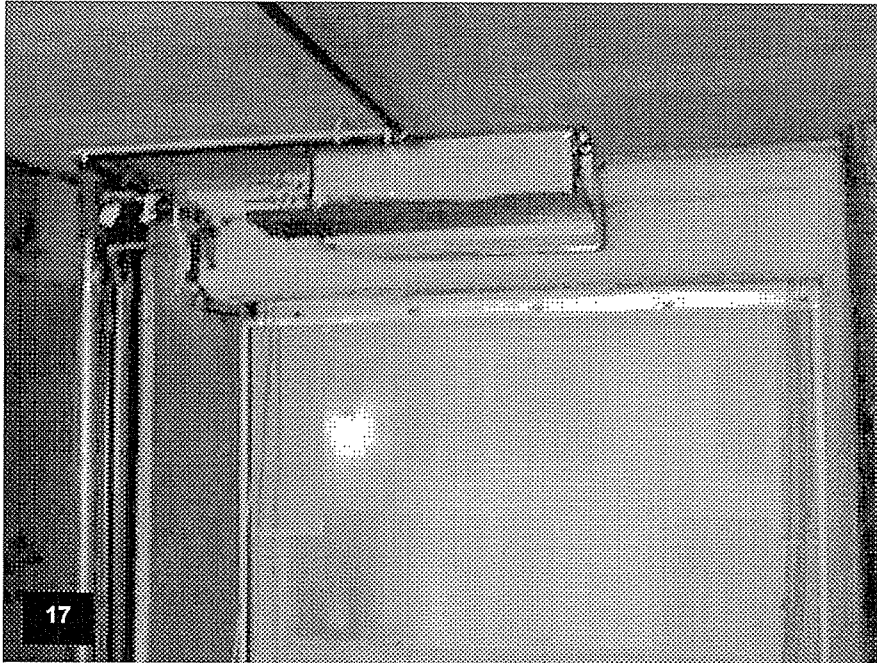
Tower Level T45 – View of a typical condominium unit with the rough-in electrical and plumbing completed. The tub platform in the background has also been completed awaiting the installation of the tub.



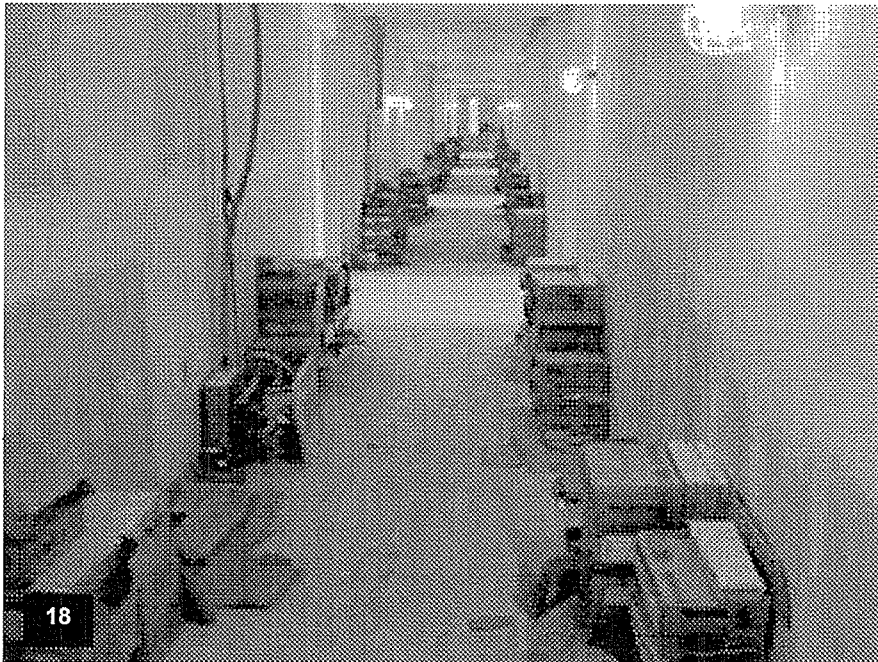
Tower Level T43 – View of a typical studio with the taping completed and the spackling in process.



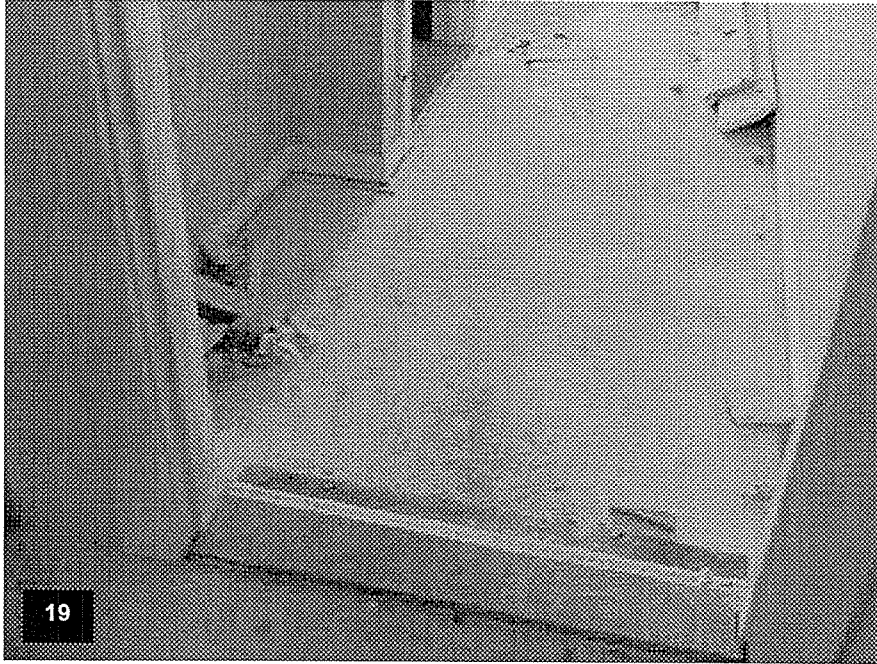
Tower Level T41 – View of the completed ceiling framing in a guestroom suite.



Tower Level T41 – View of the elevator lobby fan coil unit installation completed.



Tower Level T37 – View of a on-site stored tile material ready for installation in the typical guestrooms.



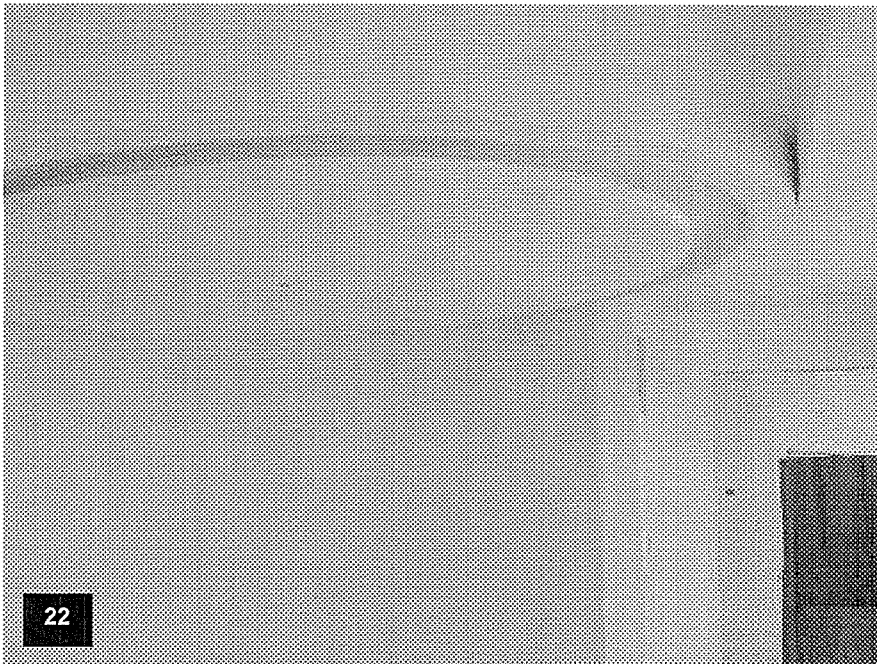
Tower Level T35 – View of a typical guestroom with the marble saddle and carpet tackless installed.



Tower Level T33 – View of a typical guestroom with the marble saddle and carpet tackless and padding installed.



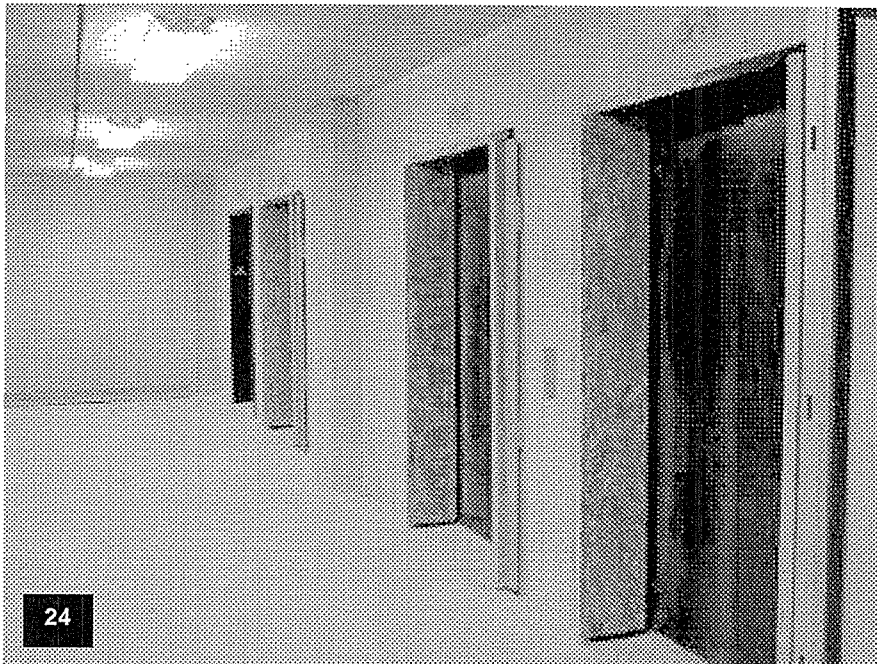
Tower Level T31 – View of the mechanical equipment installation in process.



