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MEMORANDUM OF MERGER OF LEASEHOLD INTERESTS

This MEMORANDUM OF MERGER OF LEASEHOLD INTERESTS (the "**Memorandum**") is made effective as of the 18th day of September, 2007 (the "**Effective Date**") by and between **RIH Acquisitions IN, LLC**, an Indiana limited liability company ("**RIH Acquisitions**") and the **City of East Chicago, Indiana, Department of Redevelopment**, existing pursuant to Indiana Code 36-7-14 (the "**City**").

WITNESSETH:

WHEREAS, **RIH Propco IN, LLC**, an Indiana limited liability company and wholly owned subsidiary of **RIH Acquisitions** ("**RIH Propco**") has a leasehold interest in certain real property situated in Lake County, Indiana, more particularly described in the **Exhibit A** attached hereto and made a part hereof (the "**Real Estate**") as evidenced by that certain Memorandum of Redevelopment Project Lease, by and between the City and Showboat Marina Partnership dated October 25, 1995 and recorded November 10, 1995, as Document Number 95068690, assigned by that certain Lease Assignment and Assumption Agreement between Showboat Marina Partnership, as Assignor, and Showboat Marina Casino Partnership, as Assignee, dated March 28, 1996 and recorded March 29, 1996, as Document Number 96020394; as amended by that certain First Amendment to Redevelopment Project Lease between the City and Showboat Marina Casino Partnership, dated March 28, 1996 and recorded March 29, 1996, as Document Number 96020395; as further subject to that certain Acknowledgment of Commencement Date of Redevelopment Project Lease and Notice of Election to Take Possession dated March 28, 1996 and recorded March 29, 1996, as Document Number 96020396; as further amended by that certain Second Amendment of Redevelopment Project Lease between the City and Showboat Marina Casino Partnership, dated January 20, 1999 and recorded March 24, 1999, as Document Number 99025949; as further assigned by a Lease Assignment and Assumption Agreement between Showboat Marina Casino Partnership, as Assignor and **RIH Acquisitions**, as Assignee, dated April 26, 2005, and recorded April 28, 2005 as Document Number 2005-033880; and as finally assigned to **RIH Propco** by assignment dated October 25, 2006, and recorded October 27, 2006, as Instrument 2006-094333, all of record in the office of the Recorder of Lake County, Indiana, and collectively hereinafter referred to as the "**Lease**".

WHEREAS, **RIH Acquisitions** has a subleasehold interest in the Real Estate as evidenced by that certain Memorandum of Lease by and between **RIH Propco**, as sublessor, and **RIH Acquisitions**, as sublessee, dated October 25, 2006 and recorded as Instrument 2006094334 in the office of the Recorder of Lake County, Indiana (the "**Sublease**").

WHEREAS, pursuant to that certain Articles of Merger of **RIH Propco IN, LLC** with and into **RIH Acquisitions IN, LLC** effective as of the Effective Date hereof (the "**Articles of Merger**"), **RIH Propco** and **RIH Acquisitions** have been merged into a single entity, with **RIH Acquisitions** being the sole surviving entity (the "**Merger**");

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STATE OF INDIANA
LAKE COUNTY
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WHEREAS, as a result of the Merger, the leasehold interests of RIH Propco and RIH Acquisitions, respectively, have automatically been merged into a single leasehold interest in RIH Acquisitions under the Lease;

WHEREAS, RIH Acquisitions and the City now wish to enter into and record this Memorandum acknowledging of record such merger of leasehold interests and to recognize RIH Acquisitions as lessor pursuant to the Lease;

