

NEGOTIATIONS OF 3-19-98

VOID THE DECEMBER '97 WATER AGREEMENT.

TRANSFER CERTAIN OBLIGATIONS FORMERLY SET FORTH IN THAT AGREEMENT TO THE LEASE AND MANAGEMENT AGREEMENT BY THIS SECOND AMENDMENT TO THE LEASE AND MANAGEMENT AGREEMENT.

NEVADA LINKS ASSUMES RESPONSIBILITY TO CONSTRUCT A WATER DISTRIBUTION SYSTEM, SUPPLY MAINTENANCE & ASSUME REPAIR RESPONSIBILITY FOR THAT SYSTEM. NEVADA LINKS WILL BE RESPONSIBLE FOR PUMP REPLACEMENT, LIABILITY FOR PUMP AND SYSTEM FAILURE, AS WELL AS ELECTRICAL OPERATING COSTS DURING THE TERM OF THE LEASE AND MANAGEMENT AGREEMENT.

THE WATER SYSTEM SHALL BE THE PROPERTY OF NEVADA LINKS AND BECOME A PART OF THE GOLF COURSE IMPROVEMENTS WHICH SHALL EVENTUALLY BECOME CITY PROPERTY AT THE END OF THE LEASE TERM.

CITY, IN EXCHANGE FOR THESE MODIFICATIONS, AGREES TO GIVE EFFLUENT DELIVERY CREDITS TO NEVADA LINKS AT THE LINKS, STALLION MOUNTAIN (.20 PER THOUSAND) AND AT DESERT PINES (AT .39 PER THOUSAND) GOLF COURSES IN AN AGGREGATE AMOUNT OF \$1,700,000.

CORRECTIONS TO MEMORANDUM OF UNDERSTANDING

1. Substitute for all of your "WHEREAS" paragraphs the following:

WHEREAS Nevada Links and the City executed a Water Provision Agreement ("Water Agreement") on December 8th, 1997 wherein the Nevada Links agreed, in relevant part, to "design, construct, operate and maintain facilities upon the upon the Leased Property including, but not limited to, retention basins, storage tanks, reservoirs and other storage facilities ("Storage Facilities") which are sufficient to store the effluent sold to Nevada Links..." and the City agreed, in relevant part, to "design, construct operate and maintain in a subterranean water conveyance system, including, but not limited to the installation of pipes and pumping stations ("Distribution System") which is capable of delivering the effluent from its point of origination at the WPCF to the Storage Facilities" at the Links at 5795 Vegas Valley Drive in Las Vegas, Nevada; and

WHEREAS, the Storage Facilities were to be completed by Nevada Links and be operational on or before July 1, 1998.

WHEREAS a dispute has arisen regarding the nature, scope, cost and time necessary for completion of the Distribution System; and

WHEREAS Nevada Links requires a certain Distribution System to be constructed immediately in order to adhere to its updated construction schedule; and

WHEREAS the time necessary for resolution of the dispute between the City and Nevada Links regarding the nature of and time for completion of a Distribution System by the City would disrupt Nevada Links' updated construction schedule; and

WHEREAS the City has a contract with Western Summit/TIC ("Western Summit") for construction of a Distribution System which Nevada Links believes must be constructed and which, if performed by Western Summit, would reduce the disruption of Nevada Links's construction schedule, nevertheless, the City believes that it is not obliged to construct this particular system and is lawfully unable to execute its contract with Western Summit; and

WHEREAS Nevada Links is willing to resolve the dispute over the scope and cost of the system required by the Water Agreement at a later time and execute the contract with Western Summit in place of the City in order to adhere to its updated construction schedule,

THEREFORE, the parties have reached the immediate solution set forth in this Memorandum of Understanding as follows:

2. Strike the word "substantially" from numbered paragraph 2.

4. Prepare City signature line for Larry Barton, City Manager.

ADDITION TO MEMORANDUM OF UNDERSTANDING

Add paragraphs as follows:

7. Nevada Links understands that the solution set forth in this Memorandum is a course of action with the peril, in addition to the eventual possibility that the City will make only a limited financial contribution to the construction and operation of the Distribution System desired by Nevada Links, that the solution has not and may not be ratified by the City Council. Without such ratification, Nevada Links will acquire no legal right to proceed in the manner set forth in this Memorandum. Should the City Council refuse to proceed in the manner set forth in the Memorandum, Nevada Links may be required to halt progress upon the construction contemplated by the Memorandum.

8. In the event that the City Council decides upon a course of action which does not include construction of a high pressure Distribution System upon the City's Water Treatment facility, Nevada Links will be permitted to remove any equipment which has been installed pursuant to this Memorandum to the extent which this may be accomplished without damage to the City's property and equipment.

9. The City will cause the matters set forth in this Memorandum to be placed upon the next possible agenda for consideration by the Las Vegas City Council.