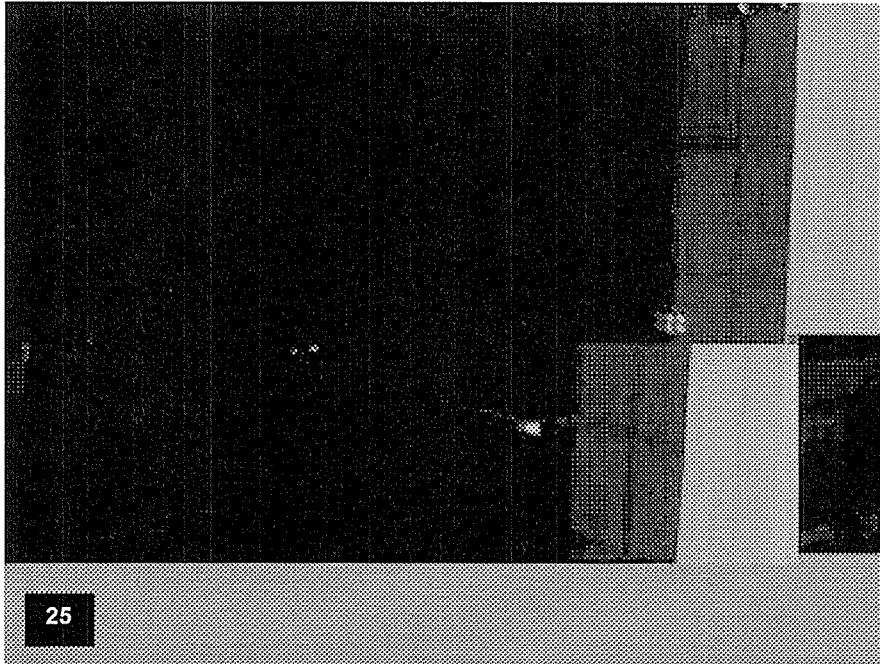
Tower Level T29 – View of the completed recess ceiling located in a guestroom suite.



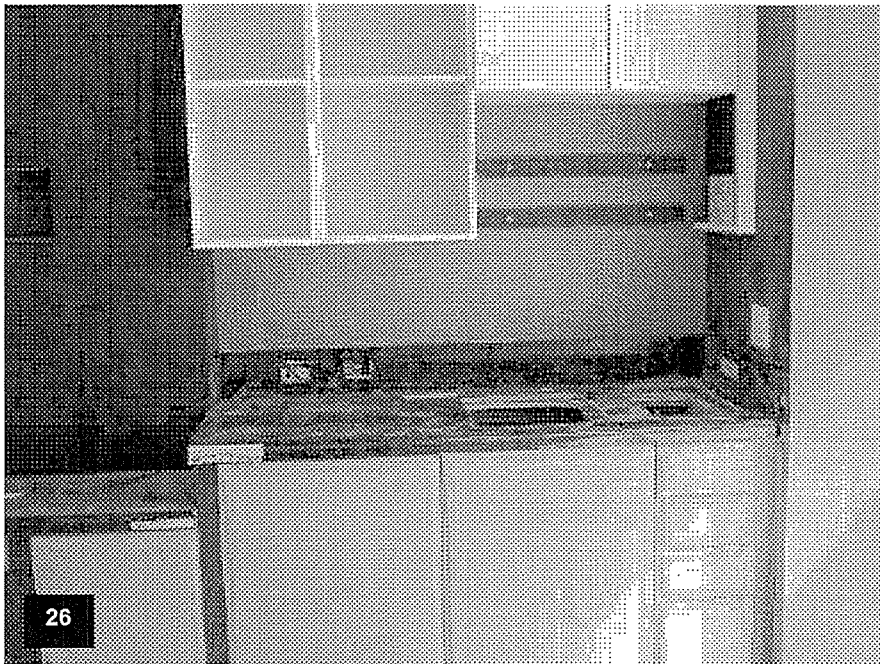
Tower Level T29 – View of a typical guestroom with the following completed: carpeting, base molding, wall covering and painting



Tower Level T29 – View of the service elevator lobby substantially completed



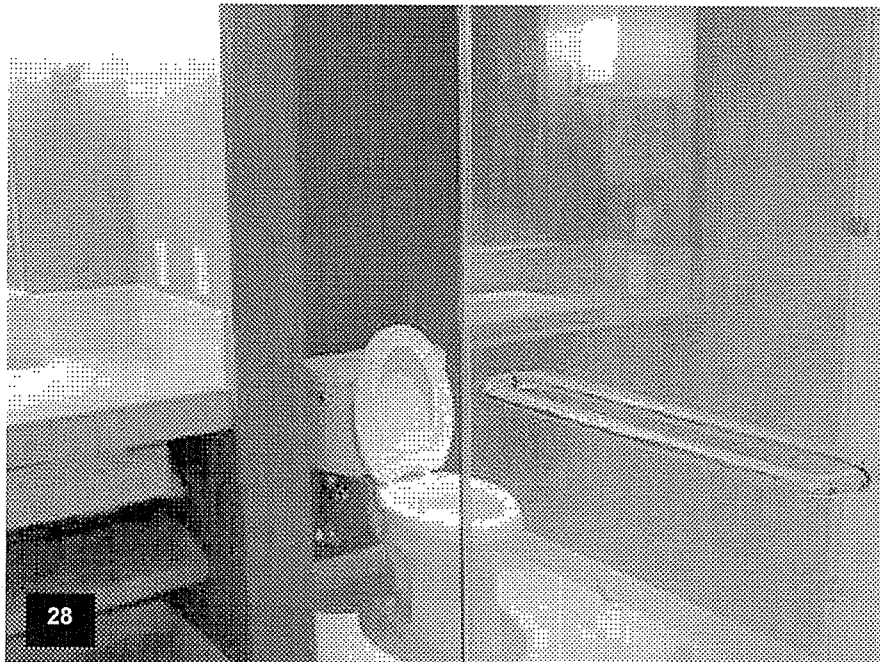
Tower Level T27 – View of a completed typical guestroom shower enclosure.



Tower Level T25 – View of a typical condo studio with the installation of the kitchen area in process including cabinets and countertop.



Tower Level T17 - View of a typical condo studio with the installation of the kitchen area in process including cabinets and countertop.



Tower Level T13 – View of a typical guestroom bathroom with the completed installation of the following: shower enclosure, toilet, mirrors, vanity top and sink.





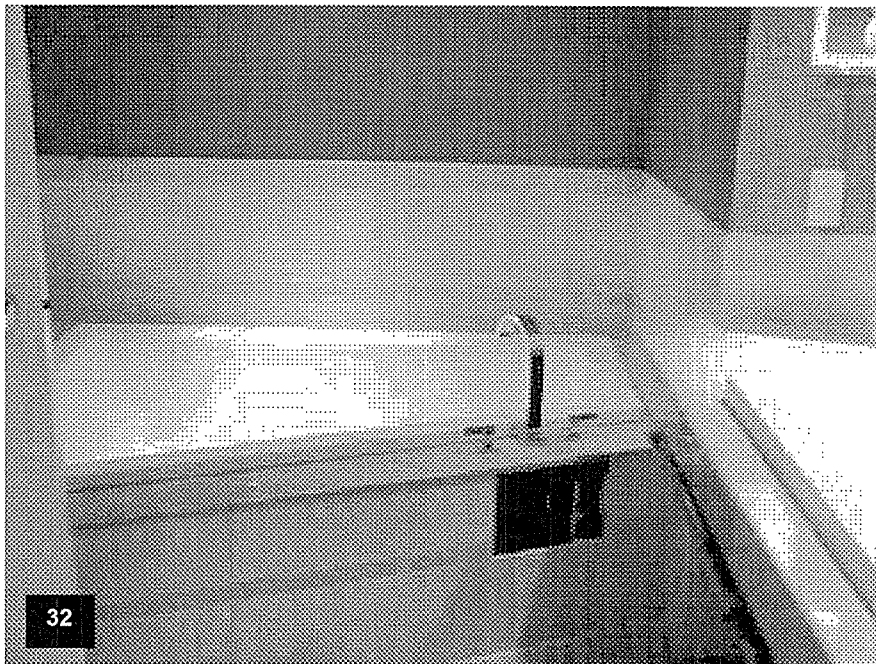
Tower Level T13 – View of the painted and installed fan coil unit cover for a typical guestroom.



Tower Level T13 – View of the typical guestroom closet doors installed.



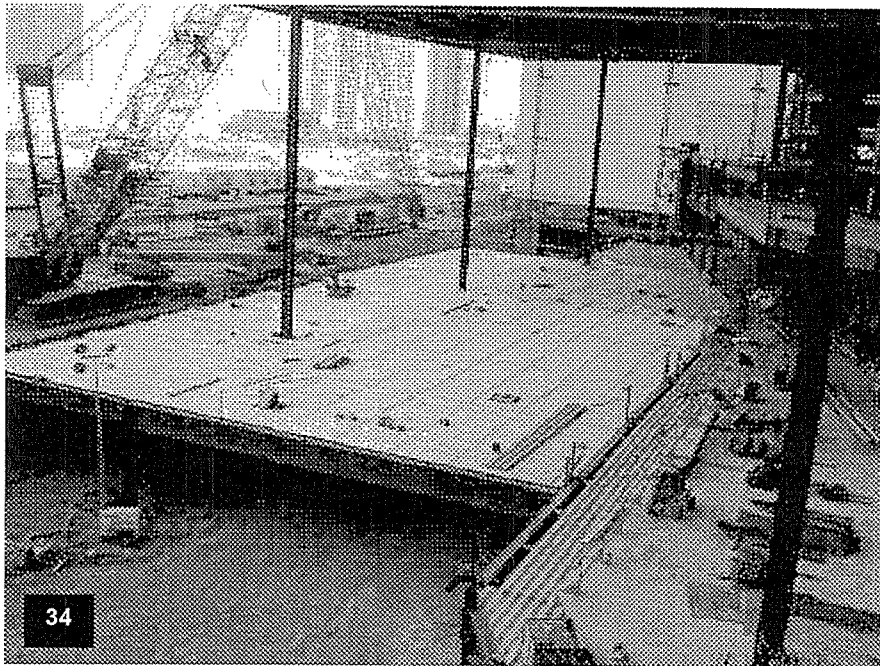
Tower Level T9 – View of the corridor with the installation of the wall sconces and wall covering completed.