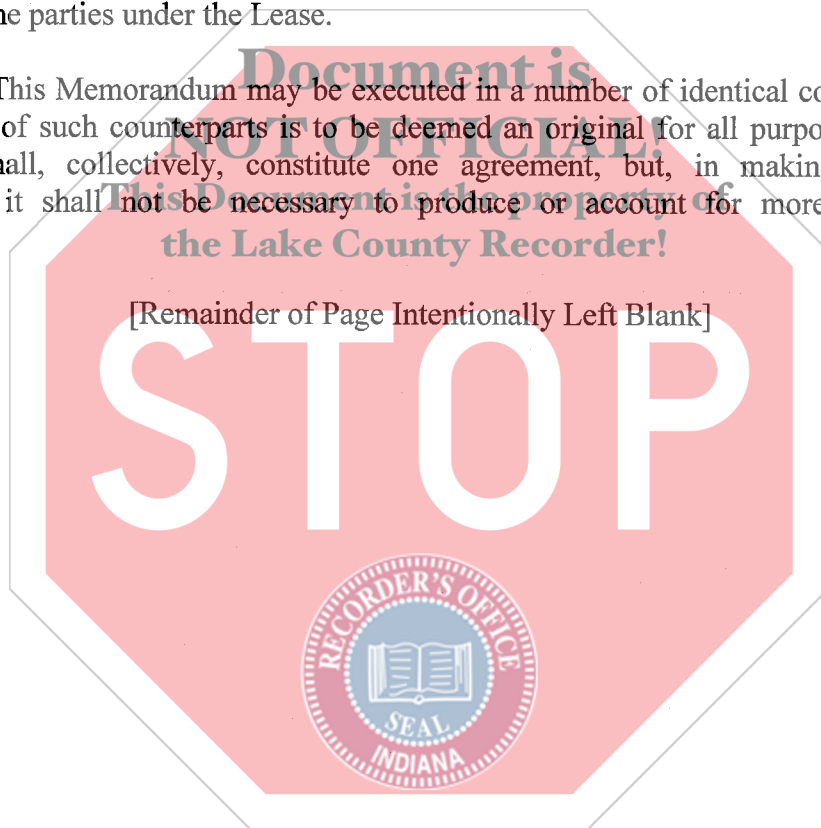
NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties, the parties agree as follows:

1. Effective as of the effective date of the Articles of Merger, RIH Acquisitions shall, without any further action on the part of any party hereto or to the Lease, be deemed the lessee under the Lease, with this Memorandum serving as the City's consent to the same to the extent any such consent is required by law or under the terms of the Lease.

2. This Memorandum was prepared for recording pursuant to Indiana Code § 36-2-11-20 to put all persons on notice of the above-noted merger of interests and the rights and obligations of the parties under the Lease.

3. This Memorandum may be executed in a number of identical counterparts. If so executed, each of such counterparts is to be deemed an original for all purposes, and all such counterparts shall, collectively, constitute one agreement, but, in making proof of this Memorandum, it shall not be necessary to produce or account for more than one such counterpart.

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IN WITNESS WHEREOF, the undersigned have caused this Memorandum to be executed and delivered by their duly authorized representatives as of the Effective Date.

RIH ACQUISITIONS:

RIH ACQUISITIONS IN, LLC,
an Indiana limited liability company

By: Thomas Steinbauer

Printed: THOMAS STEINBAUER

Title: Vice President, CFO, Secretary & Treasurer

CITY:

THE CITY OF EAST CHICAGO, INDIANA
DEPARTMENT OF REDEVELOPMENT

By: John D. Artis

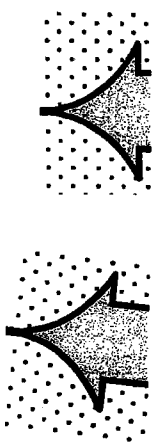
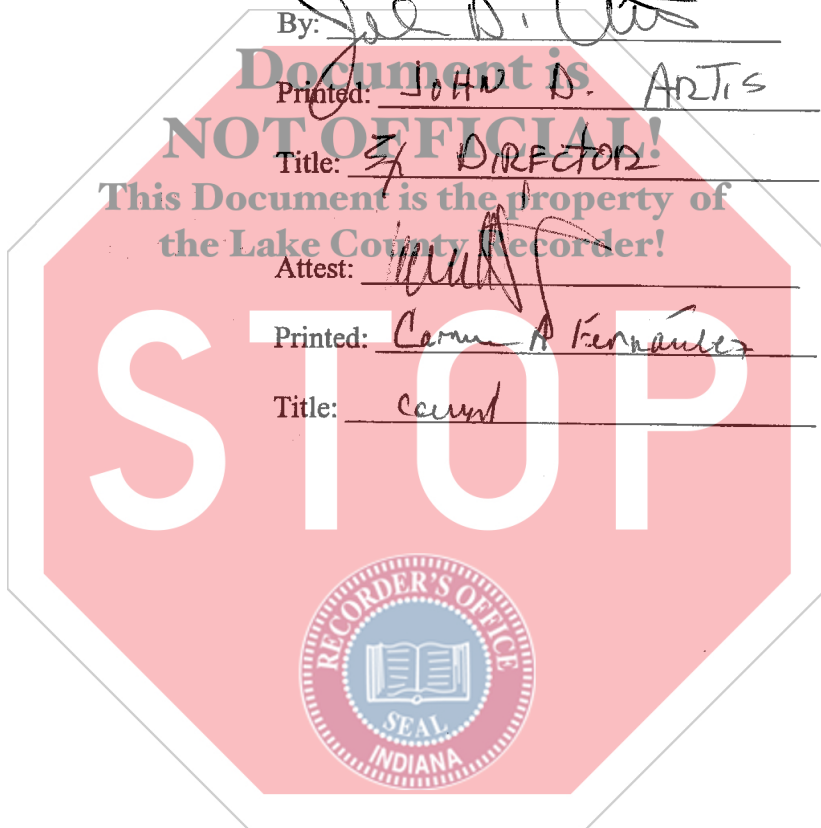
Printed: JOHN D. ARTIS

