

**SECOND AMENDMENT TO
MANAGEMENT AGREEMENT FOR THE
ORPHEUM, STATE AND PANTAGES THEATRES**

THIS AGREEMENT is made and entered into as of this ____ day of December, 2003, by and between the MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY, a public body corporate and politic under Minnesota law ("Owner"), and HISTORIC THEATRE GROUP, LTD, a Minnesota corporation (the "Manager").

WHEREAS, the Owner and the Manager did enter into that certain "Management Agreement for the Orpheum, State and Pantages Theatres", dated December 31, 2001 (the "Agreement"); and

WHEREAS, the Agreement was amended (the "First Amendment") on April 7, 2003 to modify a redundant and contradictory provision; and

WHEREAS, the Agreement provides in Article III that the Initial Term of the Agreement shall commence on January 1, 2002, and continue through and including December 31, 2006, subject to earlier termination in accordance with Article III and Article VIII thereof; and

WHEREAS, the Owner and the Manager now desire to revise the ending date of the Initial Term of the Agreement in order to facilitate the City's process for a determination of a long-term plan for the Theatres and for the Hennepin Theatre District.

THEREFORE, the parties hereto agree to the following Amendments to the Management Agreement:

(1) The ending date of the Initial Term of the Agreement, as contained in Article III of the Agreement, is amended from December 31, 2006 to June 30, 2006, and remains subject to earlier termination in accordance with Article III and Article VIII thereof; however, notice by Owner to Manager shall be given on or before December 31, 2004 in order to effectively terminate the Agreement on June 30, 2006.

(2) For the period of the Initial Term between January 1, 2006 and June 30, 2006, the scenario for the calculation and payment of both the Periodic Fixed Fee and the Incentive Fee shall remain as contained in Article V of the Agreement, and Manager shall receive the Periodic Fixed Fees and Incentive Fees earned during this six-month period. For the six-month portion of the Initial

Term between July 1, 2006 and December 31, 2006, Manager shall not be entitled to the payment of the Periodic Fixed Fees, but shall be entitled to a portion of the Incentive Fees generated by the Theatres to be determined as follows:

(a) Owner shall calculate the Incentive Fees generated by the Theatres for the period between July 1, 2006 and December 31, 2006 as if Manager had remained Manager of the Theatres for all of calendar 2006.

(b) For the period July 1, 2006 through December 31, 2006, Owner shall remit to Manager on a monthly basis within thirty (30) days after the end of each month, an amount equal to fifty percent (50%) of the monthly Incentive Fees Manager would have received had it continued as Manager for the period July 1, 2006 through December 31, 2006, up to a maximum amount calculated as follows:

(i) From the amount of \$323,693.00 (agreed by the parties to be fifty percent (50%) of the average amount that the Manager has earned in Management Fees for the calendar years 2001, 2002, and 2003), the amounts paid by Owner to Manager as Periodic Fixed Fees for the period January 1, 2006 through June 30, 2006 shall be deducted.

(ii) From the net amount arrived at in (i), above, the amounts of any Incentive Fees paid by Owner to Manager as Incentive Fees for the period January 1, 2006 through June 30, 2006 shall be deducted.

(iii) The net amount arrived at in (ii), above, shall be the maximum amount due Manager from Owner under this Section (b) for Incentive Fees for the period from July 1, 2006 through December 31, 2006.

(3) The parties agree that the amounts otherwise due Manager for events booked during the period July 1, 2006 through December 31, 2006 (herein "the Period") under the provisions of the Agreement contained in Section 4.1 (d) Licensing Beyond Term, will not be paid. However for events booked by Manager after December 31, 2006 which meet the conditions contained in Section 4.1 (d), Manager shall be paid Post-Term Fees.

(4) With regard to Section 4.1 (o) Responsibility for Annual Operating Deficits, and Section 4.1 (p) Distribution of Annual Operating Profits, these provisions shall remain in full force and effect through and until December 31, 2005, at

which time Manager shall remit to Owner fifty percent (50%) of any Annual Operating Deficit under Section 4.1 (o), or in the alternative, remit to Owner any Annual Operating Profit due under Section 4.1 (p) of the Agreement. These amounts shall be paid to Owner by Manager on or before January 31, 2006.

(5) For the period January 1, 2006 through June 30, 2006 (herein the "Period"), Owner shall retain one-hundred percent (100%) of any surplus funds in the Operating Account as of June 30, 2006, and Manager shall have no responsibility for any portion of any potential Annual Operating Deficit under Section 4.1 (o), except as follows:

(a) Manager agrees to reimburse Owner for that portion of Manager's expenditures for Selected Operating Expenses during the Period which exceeds the average of these expenditures during the same six-month period for the fiscal years from 1999 through 2003 (herein the "Average Expenditures"). The Average Expenditures are agreed by the parties to be \$974,829.00.

(b) If utility costs (as opposed to utility usage) for the Period increase by over ten percent (10%) from the Average Expenditures, then Manager shall be responsible only for the first ten percent (10%) of this increase in utility costs, and Owner will be responsible for any utility costs in excess of ten percent (10%).

(c) Manager shall remit to Owner any amounts due under this Paragraph (5) within thirty (30) days after the end of the Period. If, under Section 4.1 (p) of the Agreement, there remains a positive amount in the Operating Account's Surplus Funds after the final accounting between Manager and Owner after the end of the 2005 operating year, then Manager may offset the payment of any amounts due under this Paragraph (5)(c) up to the amount of the Surplus Funds.

(6) Section 1.20 of the Agreement is restated in its entirety as follows:

1.20 "Master Use Agreement" shall mean a form of agreement providing for exclusive rights to present a Broadway Season at the Theatres, which as of the date of this Second Amendment is the Master Use Agreement by and between Owner and Hennepin Theatre Trust originally dated April 23, 1998 and assigned by Owner to Hennepin Theatre Trust via an Assignment and Assumption Agreement dated October 31, 2002.

(7) Section 1.31 of the Agreement is restated in its entirety as follows:

1.31 "Theatre Coordinating Committee" shall mean a committee made up of four (4) designees of Owner and three (3) designees of Manager, including Manager's President and CFO.

(8) The remainder of the Agreement is restated and remains unchanged in its entirety.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to the Agreement the day and year first above written.

MANAGER:
HISTORIC THEATRE GROUP, LTD.

OWNER:
MINNEAPOLIS COMMUNITY
DEVELOPMENT AGENCY

BY _____
H. Fred Krohn
Its President

BY _____
Charles T. Lutz
Its Deputy Executive Director

Approved as to form:

By _____
Its _____