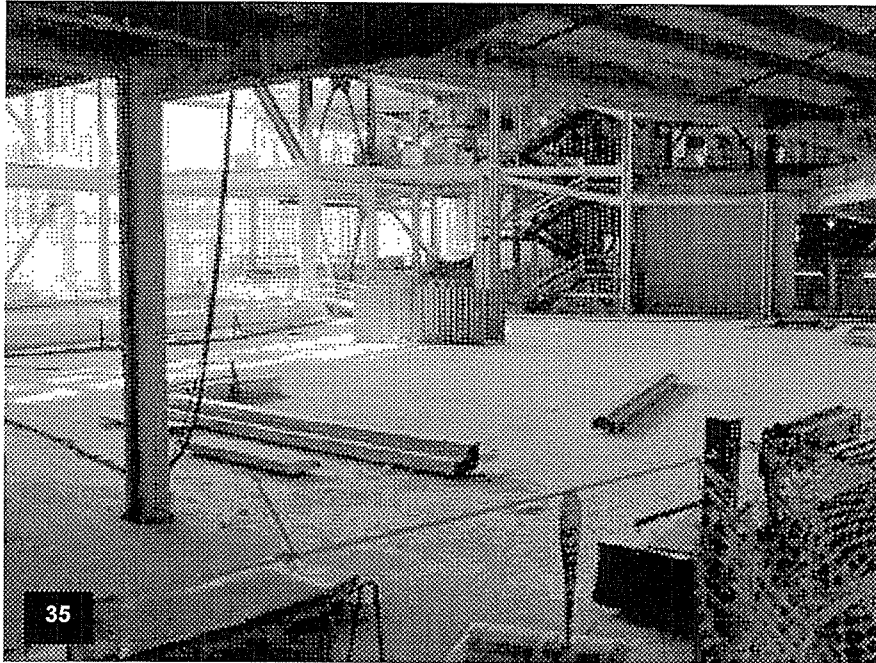
Tower Level T6 – View of a typical guestroom bathroom completed, excluding the missing tile to address a punch list item.



33  
Retail Mechanical – View of the installation of the mechanical equipment in process.



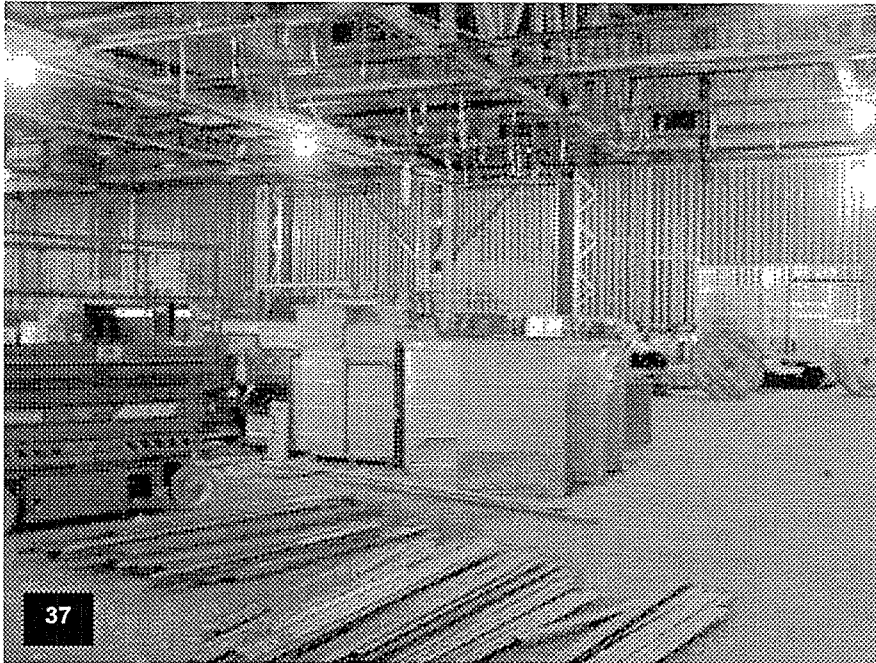
34  
Podium Casino Level – View of the metal decking for the proposed main lobby.



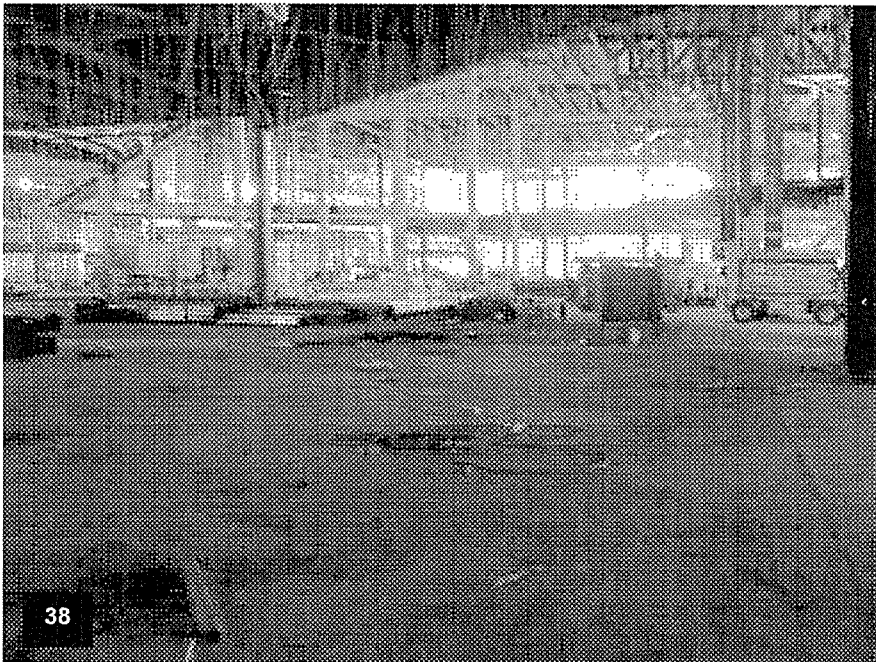
Podium Casino Level – View of the registration area of the main lobby.



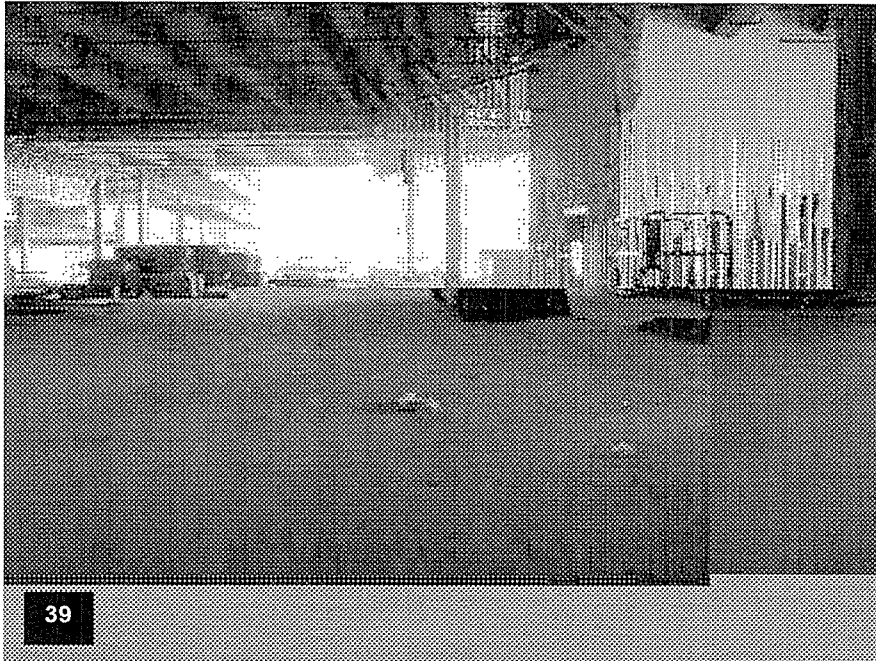
Garage/Convention Center – View of the service corridor for the meeting rooms.



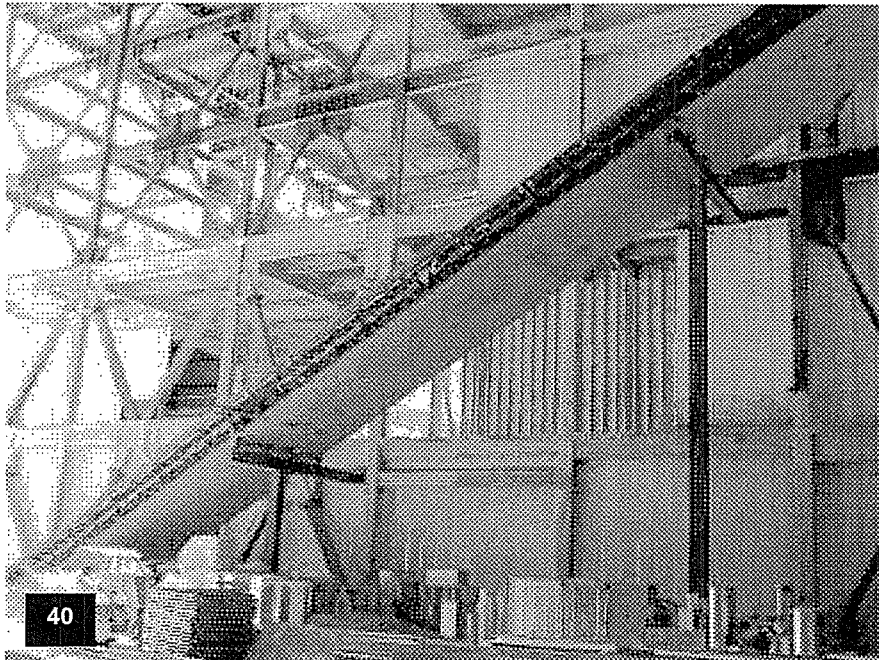
Garage/Convention Center – View of the ballroom with the mechanical rough-in in process.