Title: 31 DIRECTOR

Attest: [Signature]

Printed: Carmen A. Hernandez

Title: clerk



ACKNOWLEDGMENT

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me the undersigned, a Notary Public in and for said County and State, personally appeared THOMAS STEINBAUER, known to me to be the person who, as the VICE PRESIDENT SECRETARY of RIH Acquisitions IN, LLC, an Indiana limited liability company, signed the same, and who acknowledged the execution of the foregoing for and on behalf of said limited liability company as such officer, and who, having been duly sworn, stated that the representations therein contained are true.

WITNESS MY HAND and Notarial Seal this 18th day of Sept, 2007.

My Commission Expires:

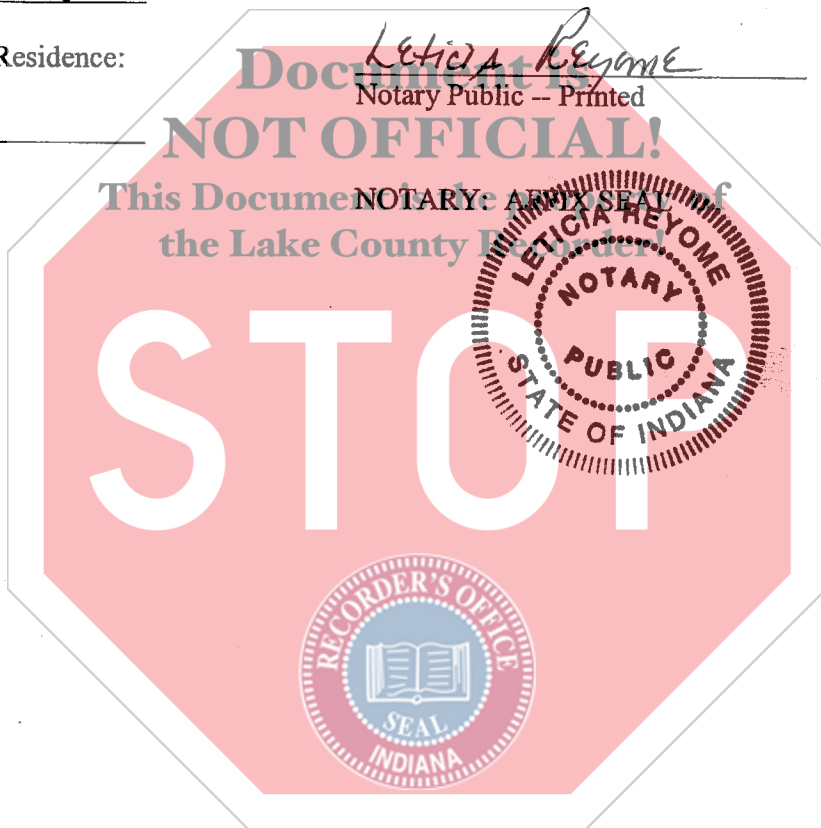
FEB. 27, 2008

Leticia Rezone
Notary Public -- Written

My County of Residence:

LAKE

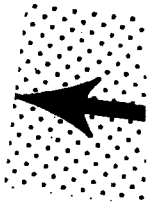
Leticia Rezone
Notary Public -- Printed



ACKNOWLEDGMENT

STATE OF INDIANA)
) SS: ·
COUNTY OF LAKE)

