

**FIRST AMENDMENT TO
DEVELOPMENT AGREEMENT**

This First Amendment to Development Agreement ("Amendment") is entered into this ___ day of January, 2010 by and between the City of Billings, a municipality of the State of Montana ("City"), Downtown Billings Partnership, Inc., an I.R.C. §501(c)(4) Montana non-profit corporation, ("DBP"), and The Babcock, LLC, a Montana limited liability company ("Developer").

WHEREAS, on September 22, 2008, City, DBP and Developer entered into that certain Development Agreement ("Development Agreement") to establish the terms and conditions for completion of the Babcock Theater Project as an urban renewal project.

WHEREAS, Developer has requested that City and DBP extend the Phase 1 completion date and related provisions of the Performance Schedule under the Development Agreement to February 1, 2011, to permit sufficient time to complete the façade renovation of the Babcock Building.

WHEREAS, Developer has provided City and DBP with its written commitment to complete Phases 2 and 3 of the Project, together with the Member Guarantees of Developer's individual limited liability company members, according to the terms of the Development Agreement.

NOW, THEREFORE, City, DBP and Developer hereby agree as follows:

1. Amendments to Development Agreement:

(A) The first sentence, following the title, of Section 3.6 of the Development Agreement shall be deleted and replaced with the following:

Developer shall complete Phase 1 of the Developer's Improvements, to the satisfaction of DBP and City, by the Phase 1 completion date of February 1, 2011, set forth in the Performance Schedule.

(B) The Performance Schedule attached as Exhibit 6 to the Development Agreement is hereby amended to reflect the Phase 1 completion date of February 1, 2011.

2. Effective Date:

This Amendment shall be effective as of January 25, 2010.

3. Effectiveness of Development Agreement:

Except as expressly provided herein, the Development Agreement and City Deed of Trust remain valid and effective, and nothing in this Amendment shall be deemed to waive or modify any of the provisions of the Development Agreement or the City Deed of Trust. In the event of any conflict between the Development Agreement, this Amendment, or any other

"Developer"

The Babcock, LLC

By: _____
Michael S. Mathew, Member Manager

By: _____
Catherine G. Foster, Member Manager

By: _____
Kimberly A. Olsen, Member Manager

By: _____
Donald J. Olsen, Member Manager

STATE OF MONTANA)
 :SS
County of Yellowstone)

This instrument was acknowledged before me on _____, 2010 by Michael S. Mathew, Catherine G. Foster, Kimberly A. Olsen and Donald J. Olsen, as the Authorized Member Managers of The Babcock, LLC.

(SEAL)

Printed Name: _____
Notary Public for the State of Montana
Residing at _____, Montana
My Commission expires: _____