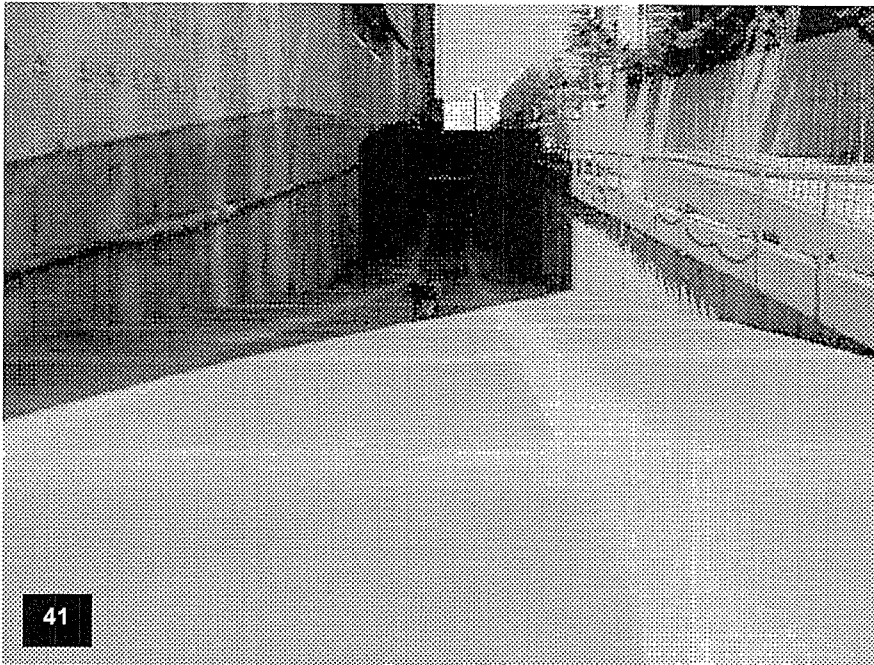
Podium – View of the casino floor looking at the southwest entrance off of Las Vegas Boulevard.



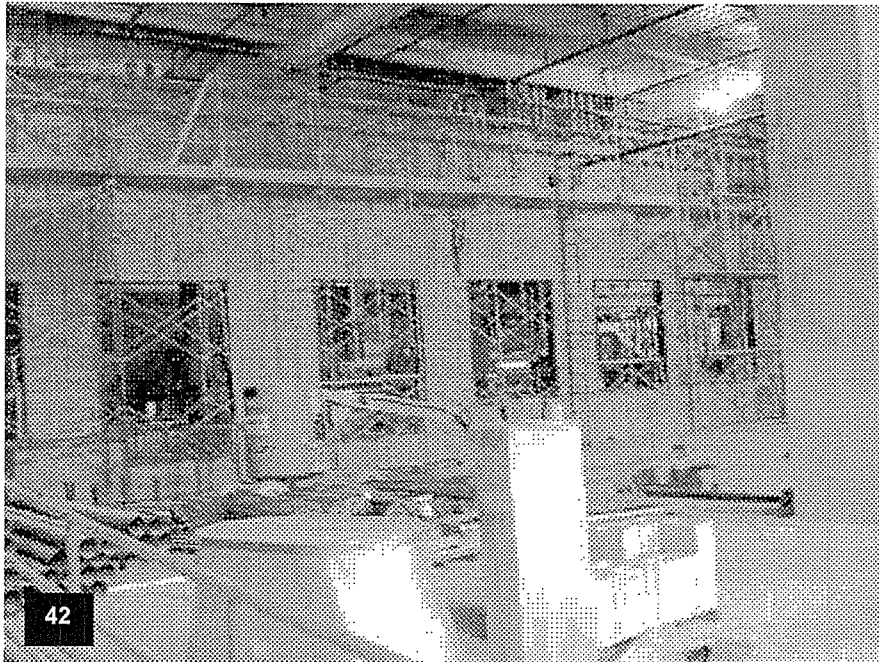
Podium – View of the casino floor and in process metal stud bulkhead framing looking at the southwest entrance off of Las Vegas Boulevard.



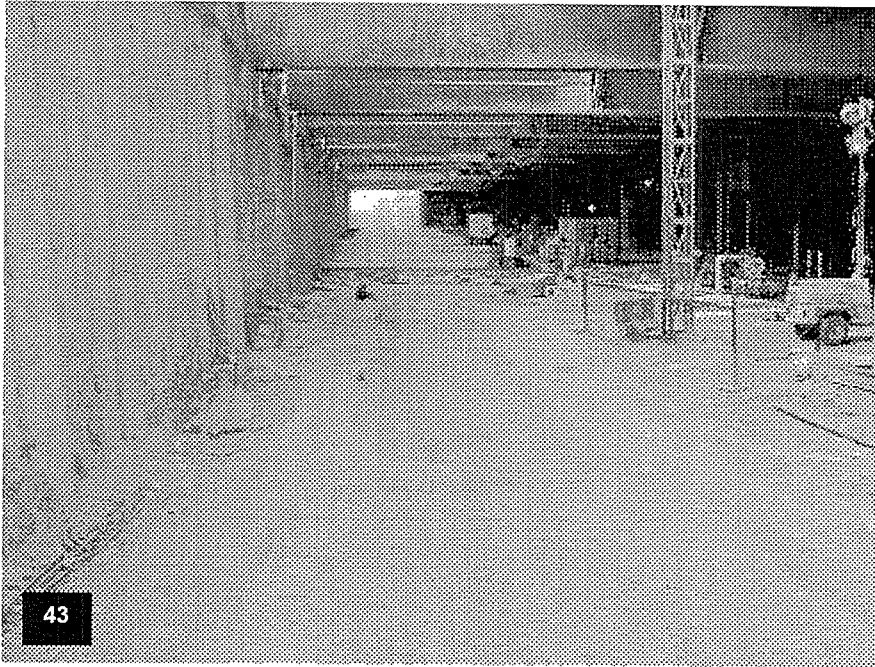
Garage/Convention Center – View of the in process installation of the escalator located of the Riviera Boulevard entrance.



Garage/Convention Center – View of the southern service entrance off of Riviera Boulevard providing access to the loading docks.



Garage/Convention Center – View of the loading dock bays with the masonry work in process.



Garage/Convention Center – View of the loading dock area adjacent to the secant wall and the in process installation of the concrete slab on grade.



Garage/Convention Center – View of the northeast corner of the garage with the façade framing in process.

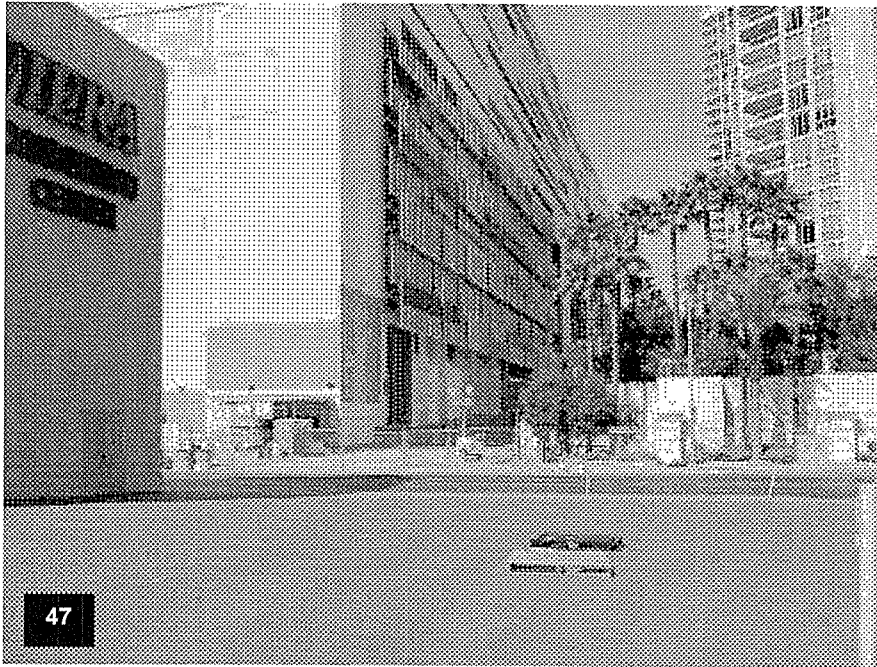




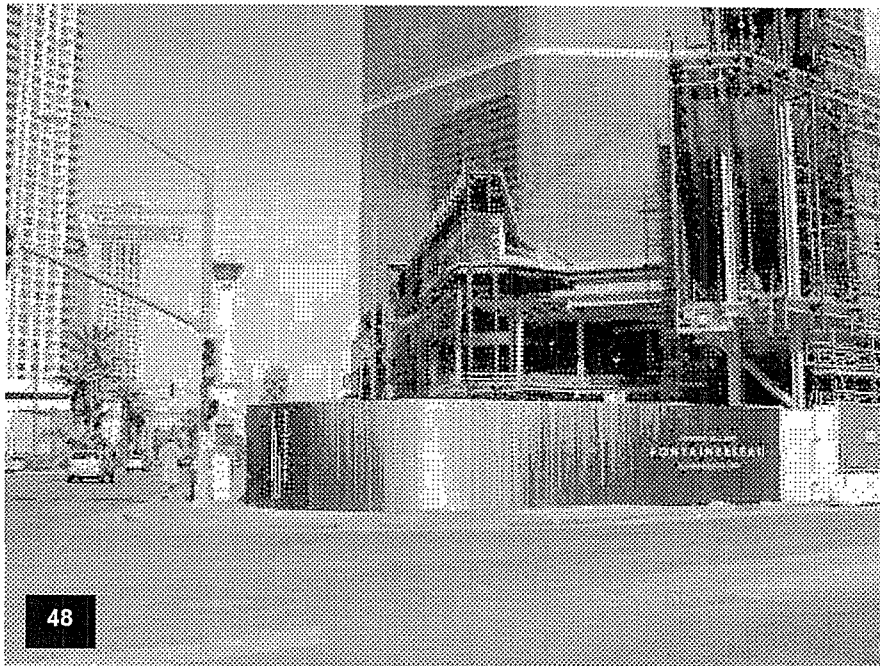
Garage/Convention Center – View of the north elevation of the garage façade with the exterior framing and installation in process.



Podium – View of the structural steel framing of the Porte Cochere.



Garage/Convention Center – View of the east elevation of the completed façade treatment adjacent to the residential towers.



Podium – View of the southwest casino entrance off of Las Vegas Boulevard.

**Dep. Ex. 829**

From: Corum, Brian. Sent: 3/21/2009 2:14 PM.  
To: Yu, Henry.  
Cc: Bolio, Brandon.  
Bcc: .  
Subject: Re: Fontainebleau Las Vegas.

Sounds good....are you out all next week?