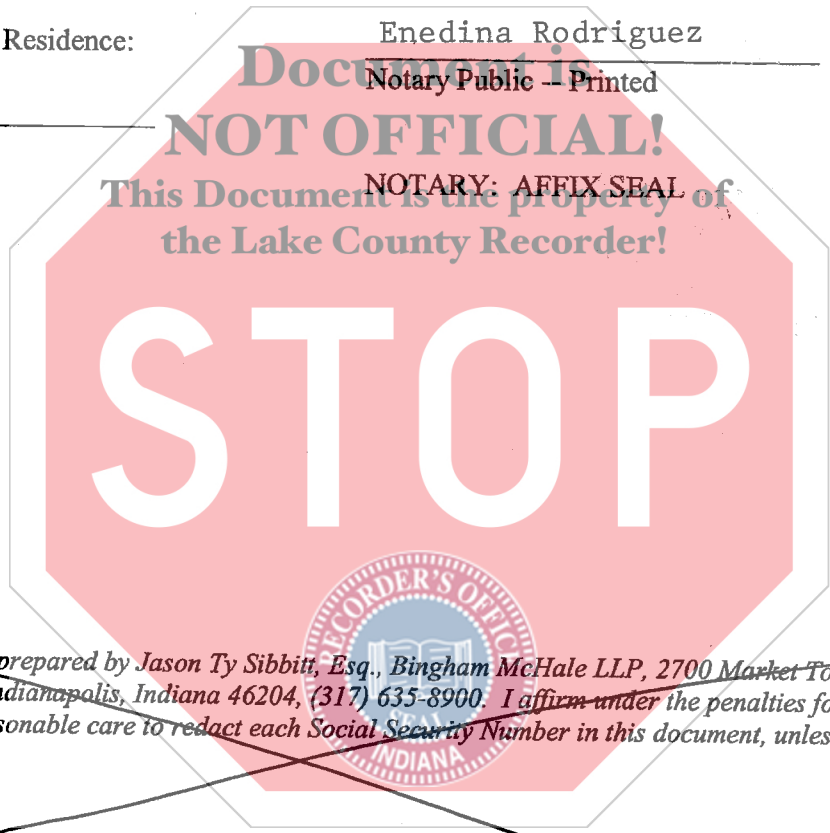
Before me the undersigned, a Notary Public in and for said County and State, personally appeared John Artis and Carmen A. Fernandez, known to me to be the persons who, as Executive Director and Council, respectively, of the City of East Chicago, Indiana Department of Redevelopment, each signed the same, and who acknowledged the execution of the foregoing for and on behalf of said entity as such officer, and who, having been duly sworn, stated that the representations therein contained are true.



WITNESS MY HAND and Notarial Seal this 17 day of Sept., 2007.

My Commission Expires: June 1, 2009
Notary Public -- Written

My County of Residence: LAKE
Notary Public -- Printed



~~This instrument prepared by Jason Ty Sibbitt, Esq., Bingham McHale LLP, 2700 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, (317) 635-8900. I affirm under the penalties for perjury, that I have taken reasonable care to redact each Social Security Number in this document, unless required by law.~~

~~Jason Ty Sibbitt~~

ACKNOWLEDGMENT

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me the undersigned, a Notary Public in and for said County and State, personally appeared _____ and _____, known to me to be the persons who, as _____ and _____, respectively, of the City of East Chicago, Indiana Department of Redevelopment, each signed the same, and who acknowledged the execution of the foregoing for and on behalf of said entity as such officer, and who, having been duly sworn, stated that the representations therein contained are true.

WITNESS MY HAND and Notarial Seal this ____ day of _____, 2007.

My Commission Expires:

Notary Public -- Written

My County of Residence:

Notary Public -- Printed

Document is
NOT OFFICIAL!

This Document is the property of
NOTARY: AFFIX SEAL
the Lake County Recorder!

STOP



This instrument prepared by Jason Ty Sibbitt, Esq., Bingham McHale LLP, 2700 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, (317) 635-8900. I affirm under the penalties for perjury, that I have taken reasonable care to redact each Social Security Number in this document, unless required by law.

Jason Ty Sibbitt

Jason Ty Sibbitt

This instrument prepared by Jason Ty Sibbitt, Esq., Bingham McHale LLP, 2700 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, (317) 635-8900. I affirm under the penalties for perjury, that I have taken reasonable care to redact each Social Security Number in this document, unless required by law.

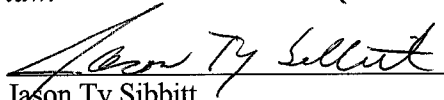

Jason Ty Sibbitt



EXHIBIT A

LEGAL DESCRIPTION

[insert from final title commitment]



EXHIBIT A

Part of Fractional Section 22 and Fractional Section 15, Township 37 North, Range 9 west of the Second Principal Meridian, in Lake County, Indiana, more particularly described as follows:

