



City of Las Vegas
Office of the City Attorney
Civil Division

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March 5, 1997

Paul Larsen Esq.
300 S. 4th Street #1700
Las Vegas NV 89101

VIA HAND DELIVERY

Dear Mr. Larsen,

Thank you for drafting the Memorandum of Understanding we discussed on the telephone Tuesday. With two minor exceptions, your numbered paragraphs containing the particulars of the Memorandum satisfactorily set forth the temporary solution suggested by the Mayor.

The changes required by the City to that portion of the document are set forth in the paragraph numbered 2 on the attached sheet. A minor change by your client to the plans, as drawn, could have a significant effect upon the City's use of the system and therefore would not be permitted. Nevertheless, if your client devises some modification which does not adversely affect the City, you will find us flexible in accommodating you. We will rely upon the counsel of our engineer, Matt Chapman, in regards to our position on deviations from the current plans.

The recitals in the preface to the numbered paragraphs are not neutral and are therefore unsatisfactory. I have submitted, in paragraph 1 of the attached sheet, a series of paragraphs which the City requires be substituted for the draft recitals.

Finally, the signature line for the City should be prepared for Larry Barton, City Manager.

While this temporary solution appears to make it possible for your client to move forward and recapture something like the speedy timetable he has set for himself on planting, there are serious issues regarding the legal entitlement of Nevada Links to go forward with *any* work on this project. I have reviewed the original Lease and Management agreement in some detail since we met on the Distribution System problem. It is quite plain that your client has not met several of the essential requirements for work to have commenced on this project. I do not mention this to suggest that the City is unwilling to proceed as set forth in the Memorandum of

Understanding, however, by signing the Memorandum and giving a sanction for progress on this portion of the construction, it must be understood that we waive none of our rights under the Lease and Management Agreement, nor do we excuse the performance of any contractual obligations by your client.

These concerns relate to a series of significant missteps by your client in rushing forward with construction. Essentially, none of the necessary predicates to the commencement of construction set forth in our contract appear to have been followed. The most prominent faults relate to the failure to post performance security and to have obtained the approval of the City Manager on the final plans for construction. I was recently informed that plans for this project have not yet been drawn, much less reviewed and finalized by the City.

Mr. Walters has previously delivered a good product to the City by construction of the Desert Pines Golf course. You are therefore, being warned of the need for immediate compliance with all contractual obligations rather than being given a notice of breach. We will not tolerate a continuing failure to comply with contractual obligations.

Sincerely,

John Redlein
Chief Deputy City Attorney