-----  
Sent from my BlackBerry Wireless Handheld

-----  
From: Yu, Henry  
To: Corum, Brian  
Cc: Bolio, Brandon  
Sent: Sat Mar 21 09:52:46 2009  
Subject: RE: Fontainebleau Las Vegas

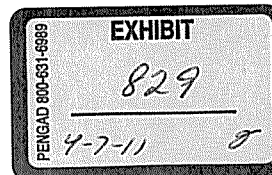
Hi Brian and Brandon;

Nice meeting you yesterday. If you have no objections, I will project a downgrade to RR9 in the CLF for 2Q before I go on vacation next week. The actual downgrade can wait until we see what happens on Apr 2. Thanks.

Best regards,

Henry

-----  
From: Corum, Brian  
Sent: Friday, March 20, 2009 4:11 PM  
To: Bravo, Raymond; Yu, Henry  
Cc: Bolio, Brandon  
Subject: Re: Fontainebleau Las Vegas



RR8 currently...will be evaluating a potential downgrade and CLF change in 1Q or 2Q to RR9 early next week.

Sent from my BlackBerry Wireless Handheld

---

From: Bravo, Raymond  
To: Corum, Brian; Yu, Henry  
Sent: Fri Mar 20 12:57:05 2009  
Subject: Fountainebleu Las Vegas

Brian or Henry

Can either of you tell me definitively the following:

- 1) What is Fountainebleu's current approved risk rating,
- 2) Is a change to the current risk rating forecasted by 3/31/09. Specifically, notwithstanding events in the next two weeks, has a risk change (up or down) been projected in CLF by the end of 3/31/09.

Please advise, thanks, Ray b.

**Dep. Ex. 831**

### Scheduled Exposure Report (GCIB)

SER Date: 06/Apr/09

Name: FONTAINEBLEAU LAS VEGAS LLC			Exp Strategy		Obligor RR			Unit Name	Gaming	Unit #	03283
Business	Hotels (except Casino Hotels) & Motels	GCI: 333899417	Old	New	Existing (Old)	Scorecard (Last)	Override (New)	KMV EDF	N/A	Implied RR	N/A
Primary Ownership Private - 100% indirectly owned by Fontainebleau Resorts, LLC			D		8	9		SNC Rating:			
Date transferred to SAG: March 2009 (SAG - Advisory (Hybrid))			Date 1 <sup>st</sup> Scheduled: June 2009			Originating CC: 0633600					
Family Group (Int'l only):			Country/City of Domicile: Las Vegas, NV			Country Of Risk: US					

Name: FONTAINEBLEAU LAS VEGAS LLC/FONTAINEBLEAU LAS VEGAS II LLC (COB)			Exp Strategy		Obligor RR			Unit Name	Gaming	Unit #	03283
Business	Hotels (except Casino Hotels) & Motels	GCI: 335680143	Old	New	Existing (Old)	Scorecard (Last)	Override (New)	KMV EDF	N/A	Implied RR	N/A
Primary Ownership Private - 100% indirectly owned by Fontainebleau Resorts, LLC			D		8	9		SNC Rating:			
Date transferred to SAG: March 2009 (SAG - Advisory (Hybrid))			Date 1 <sup>st</sup> Scheduled: June 2009			Originating CC: 0633600					
Family Group (Int'l only):			Country/City of Domicile: Las Vegas, NV			Country Of Risk: US					

Change(s) Recommended		Other Information: (mark with an "X")		Borrower Offsets		Current Qtr
Exposure Strategy		Direction of Risk: Improving		Gross Utilizations (Excl. Derivatives & Intraday Risks)		\$1,781,582
X Risk Rating		Stable		Charge-Off To Date		\$0
Performing Special Attention(PSA)	X	Deteriorating		Interest Reserve Offset To Date		\$0
Non-Accrual	X	SAG - Advisory (Hybrid)		Adjustment (FX or other)		
Charge-Off				Net Utilized Exposure		\$1,781,582
SNC Notification Required (Y/N)				Recommended Charge-Off		
Notify Treas. Risk Mgmt/Derivative (Y/N)				New Net Utilized Exposure		\$1,781,582
Alternative Allocation				Alternative Allocation (i.e., Replaces Formulas)		\$

**Facility Listing**

#	Fac Type	R Cr	R B C	Gross Facility Amount	Gross Utilizations	Expiration Date	Final Maturity Date	Facility RR			Status (Old)	Status (New)	Sec/ Sup/ Other	SOR#
								Existing (Old)	Sc. Cd. (New)	Override (New)				

**Loans, Leases and L/Cs**

FONTAINEBLEAU LAS VEGAS LLC 333899417

1.	REV	C		\$100,000,000	\$1,684,663	06/JUN/2012	06/JUN/2012	8	9			Sup	00576047	
2.	BAC	A		\$500,000	\$96,919	04/FEB/2009	04/FEB/2009	8	9			Oth	0001535997	339930006943460
Subtotal BAC Loans, Leases				\$100,500,000	\$1,781,582									

Subtotal Merrill Loans, Leases				\$100,000,000	\$1,684,663									
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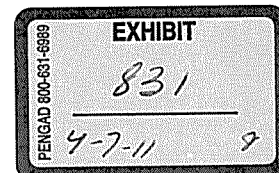
**Derivatives**

FONTAINEBLEAU LAS VEGAS LLC/FONTAINEBLEAU LAS VEGAS II LLC (COB) 335680143

1.				\$10,179,697	\$8,429,108	28/JAN/2011	28/JAN/2011							335680143TR01
1.1	TCRIS	C		\$10,179,697	\$8,429,108			8	9			Oth		
	LIMIT													
1.2	DRVQ	G		\$0	\$0			8	9			Oth		
Subtotal BAC Deriv				\$10,179,697	\$8,429,108									
Subtotal Merrill Deriv				\$8,982,000	\$8,636,000									
Subtotal BAC L&LE				\$110,679,697	\$10,210,690									
Subtotal ML L&LE				\$108,982,000	\$10,320,663									
TOTAL L&LE				\$219,661,697	\$21,531,353									

**Intraday**

Total Intraday				\$0	\$0									
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### Scheduled Exposure Report (GCIB)

**Multi-Bank Facilities**

Facility #	Total Amt. Of Facility	Utilization	Admin. Agent	Admin. Agent % Held	BofA % Held
1 - REV	\$800MM	\$13MM	Bank of America	12.5% (\$100MM)	12.5% (\$100MM)
TML	\$700MM	\$700MM	Bank of America	-	-
Delay Draw TML	\$350MM	\$326MM	Bank of America	-	-

NOTE: BofA has approximately \$10MM of TL exposure held on the trading desk.

NOTE: Merrill Lynch holds \$100MM (12.5%) of the \$800MM REV.

**Facility Description/Pricing (optional)**

Facility #	Description	Pricing																														
1 - REV	The combined \$1.85Bn Credit Facilities (\$800MM 5-yr REV, \$700MM 7-yr TML, and \$350MM 7-yr DDTML) continue to be used for the construction of a casino resort on a 24.5-acre site on the north end of the Las Vegas Strip.	<ul style="list-style-type: none"> <li>Revolver Pricing prior to the First Test Date (six months after the opening date): L + 3.25% / 0.75% commitment fee plus any Condo Sales Performance Adjustment.</li> <li>After the First Test Date, revolver pricing will revert to the grid below plus the Condo Sales Performance Agreement:</li> </ul> <table border="1"> <thead> <tr> <th>Revolver Pricing Level</th> <th>Total Leverage Ratio</th> <th>LIBOR Margin / L.C. Fees</th> <th>Base Rate Loans</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>x &lt; 5.00x</td> <td>2.50%</td> <td>1.25%</td> </tr> <tr> <td>II</td> <td>5.00x &lt; x ≤ 5.50x</td> <td>2.75%</td> <td>1.50%</td> </tr> <tr> <td>III</td> <td>5.50x &lt; x ≤ 6.00x</td> <td>3.00%</td> <td>1.75%</td> </tr> <tr> <td>IV</td> <td>x &gt; 6.00x</td> <td>3.25%</td> <td>2.00%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Condo Sales Performance Agreement is as follows:</li> </ul> <table border="1"> <thead> <tr> <th>Ratio of Committed Condo Sales Proceeds to Targeted Sales Proceeds</th> <th>Condo Sales Performance Adjustment</th> </tr> </thead> <tbody> <tr> <td>x &lt; 85%</td> <td>0.00%</td> </tr> <tr> <td>70% ≤ x &lt; 85%</td> <td>0.25%</td> </tr> <tr> <td>65% ≤ x &lt; 70%</td> <td>0.50%</td> </tr> <tr> <td>65% &gt; x</td> <td>0.75%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Term Loan Pricing and Delay Draw Term Loan Pricing: L + 3.25% / 2.00% commitment fee plus any then applicable Condo Sales Performance Adjustment.</li> </ul>	Revolver Pricing Level	Total Leverage Ratio	LIBOR Margin / L.C. Fees	Base Rate Loans	I	x < 5.00x	2.50%	1.25%	II	5.00x < x ≤ 5.50x	2.75%	1.50%	III	5.50x < x ≤ 6.00x	3.00%	1.75%	IV	x > 6.00x	3.25%	2.00%	Ratio of Committed Condo Sales Proceeds to Targeted Sales Proceeds	Condo Sales Performance Adjustment	x < 85%	0.00%	70% ≤ x < 85%	0.25%	65% ≤ x < 70%	0.50%	65% > x	0.75%
Revolver Pricing Level	Total Leverage Ratio	LIBOR Margin / L.C. Fees	Base Rate Loans																													
I	x < 5.00x	2.50%	1.25%																													
II	5.00x < x ≤ 5.50x	2.75%	1.50%																													
III	5.50x < x ≤ 6.00x	3.00%	1.75%																													
IV	x > 6.00x	3.25%	2.00%																													
Ratio of Committed Condo Sales Proceeds to Targeted Sales Proceeds	Condo Sales Performance Adjustment																															
x < 85%	0.00%																															
70% ≤ x < 85%	0.25%																															
65% ≤ x < 70%	0.50%																															
65% > x	0.75%																															

**Collateral (if applicable)**

Facility #	Collateral Description	Valuation Source and Method (financial statement date or appraisal date)	Gross Value Book or Appraised Value	Margin (%)	Net Value
1 (REV)	Casino Hotel	Appraisal, 2/28/07	\$2,910,000,000	75%	\$2,182,500,000
1 (REV)	Condo-Hotel Cash Flow	Appraisal, 2/28/07	\$116,000,000	75%	\$87,000,000
1 (REV)	Condominium Component (Wholesale Value)	Appraisal, 2/28/07	\$651,700,000	75%	\$488,775,000
Total collateral value					\$2,758,275,000
Total First Lien Debt secured by above collateral					\$1,850,000,000

Collateral Margin Justification / Other Comments:

Collateral values listed above were referenced from the appraisal completed by Cushman & Wakefield in February 2007. Collateral margins of 75% for 'Land Development & Developed Lots' comply with Section 7.34 of Core Credit Policy.