Commencing at point "G" on the Southeasterly bulkhead line (established by U.S. Government permits of March 27, 1908, October 15, 1929 and July 5, 1932), and the Southwesterly right of way line of Aldis Avenue extended, thence South $46^{\circ} 46' 06''$ East (assumed Record Bearing) along the Southwesterly line of Aldis Avenue, 1376.00 feet to a Iron Pipe on the centerline of vacated Lake Place and the Point of Beginning; thence North $43^{\circ} 15' 00''$ East, along the centerline of vacated Lake Place, 66.30 feet to a Iron Pipe on the Northeasterly right-of-way line of Aldis Avenue; thence North $34^{\circ} 53' 04''$ East, 134.78 feet; thence North $87^{\circ} 48' 17''$ East, 79.47 feet; thence North $45^{\circ} 33' 40''$ East, 100.50 feet; thence North $27^{\circ} 26' 34''$ East, 102.39 feet; thence North $35^{\circ} 50' 46''$ East, 100.24 feet; thence North $43^{\circ} 17' 00''$ East, 100.18 feet; thence North $73^{\circ} 22' 05''$ East, 92.36 feet; thence South $88^{\circ} 52' 08''$ East, 85.40 feet; thence South $45^{\circ} 50' 45''$ East, 106.63 feet; thence South $28^{\circ} 53' 00''$ East, 115.60 feet; thence South $29^{\circ} 55' 11''$ East, 43.65 feet; thence North $72^{\circ} 41' 04''$ East, along the North edge of a dock, 63.28 feet; thence North $17^{\circ} 40' 39''$ West, 68.50 feet; thence North $73^{\circ} 08' 53''$ East, 13.57 feet; thence South $17^{\circ} 40' 39''$ East, along the East edge of the dock, 576.84 feet; thence South $72^{\circ} 59' 54''$ West, 13.46 feet; thence North $17^{\circ} 40' 39''$ West, 47.95 feet; thence South $74^{\circ} 17' 22''$ West, along the South edge of the dock, 61.64 feet; thence South $09^{\circ} 56' 52''$ East, 57.80 feet; thence south $04^{\circ} 06' 11''$ East, 100.97 feet; thence South $13^{\circ} 30' 52''$ West, 101.43 feet; thence South $12^{\circ} 57' 25''$ West, 101.27 feet; thence South $28^{\circ} 36' 02''$ East, 100.89 feet; thence South $36^{\circ} 52' 10''$ East, 100.32 feet; thence South $44^{\circ} 18' 16''$ East, 100.12 feet; thence South $63^{\circ} 14' 35''$ East, 107.70 feet; thence South $83^{\circ} 56' 42''$ East, 90.42 feet; thence North $03^{\circ} 16' 06''$ East, 100.05 feet; thence North $36^{\circ} 03' 33''$ East, 38.83 feet; thence South $30^{\circ} 27' 20''$ East, 37.74 feet; thence South $03^{\circ} 35' 32''$ East, 100.40 feet; thence South $01^{\circ} 33' 00''$ West, 100.00 feet; thence South $02^{\circ} 24' 49''$ West, 112.44 feet; thence South $06^{\circ} 04' 10''$ East, 58.35 feet; thence South $08^{\circ} 43' 41''$ East, 182.27 feet to the Southwesterly line of Aldis Avenue extended, thence South $46^{\circ} 46' 06''$ East, 15.24 feet to the East line of said Fractional Section 22; thence south $01^{\circ} 46' 06''$ East, along said East line, 325.27 feet, to a Monument found at Point "C" at the intersection of the East line of said Fractional Section 22 and the Northeasterly line of vacated Baltimore Avenue extended; thence North $46^{\circ} 46' 06''$ West, along the Northeasterly line of vacated Baltimore Avenue extended, 1285.87 feet; thence South $43^{\circ} 13' 54''$ West, 15.90 feet; thence North $55^{\circ} 51' 36''$ West, 465.73 feet; thence North $43^{\circ} 15' 00''$ East, 319.49 feet, to the Southwesterly line of Aldis Avenue extended; thence North $46^{\circ} 46' 06''$ West, along said Southwesterly line, 330.00 feet to the Point of Beginning.

Containing 27.942 acres, more or less.



Exhibit 'B'

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**ARTICLES OF MERGER
OF
RIH PROPCO IN, LLC
WITH AND INTO
RIH ACQUISITIONS IN, LLC**

In compliance with the requirements of the Indiana Business Flexibility Act, as amended (hereinafter referred to as the "Act"), the undersigned Indiana limited liability companies, desiring to effect a merger (the "Merger"), hereby certify that:

Article I

SURVIVING COMPANY

A. The name of the company surviving the Merger is RIH Acquisitions IN, LLC (the "Surviving Company").

B. The Surviving Company is an Indiana limited liability company organized on September 30, 2004, and existing pursuant to the Act.

Article II

MERGING COMPANY

A. The name of the company not surviving the Merger is RIH Propco IN, LLC (the "Merging Company").

B. The Merging Company is an Indiana limited liability company organized on October 16, 2006, and existing pursuant to the Act.

Article III

PLAN OF MERGER

The Agreement and Plan of Merger dated as of September 18, 2007, by and between the Surviving Company and the Merging Company (the "Agreement") containing the information required by the Act is attached hereto as Exhibit A and made a part hereof.

1184146.4 (18178.65088)

GML

Article IV

MANNER OF ADOPTION AND VOTE

The manner of adoption and vote by which the Agreement was approved by each company party to the Merger is as follows:

A. Action by Surviving Company.

1. Action by Managers. The Managers of the Surviving Company approved the Agreement and the Merger by unanimous written consent effective as of September 18, 2007.

2. Action by the sole Member. The sole Member of the Surviving Company approved the Agreement and the Merger by written consent effective as of September 18, 2007.

3. Compliance with Legal Requirements. The manner of the adoption of the Agreement constitutes full legal compliance with the provisions of the Act and the Articles of Organization and Operating Agreement of the Surviving Company.

B. Action by Merging Company.

1. Action by Managers. The Managers of the Merging Company approved the Agreement and the Merger by unanimous written consent effective as of September 18, 2007.

2. Action by the sole Member. The sole Member of the Merging Company approved the Agreement and the Merger by written consent effective as of September 18, 2007.

3. Compliance with Legal Requirements. The manner of the adoption of the Agreement constitutes full legal compliance with the provisions of the Act and the Articles of Organization and Operating Agreement of the Merging Company.

Article V

EFFECTIVE DATE OF MERGER

These Articles of Merger shall be effective as of September 18, 2007 (the "Effective Date").

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IN WITNESS WHEREOF, each undersigned company has caused these Articles of Merger to be signed by duly authorized officers, acting for and on behalf of such company; and each of such companies certifies to the truth of the facts and acts relating to it and the action taken by its Member and Managers, respectively.

Dated as of the Effective Date listed above.

"SURVIVING COMPANY"

RIH Acquisitions IN, LLC,
an Indiana limited liability company,

By Ameristar East Chicago Holdings, LLC, its sole Member

By: *Peter C. Walsh*

Printed: Peter C. Walsh

Title: Vice President

"MERGING COMPANY"

Ray H. Neilsen, Manager

Gordon R. Kanofsky

Gordon R. Kanofsky, Manager

RIH Propco IN, LLC,
an Indiana limited liability company,

By RIH Acquisitions IN, LLC, its sole Member

By: *Peter C. Walsh*

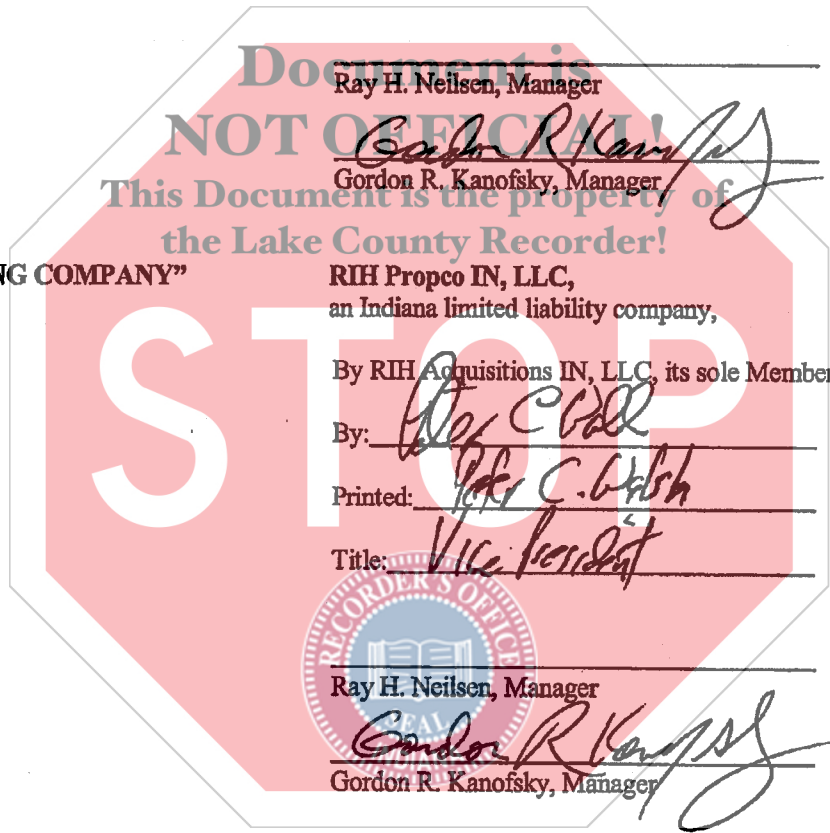
Printed: Peter C. Walsh

Title: Vice President

Ray H. Neilsen, Manager

Gordon R. Kanofsky

Gordon R. Kanofsky, Manager



IN WITNESS WHEREOF, each undersigned company has caused these Articles of Merger to be signed by duly authorized officers, acting for and on behalf of such company; and each of such companies certifies to the truth of the facts and acts relating to it and the action taken by its Member and Managers, respectively.

Dated as of the Effective Date listed above.