Banks participating in the \$1.85Bn Credit Facilities have a first lien priority on all assets. Note that Total First Lien Debt assumes a fully utilized revolver and does not contemplate the Company's \$675MM Second Lien Mortgage Notes. First Lien LTV with a fully utilized revolver measures at 1.49x.



### Scheduled Exposure Report (GCIB)

Enterprise Value - Attach Summary Page for EV Model or Similar (optional for Int'l)				
Valuation Method	Enterprise Value Range		Date:	Comments:
	Low	High		
BoA EV Group				
Advisors to Banks				
Other		\$2.29Bn	January 2009	Valuation is detailed in 2009 Annual Review CAM (located in ECF).
Implied EV				
Funded Debt at 31/Mar/09	\$1,040MM (First Lien)	Senior Debt at 31/Mar/09	\$1,040MM (First Lien)	- Does not assume fully funded REV.
Explain key approaches/assumptions used to derive the EV if they are not apparent in the attached EV Summary Page ----i.e., what methodologies were used, WACC and Exit Multiples used in DCFs, etc.				
<ul style="list-style-type: none"> <li>Valuation contemplates CDP's revised operating performance through stabilization (FY 2011). With consideration of lower Strip visitation and lower revenue drivers, CDP projected a stabilized FY 2011 EBITDA of \$229MM. The revised EBITDA is 27% lower than original underwritten EBITDA of \$313MM.</li> <li>After applying a conservative 10% capitalization rate, CDP estimated a projected value of \$2.29Bn, which covered first lien debt in 2011 by 1.3x. The 10% cap. rate mirrored the Phil Ruffin / Treasure Island acquisition, which was valued at a 10x multiple.</li> </ul>				
Is Valuation still valid (Y/N) <u>Y</u> . If valuation is over 90 days old, explain how borrower is performing relative to valuation assumptions.)				
<ul style="list-style-type: none"> <li>The revised valuation contemplates anticipated lower strip revenue and gaming / hotel drivers as well as a conservative capitalization rate of 10.0%.</li> </ul>				

**Provider of Support**

Do All Material Subsidiaries Guarantee Debt (Y/N) <u>Y</u>		Comments: Guarantors include Fontainebleau Resorts, LLC (ultimate parent); Fontainebleau Las Vegas Holdings, LLC; Fontainebleau Resort Properties I, LLC; and each subsidiary of Fontainebleau Las Vegas Holdings. All liens and security are perfected and first priority.		
Other Provider(s) of Support				
Name:	RR	Type of Support	Limitations	
FONTAINEBLEAU LAS VEGAS HOLDINGS LL	9	Continuing Guarantee - Conform		
FONTAINEBLEAU LAS VEGAS II LLC	9	Continuing Guarantee - Conform		
FONTAINEBLEAU LAS VEGAS LLC	9	OTHR BK UNUSED FACILITY SWL		
TURNBERRY RESIDENTIAL LIMITED PARTN		Continuing Guarantee - Conform		

Prepared by: Khoa Duong Tel: 214.209.9415

CDP - IL				SAG		Approval / Data Entry:	
Name: Brian Corum	Date	Name:	Date	Name: Henry Yu	Date	Name:	Date
Unit: CDP Gaming		Unit:		Unit: SAG		Unit:	
Telephone: 214.209.0921		Telephone:		Telephone: 925.962.9082		Telephone:	
Approval Comments:							

## Scheduled Exposure Report (GCIB)

Borrower: FONTAINEBLEAU LAS VEGAS LLC

SER Date: 06/Apr/09

**Borrower's Business (i.e., what does it do) Note: Attach Organization Chart if complex borrowing structure**

- Fontainebleau Las Vegas, LLC ("FB LV" or the "Company") is a 100% indirectly owned subsidiary of Fontainebleau Resorts, LLC ("FB Resorts" or the "Parent"), an entity that is majority owned by Jeffrey Sofer (Chairman of Parent and a principal of the Turnberry group of companies, a diversified real estate development organization ("Turnberry")). Glen Schaeffer (President and CFO of Mandalay Resort Group prior to its sale to MGM MIRAGE) serves as CEO. Publishing and Broadcasting Limited ("PBL") is a ~20% equity investor. The Parent also redeveloped the 16-scare Fontainebleau Resort in Miami Beach, Florida, which had its grand opening on 11/14/08.
- The Company is currently developing the Fontainebleau Las Vegas, a signature casino hotel resort with gaming, lodging, convention, and entertainment amenities. The property will have a 63-story hotel tower with 3,800 total rooms (2,689 standard rooms, 178 suites, and 933 condo-hotel units), a 100,000 square-foot casino, a 353,000 square-foot convention center, and a 60,000 square-foot spa. In addition, the property will include a 286,500 square-foot retail component with restaurants, nightclub, and related amenities.
- Condo sales proceeds of approximately \$700MM were ear-marked to pay down outstandings on the \$1.85Bn Credit Facilities. Due to a non-existent condo market on the Las Vegas Strip, CDP anticipates that none of the 933 condo-hotel units will be sold (note that the Company has the ability to convert the unsold condos into hotel rooms). As such, CDP anticipates a minimal delveraging of the Credit Facilities as the property ramps-up in FY 2010 and stabilizes in FY 2011.
- On 12/10/07, Fontainebleau Resorts, LLC ("FB Resorts") entered into a letter of intent with Nakheel PJSC ("Nakheel"), a 100% subsidiary of Dubai World (an investment fund wholly-owned by the government of Dubai), pursuant to which a U.S. affiliate of Nakheel purchased a 50% interest in the Fontainebleau Miami resort in exchange for a capital contribution of \$375MM in cash. This transaction closed in April 2008.
- \$237.5MM of the capital contribution was kept at Fontainebleau Resort Properties I, LLC (the common owner of both FB Miami and FB LV) as additional capital for the Miami and Las Vegas projects. Of this, \$200MM was contributed to the FB Las Vegas project in June 2008 to fund additional construction costs. The remainder (\$37.5MM) was subsequently used to collateralize a Letter of Credit (\$30MM) and for funding requirements at the Miami project.
- Lehman underwrote a \$400MM Retail Credit Facility as financing for the retail portions of the project, consisting of a \$315MM Retail Construction Loan and an \$85MM Retail Mezzanine Loan (of which \$125.4MM and \$85MM were funded at closing in June 2007). \$100MM of the \$315MM Construction Loan was syndicated to a group of lenders consisting of Sumitomo, National City and ULLICO.
- Of the total Retail Construction Loan, \$83MM is dedicated towards shared construction costs in the podium. Draws for shared construction costs began in August 2008, concurrently with the Senior Secured advance (after proceeds from the 2<sup>nd</sup> Mortgage Notes were exhausted). As of March 2009, \$34.2MM of retail shared costs were funded.
- On 9/16/08, Lehman Brothers Holdings, Inc. declared bankruptcy. To date, the retail facility lenders have continued to fund their portion of the retail shared costs when requested (a condition precedent to funding from bank proceeds). Separately, there is \$62MM of unfunded obligations for Tenant Improvements / Tenant Allowances for the retail facility, but funding this amount is not a requirement of the Senior Secured Facility. The Company has been working diligently with Lehman Brothers and the co-lenders to ensure that there are no interruptions in funding for the retail component. However, there are no assurances that Lehman Brothers will continue to fund all or any portion of its share of the remaining obligation under the Retail Construction Loan, or that the co-lenders will fund any Lehman Brothers shortfall in funding.

**Reason(s) for Existing/Changing Risk Rating or Other Recommended Action(s). (Indicate with an "x")**

Adequacy of Cash Flow ("EBITDA - Maintenance CAPEX")		Other Reasons	
X	Weak Cash Flow Coverage of Principal and Interest		Collateral or EV Coverage
	Inadequate Cash Flow Coverage of Principal and Interest	X	Liquidity/Refinancing Risk
	Inadequate Cash Flow Coverage of Interest		Litigation
			Regulatory Issues
			Bankruptcy
			Other Credit Event Requiring Close Attention

**Explanatory Narrative: (Detail cause of financial deterioration and rational for Recommended Action(s) and current Risk Rating/ accrual status): (2-4 bullet points each)**

- **Summarize the Problem:**
  - o After adjusting the 2007 underwriting projections to reflect depressed market conditions and the likely scenario that no condos are sold, CDP concluded that the Company will need a restructuring due to a high probability of default. With the absence of condo proceeds and projected slow ramp-up of operations, cash flow is sufficient to service minimal amounts required on the Term Loans and interest expense but not enough to delever the Company. In addition, FB LV is not projected to be in compliance with its Financial Covenants at its First Test Date
- **Risk Rating:**
  - o After revising projections to reflect the current Las Vegas market, CDP discovered that the Company has a high probability of default at the first covenant test date and minimal deleveraging. As a result, CDP enacted a non-quantified downgrade to RR 8 in January 2009.
  - o In March 2009, the Company drew down the full amount of its \$350MM Delay Draw Term Loan (~\$326MM funded) and then deposited the funds into the bank proceeds account. CDP expects FB LV to draw down the full amount of its \$800MM Revolver in April 2009. Additionally, it is unlikely that the Company will sell the 933 condo units (the proceeds of which were expected to reduce debt and maintain leverage within covenants) nor is it expected to generate EBITDA as originally projected due to the depressed state of the Las Vegas Strip market. Given a 50% probability that interest coverage will fall below 1.00x in two quarters, CDP downgraded the Company to a RR 9 (PSA) with the appropriate upgrade and downgrade trigers.
- **Non-Performing / Performing Special Attention**
  - o For the near term, CDP anticipates the Company to continue to make interest payments on its Credit Facilities and Second Mortgage Notes.
  - o The \$1.85Bn Credit Facilities rank senior and mature inside of the Company's Second Mortgage Notes due 2015.
- **Charge-offs: (Attach charge-off calculation page, if applicable)**
  - o N/A

06/Apr/09

FONTAINEBLEAU LAS VEGAS LLC PIMS as of date: 11/Mar/2009  
Bank of America - Confidential - CRMS 14.5.9

Page 4 of 7

## Scheduled Exposure Report (GCIB)

**Borrower's Financial Performance: (2-4 bullet points)**

- **Financial Review**
  - At this time, the Company is not generating revenue due to its status as an in-progress construction project. Through its financial statements, management details its expenses for each reporting period and, therefore, incurs losses in those respective periods. Expenses will increase throughout the construction process, mainly due to pre-opening expense and interest expense, until the property opens in 4Q09.
  - While quarterly financial statements have been received throughout the construction period, the first statements reflecting operations are not expected until 4Q09, which will only account for one or two months of operations since the grand opening is not expected until November 2009. The first Compliance Certificate is not expected until the first test date, which is the last day of the first fiscal quarter which ends six months or more following the opening date (expected to be 6/30/10).