"SURVIVING COMPANY"

RIH Acquisitions IN, LLC,
an Indiana limited liability company,

By Ameristar East Chicago Holdings, LLC, its sole Member

By: _____

Printed: _____

Title: _____



Ray H. Neilsen, Manager

Gordon R. Kanofsky, Manager

"MERGING COMPANY"

RIH Propco IN, LLC,
an Indiana limited liability company,

By RIH Acquisitions IN, LLC, its sole Member

By: _____

Printed: _____

Title: _____



Ray H. Neilsen, Manager

Gordon R. Kanofsky, Manager



EXHIBIT A

AGREEMENT AND PLAN OF MERGER



1184146.4 (18178.65088)

A-1

AGREEMENT AND PLAN OF MERGER

Merging

RIH PROPCO IN, LLC,

an Indiana limited liability company,

with and into

RIH ACQUISITIONS IN, LLC,

an Indiana limited liability company

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement and Plan"), effective as of September 18, 2007 by and between **RIH Propco IN, LLC**, an Indiana limited liability company (the "Merging Company"), and **RIH Acquisitions IN, LLC**, an Indiana limited liability company (the "Surviving Company") (the Merging Company and the Surviving Company are sometimes referred to collectively as the "Constituent Companies").

RECITALS

A. The Constituent Companies desire to consummate the business combination transaction outlined in this Agreement and Plan pursuant to which the Merging Company will merge with and into the Surviving Company;

B. The sole Member and the Managers of the Merging Company and the sole Member and the Managers of the Surviving Company deem it advisable that the Merging Company be merged with and into the Surviving Company as authorized pursuant to the provisions of the Indiana Business Flexibility Act (the "Act"), under and pursuant to the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the premises and of the mutual provisions, agreements, covenants, conditions and grants contained in this Agreement and Plan, and in accordance with the provisions of the Act, the parties mutually covenant and agree as follows:

ARTICLE I
The Merger

1.1. **The Merger.** At the Effective Time (defined below), the Merging Company shall be merged with and into the Surviving Company in accordance with applicable provisions of the Act (the "Merger"). The separate existence and company organization of the Merging Company shall cease, and the company existence of the Surviving Company, including all its purposes, powers and objectives, shall continue unaffected and unimpaired by the Merger. The Surviving Company shall continue to be

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a limited liability company governed by the Act and will succeed to all rights, assets, liabilities and obligations of the Merging Company as set forth in the Act.

1.2. **Further Assurances.** If, after the Effective Time, the Surviving Company shall consider or be advised that any further assignments or assurances under the Act or any other documents or instruments are necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Surviving Company, the title to any property or right of the Merging Company acquired or to be acquired by reason of or as a result of the Merger, the officers and Managers of the Surviving Company are hereby authorized, in the name of and for and on behalf of the Merging Company or otherwise, to execute and deliver all such proper deeds, assignments and assurances in law and do all things necessary and proper to vest, perfect or confirm title to such property and rights in the Surviving Company and otherwise to carry out the purposes of this Agreement and Plan.

ARTICLE II

Name, Articles of Organization, Operating Agreements and Managers

2.1. **Name.** The name of the surviving Indiana limited liability company shall be "RIH Acquisitions IN, LLC."

2.2. **Articles of Organization.** The Articles of Organization of the Surviving Company, as amended and restated, shall be the Articles of Organization of the surviving Indiana limited liability company.

2.3. **Operating Agreement.** The Operating Agreement of the Surviving Company, as amended and restated, shall be the Operating Agreement of the surviving Indiana limited liability company.

2.4. **Managers.** The Managers of the Surviving Company shall be the sole Managers of the surviving Indiana limited liability company, who shall hold such positions from the Effective Time until successors are duly appointed by the Member in the manner provided in the Operating Agreement.

ARTICLE III

Membership Interest of the Constituent Companies

3.1 **Membership Interest of the Merging Company.** At the Effective Time, by virtue of the Merger and without any further action on the part of the Merging Company or the Surviving Company, the membership interest(s) of the Merging Company, whose separate existence shall cease, shall automatically and by operation of law be canceled, void and of no further force or effect.

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3.2 **Membership Interest of the Surviving Company.** At the Effective Time, all of the outstanding membership interest(s) of the Surviving Company shall be unaffected by the Merger.

ARTICLE IV
No Dissenting Members

The sole Member and Managers of each of the Merging Company and the Surviving Company, respectively, have approved and consented to this Merger.

ARTICLE V
General Provisions

5.1. **Effective Time.** The Merger shall become effective at the time designated in the Articles of Merger executed by the Surviving Company and the Merging Company (the "Effective Time").