(i) Is borrower in compliance with covenants (Y/N)	N/A	(ii) Is the borrower expected to remain in compliance? (N)	N	If "N", comment. (2-4 bullet points)
----------------------------------------------------	-----	------------------------------------------------------------	---	--------------------------------------

- Due to the likely scenario where no condos are sold at FB LV and CDP's downward revisions to the revenue drivers, the Company is not expected to be in compliance at its first covenant test date on 6/30/10 and through FY 2012.
- At 6/30/10 (first test quarter), Senior Leverage is projected at 8.72x (vs. a 5.15x covenant), and Total Debt to EBITDA is projected at 12.00x (vs. an 8.30x covenant). The Company is projected to be in compliance with its Fixed Charge Coverage Ratio for the first two test periods (6/30/10 and 9/30/10), albeit with tight cushions, and breaches its covenant level thereafter.
- When the Credit Agreement and related documents were written, excess cash flow from condo proceeds were ear-marked for mandatory amortization of the Credit Facilities. Without condo proceeds, there is not enough excess cash flow to significantly reduce debt and remain in compliance.

**Legal Review**

Did counsel review documentation? (Y/N)	Y	REVIEW DATE:	Ongoing	Internal / External (Name of Firm):	External / Sheppard Mullin, LLP	Were any legal or documentation issues found? (Y/N) (If "Y", comment)	N
-----------------------------------------	---	--------------	---------	-------------------------------------	---------------------------------	-----------------------------------------------------------------------	---

Comments:

- Bill Scott, of Sheppard Mullin, LLP, composed the Company's legal documents at deal inception.
- Alan Martin, Sheppard Mullin's restructuring specialist, currently heads the process of reviewing the documents and offering insightful commentary for potential solutions to the Company's current situation.

**Borrower's Corrective Action Plan: (2-4 bullet points)**

- Overview**
- The Company is aware of the likely event that condos will not be sold as expected and is currently revisiting the Credit Agreement with BofA and both parties' respective legal advisors to examine and confirm the possibility of a recapitalization.
  - FB LV held a lender meeting at its facilities in Las Vegas, NV in March 2009 and answered questions from concerned lenders about its current situation. The focus of the meeting, however, was on challenges facing the March 2009 construction draw and did not address bigger issues (i.e. a non-existent condo sales market and current economic conditions).
- Specific Actions**
- BofA, the Fontainebleau Las Vegas Steering Committee, and legal counsel continue to work towards further meetings and an overall restructuring solution.

## Scheduled Exposure Report (GCIB)

Borrower: FONTAINEBLEAU LAS VEGAS LLC

SER Date: 06/Apr/09

Market Value of Debt							
REV Bid: 15.00	Ask: 20.00	Date of Quotes: 4/6/09	Last Known Trade: Date:	Price: No Market			
TML / DDTL Bid: 15.00	Ask: 20.00	Date of Quotes: 4/6/09	Last Known Trade: Date:	Price:			
Discuss basis of indicative selling price / depth of market.							
Type	Issuance (\$MM)	Coupon	Maturity	Price	YTM	YTW	LIBOR Equivalent Spread (bps)
Second Mortgage Notes	\$675	10.250%	6/15/2015	\$ 0.03	289.267%	289.267%	28,794
Pricing as of 4/6/09 <span style="float: right;">Source: Lighthouse</span>							

**BAC's Plan to Get Repaid**

Overview (include expected sources of repayment; (i.e., Cashflow, Refinancing, Asset Sales, High Yield bond, etc.)

- Primary Source of Repayment – Cash flow from operations augmented by refinancing in a normal and stable bank market (Weak)
  - Given stabilized (FY 2011) EBITDA of \$229MM and Fixed Charge Coverage Ratio ("FCCR") of 1.10x based on CDP's revisions to management projections from the 2007 underwriting and the assumption that none of the 1,018 condos will be sold (detailed below), the PSOR is considered Weak. Cash flows are sufficient to service interest expense and amortize the minimal amounts required on the term debt while also maintaining the property.
- Secondary Source of Repayment – Restructuring and/or refinancing in the high yield market (Weak)
  - In the event that the PSOR is not viable, the Company would look to refinance its Credit Facilities in the high yield market. Until Total Leverage is less than 5.0x, the FB Resorts guaranty remains in place and could be called upon in a distressed scenario. Given the current situation, refinancing in the high yield market may not provide enough support to repay the Credit Facilities.
- Tertiary Source of Repayment – Sale of the Fontainebleau Las Vegas property (Moderate)
  - If refinancing / restructuring is not available in both the bank and high yield markets, the Company could look to sell the FB Las Vegas property to repay the Credit Facilities. The Company would look at recent Las Vegas Strip sales transactions (i.e. MGM's sale of Treasure Island – 7.0x EBITDA multiple) to compute an adequate EBITDA multiple and/or cap. rate to attain an appropriate asset valuation. Given that the FB Las Vegas property is considered an upper-tier resort comparable to MGM's Bellagio, Wynn Las Vegas / Encore, and Venetian Palazzo, the Company would look to sell the property for more than the Treasure Island / 7.0x EBITDA multiple.
- Please see the Fontainebleau Las Vegas 2009 Annual Review CAM (located in ECF) for repayment analysis detail.

**Derivative/FX Exposure**

Repayment Plan

- CDP previously placed the \$14.5MM DRVL at Fontainebleau Las Vegas LLC / Fontainebleau Las Vegas II LLC (co-borrower to the \$1.85Bn Credit Facilities) on run-off.
- CDP also previously cancelled an unutilized \$5MM DRVL at Fontainebleau Las Vegas Holdings, LLC.

Write Down or Reserves Taken/Recommended

- N/A

Downgrade and/or Upgrade Triggers (2-4 bullet points – need to be specific)	
Upgrade	Downgrade
<ul style="list-style-type: none"> <li>• Funding requirements including, if necessary, the Completion Guarantee continue to be met;</li> <li>• Completion of FB Las Vegas substantially on-time and on-budget; AND</li> <li>• The Company meets its required financial covenants.</li> </ul>	<ul style="list-style-type: none"> <li>• Downgrade to RR 9- (non-accrual) if interest coverage is determined to definitely fall below 1.00x.</li> <li>• Downgrade to RR 10 doubtful (which may be partial) if bankruptcy takes place and asset values are not determined to fully cover all debt or subsequently pledged and perfected collateral values do not cover our debt.</li> </ul>

### Scheduled Exposure Report (GCIB)

Borrower: FONTAINEBLEAU LAS VEGAS LLC  
 SER Date: 06/Apr/09

: Date of Projections January 2009  
 Projections Still Applicable? Yes

Fontainebleau Las Vegas - Base Case									
Assumes No Condo Sales									
(\$ in Millions)	3 Months					12 Months		Stabilization	
	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	12/31/10	12/31/11	12/31/12	
<b>Operating Performance</b>									
Net Revenues	\$ 194.4	\$ 233.9	\$ 235.7	\$ 206.6	\$ 206.6	\$ 882.8	\$ 916.2	\$ 944.5	
Y-O-Y Net Revenue Growth	-	-	-	-	6.3%	-	3.8%	3.1%	
EBITDA	\$ 37.2	\$ 58.6	\$ 59.0	\$ 51.7	\$ 51.7	\$ 221.0	\$ 228.8	\$ 236.4	
EBITDA Margin	19.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
<b>Summary Cash Flow</b>									
EBITDA	\$ 37.2	\$ 58.6	\$ 59.0	\$ 51.7	\$ 51.7	\$ 221.0	\$ 228.8	\$ 236.4	
Plus: Condo Sales Proceeds	-	-	-	-	-	-	-	-	
Less: Capitalized Condo Selling Costs	1.9	1.4	0.6	-	-	2.0	-	-	
Less: Net Interest Expense	42.3	42.6	43.2	43.6	43.6	173.5	179.7	179.7	
Less: Change in Working Capital	6.0	-	-	-	-	-	-	-	
Less: Change in Accrued Interest	17.3	(17.3)	17.3	(17.3)	17.3	-	-	-	
Less: Maintenance Capital Expenditures	2.5	2.5	2.5	2.5	2.5	10.0	20.0	25.0	
Less: Owners' Tax Distributions	-	-	-	-	-	-	-	-	
<b>Cash Flow Before Mandatory Debt Repayment</b>	<b>(32.9)</b>	<b>29.3</b>	<b>(4.6)</b>	<b>22.9</b>	<b>(11.7)</b>	<b>35.5</b>	<b>29.1</b>	<b>31.7</b>	
Less: Mandatory Term Loan Repayment from Condo Sales	-	-	-	-	-	-	-	-	
Less: Mandatory Revolver Repayment from Condo Sales	-	-	-	-	-	-	-	-	
<b>Free Cash Flow</b>	<b>(32.9)</b>	<b>29.3</b>	<b>(4.6)</b>	<b>22.9</b>	<b>(11.7)</b>	<b>35.5</b>	<b>29.1</b>	<b>31.7</b>	
Less: Term Loan Amortization	-	-	-	2.6	2.6	5.3	10.5	10.5	
<b>Net Free Cash Flow</b>	<b>\$ (32.9)</b>	<b>\$ 29.3</b>	<b>\$ (4.6)</b>	<b>\$ 20.3</b>	<b>\$ (14.3)</b>	<b>\$ 30.2</b>	<b>\$ 18.6</b>	<b>\$ 21.2</b>	
<b>Summary Balance Sheet</b>									
Operating Cash	\$ 14.1	\$ 14.1	\$ 14.1	\$ 14.1	\$ 14.1	\$ 14.1	\$ 14.1	\$ 14.1	
Funded Liquidity Reserve	50.0	50.0	50.0	50.0	-	-	-	-	
<b>Total Cash and Cash Equivalents</b>	<b>\$ 64.1</b>	<b>\$ 64.1</b>	<b>\$ 64.1</b>	<b>\$ 64.1</b>	<b>\$ 14.1</b>	<b>\$ 14.1</b>	<b>\$ 14.1</b>	<b>\$ 14.1</b>	
LV Revolver	\$ 774.2	\$ 744.8	\$ 749.4	\$ 729.1	\$ 694.0	\$ 694.0	\$ 675.4	\$ 654.2	
LV Term Loans	1,050.0	1,050.0	1,050.0	1,047.4	1,044.8	1,044.8	1,034.3	1,023.8	
<b>First Senior Secured Debt</b>	<b>\$ 1,824.2</b>	<b>\$ 1,794.8</b>	<b>\$ 1,799.4</b>	<b>\$ 1,776.5</b>	<b>\$ 1,738.7</b>	<b>\$ 1,738.7</b>	<b>\$ 1,709.6</b>	<b>\$ 1,678.0</b>	
2nd Mortgage Notes	675.0	675.0	675.0	675.0	675.0	675.0	675.0	675.0	
<b>Total Debt</b>	<b>\$ 2,499.2</b>	<b>\$ 2,469.8</b>	<b>\$ 2,474.4</b>	<b>\$ 2,451.5</b>	<b>\$ 2,413.7</b>	<b>\$ 2,413.7</b>	<b>\$ 2,384.6</b>	<b>\$ 2,353.0</b>	
<b>Credit Statistics</b>									
LTM EBITDA		\$ 206.3	\$ 206.5	\$ 221.0	\$ 221.0	\$ 221.0	\$ 228.8	\$ 236.4	
First Senior Secured Debt / EBITDA		8.72x	8.60x	7.87x	7.87x	7.87x	7.47x	7.10x	
Covenant Level		5.15x	5.00x	4.75x	4.75x	4.75x	3.50x	3.00x	
Cushion (%)		-69.3%	-72.1%	-65.6%	-65.6%	-65.6%	-113.5%	-136.6%	
Total Debt / EBITDA		11.99x	11.87x	10.92x	10.92x	10.92x	10.42x	9.96x	
Covenant Level		8.30x	8.00x	7.75x	7.75x	7.75x	6.25x	5.50x	
Cushion (%)		-44.5%	-48.4%	-40.9%	-40.9%	-40.9%	-66.7%	-81.0%	
Fixed Charge Coverage Ratio		1.29x	1.21x	1.17x	1.17x	1.17x	1.10x	1.11x	
Covenant Level		1.20x	1.20x	1.20x	1.20x	1.20x	1.20x	1.25x	
Cushion (%)		9.0%	0.9%	-3.4%	-3.4%	-3.4%	-9.8%	-13.8%	

• For in-depth analysis of CDP's assumptions for FB LV's operating performance, please refer to the FB LV 2009 Annual Review (located in ECF).

**Dep. Ex. 832**

From: Valerie Shapiro. Sent: 3/24/2009 3:12 PM.  
To: henry.yu@bankofamerica.com.  
Cc: [-] adrianknowles@bankofscotlandusa.com; Alan Martin; Andrew Carlson; Brent Horstman; Bolio, Brandon; Corum, Brian; Bill Scott; cpaipanandiker@hcmlp.com; csullivan@smbclf.com; Howard, David; diane.albanese@barclayscapital.com; donald.shokrian@jpmorgan.com; Sieke, Eric -Legal; janevanbrussel@bankofscotlandusa.com; jason.white@barclayscapital.com; jessica.fainman@barclayscapital.com; jkim@smbclf.com; john.mcdonagh@chase.com; Fuszard, Joseph; Keith C Braun; keri.svancara@barcap.com; krouke@hcmlp.com; marc.costantino@jpmorgan.com; mark.manski@barclayscapital.com; mark.spitzer@bingham.com; MaryKay Coyle; richard.l.smith@chase.com; robert.dombroff@bingham.com; robert.silverman@barclayscapital.com; Naval, Ronaldo; Shane Noworatzky; Theresa Bangert; tim.mcnaught@rbs.com; vlad.barshtak@rbs.com.  
Bcc: .  
Subject: Re: Fontainebleau Las Vegas update.

Henry -

Thank you for the update and the additional information posted to Intralinks today. Seems it would be appropriate to hold a Steering Committee call today/tomorrow to discuss the following points:

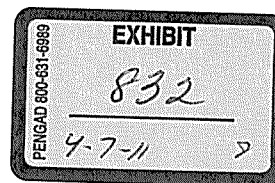
1. Has BofA delivered a defaulting lender notice to Z Capital and/or Guggenheim?
2. Why it is appropriate to allow for the inclusion of \$21.7m of defaulting lender commitments in the In-Balance Test?
3. What progress has been made in scheduling a meeting with Management for early next week and what specific topics will be discussed.

Val Shapiro  
Global Banking  
Deutsche Bank  
60 Wall Street  
New York, New York 10005

Office: (212) - 250 - 4574  
Mobile: (917) - 734 - 9727  
valerie.shapiro@db.com

"Yu, Henry" <henry.yu@bankofamerica.com> wrote on 03/23/2009 12:41:07 PM:

- > Dear committee members;
- >
- > I would like to update you on a few items. But first I would like
- > to apologize to those lenders on the phone Friday who were in queue
- > to ask questions. There was a miscommunication between the people
- > at the site and the operator over whether there were questions.
- > Specifically, Glenn Schaeffer thought he heard that there was no
- > questions and hung up.
- >
- > 1. Presentation slides
- > These came in last night and were posted to Intralinks this morning.
- >
- > 2. Z Capital position
- > There was a question at the meeting whether Barclays had stepped
- > into Z Capital's shoes on the Delay Draw Term Loan commitment.
- > Barclays has confirmed to me this morning that they have NOT.
- >
- > 3. IVI certificate
- > The company and IVI worked through the weekend to reconcile the
- > numbers. We heard from IVI this morning that the numbers have been
- > reconciled. The positive in balance will be reduced to \$16 mm. The



- > company will be updating the advance request package with a Nov 1 opening date, and IVI is expecting that they will issue a clean certificate.
- >
- > 4. Availability of Z Capital and unfunded Guggenheim positions
- > Bank of America is preparing a statement on these positions for distribution to private side lenders today.
- >
- > 5. Follow up meeting between committee and company
- > I plan to schedule a follow up meeting between the committee and the company next week to talk about longer term issues such as updated plans and projections.
- >
- > 6. Bingham's engagement
- > The company still has not committed definitively to our request that they pick up the tab for Bingham although they have indicated that they are so inclined.
- >
- >
- > Best regards,
- > Henry
- >
- >

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**Dep. Ex. 834**

Fontainebleau Resorts

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**Corum, Brian**

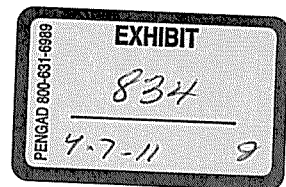
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**From:** Bill Scott [bscott@sheppardmullin.com]  
**Sent:** Saturday, March 07, 2009 11:49 AM  
**To:** Yu, Henry; Sieke, Eric -Legal; Corum, Brian; Bolio, Brandon; Alan Martin  
**Subject:** RE: Fontainebleau Resorts - Attorney Client Privilege

All:

Redacted--Privileged

**From:** Yu, Henry [mailto:henry.yu@bankofamerica.com]  
**Sent:** Friday, March 06, 2009 3:38 PM  
**To:** Bill Scott; Sieke, Eric -Legal; Corum, Brian; Bolio, Brandon; Alan Martin  
**Subject:** RE: Fontainebleau Resorts - Attorney Client Privilege



3/8/2009

Fontainebleau Resorts

Page 2 of 3

Hi Bill;

Redacted--Privileged

Best regards,  
Henry

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**From:** Bill Scott [mailto:bscott@sheppardmullin.com]  
**Sent:** Friday, March 06, 2009 11:00 AM  
**To:** Sieke, Eric -Legal; Yu, Henry; Corum, Brian; Bolio, Brandon; Alan Martin  
**Subject:** FW: Fontainebleau Resorts - Attorney Client Privilege

As discussed.

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**From:** Andrei Dorenbaum [mailto:ADorenbaum@hcmip.com]  
**Sent:** Monday, October 13, 2008 9:37 AM  
**To:** Bill Scott  
**Cc:** Brad Means; Kevin Rourke  
**Subject:** RE: Fontainebleau Resorts

Bill,

This e-mail follows-up our conversation from last week. We would like to confirm the following matters:

1. Under section 3.3.23 of the Master Disbursement Agreement, the borrower cannot request disbursements without demonstrating that the Retail Lenders made required advances under the relevant financing agreements.
2. We are unaware and understand that the agent is unaware of any facts that would support that Lehman, as a Retail Lender, made any disbursements while in bankruptcy. In fact, as we discussed, it is both your understanding and our understanding that Lehman has not made any disbursements while in bankruptcy.
3. It does not appear that Retail Lenders made the Sept. payment, but rather equity investors. Please see attached report from Merrill Lynch. This would indicate that the reps the company made for that funding request were false.
4. Given the above, we believe that the agent should request the borrower to provide wiring confirmations from the Retail Lenders or funding certificates from the Retail Lenders to confirm that funding is made by the Retail Lenders (rather than other sources). This includes confirmation for the Sept. payment as this issues raises a breach concern under the Disbursement Agreement.
5. The borrower's legal counsel should provide an opinion that the Lehman funding agreement is in full force and effect. This issue is a legal question and should be certified by qualified bankruptcy counsel, rather than the borrower's CFO. Our position is that Lehman is in breach of the agreement because it failed to fund and thus the agreement is not in full force.

Please let me know if you have any additional questions.

Best regards,

Andrei Dorenbaum  
Assistant General Counsel  
Highland Capital Management, L.P.  
13455 Noel Road, Suite 800

3/8/2009

**Dep. Ex. 835**

From: Yu, Henry. Sent: 3/12/2009 4:35 PM.  
To: Freeland, James; Freeland, James.  
Cc: Stoner, Adam J; Bolio, Brandon; Stoner, Adam J; Bolio, Brandon.  
Bcc:  
Subject: Fontainebleau borrowing.

Hi James;

We are missing remittances from some of your funds. When should we expect them? Thanks.

Best regards,

Henry