5.2. **Manner of Termination.** This Agreement and Plan and the transactions contemplated hereby may be terminated at any time prior to the Effective Time:

(a) By the mutual consent of the Surviving Company and the Merging Company; or

(b) By the Surviving Company, if it shall determine in its sole discretion that the transactions contemplated by this Agreement and Plan have become inadvisable or impracticable for any reason.

5.3. **Effect of Termination.** Upon termination as provided in this Article, this Agreement and Plan shall be void and of no further force or effect, and there shall be no obligation on the part of the Surviving Company or the Merging Company or their respective Members, except for payment of their respective expenses.

5.4. **Effect of the Merger.** From and after the Effective Time, the Surviving Company shall possess all of the assets, rights, privileges, immunities, powers and franchises, and shall be responsible and liable for all of the duties, liabilities, debts and obligations of the Surviving Company and the Merging Company, respectively.

[SIGNATURES APPEAR ON FOLLOWING PAGE;
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IN WITNESS WHEREOF, the parties have executed this Agreement and Plan of Merger by their respective officers duly authorized as of the date and year first above written.

"SURVIVING COMPANY" **RIH Acquisitions IN, LLC,**
an Indiana limited liability company,

By Ameristar East Chicago Holdings, LLC, its sole Member

By: *Peter C. Walsh*

Printed: Peter C. Walsh

Title: Vice President

Ray H. Neilsen, Manager

Gordon R. Kanofsky
Gordon R. Kanofsky, Manager

"MERGING COMPANY" **RIH Propco IN, LLC,**
an Indiana limited liability company,

By RIH Acquisitions IN, LLC, its sole Member

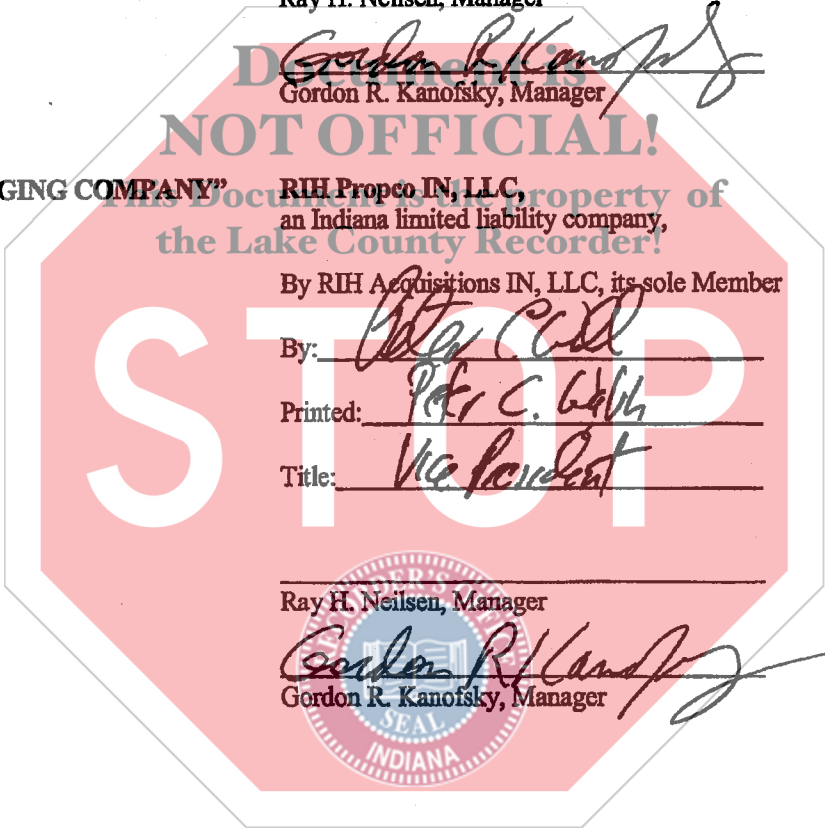
By: *Peter C. Walsh*

Printed: Peter C. Walsh

Title: Vice President

Ray H. Neilsen, Manager

Gordon R. Kanofsky
Gordon R. Kanofsky, Manager



IN WITNESS WHEREOF, the parties have executed this Agreement and Plan of Merger by their respective officers duly authorized as of the date and year first above written.

"SURVIVING COMPANY" **RIH Acquisitions IN, LLC,**
an Indiana limited liability company,

By Ameristar East Chicago Holdings, LLC, its sole Member

By: _____

Printed: _____

Title: _____



Ray H. Neilsen, Manager

Gordon R. Kanofsky, Manager

"MERGING COMPANY" **RIH Propco IN, LLC,**
an Indiana limited liability company,

By RIH Acquisitions IN, LLC, its sole Member

By: _____

Printed: _____

Title: _____



Ray H. Neilsen, Manager

Gordon R. Kanofsky, Manager

