

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is executed this 23rd day of March, 1998 by and between the City of Las Vegas, a Municipal Corporation of the State of Nevada ("City"), and Nevada Links, Inc., a Nevada corporation ("Nevada Links").

This Memorandum of Understanding is premised upon the following recitals:

WHEREAS Nevada Links and the City executed a Water Provision Agreement ("Water Agreement") on December 8, 1997 wherein the Nevada links agreed to construct and maintain water storage facilities upon the Leased Property which are sufficient to store water sold to Nevada Links and the City agreed to construct and maintain a water conveyance system which is capable of delivering the effluent from its point of origination at the WPRCF to the water storage facilities at the Links at 5795 Vegas Valley Drive in Las Vegas, Nevada; and

WHEREAS the Water Agreement requires the City to complete the Distribution System on or before July 1, 1998 ("Completion Date"), however, Nevada Links now desires that the Distribution System be operational as soon as is possible; and

WHEREAS the City has a contract with Western Summit/TIC ("Western Summit") for construction of the Distribution System which Nevada Links believes should be constructed and which, if performed by Western Summit, would reduce the disruption of Nevada Links' construction schedule, nevertheless, the City now believes it is lawfully unable to execute its contract with Western Summit to construct this high pressure system and further believes that installation of such a system has undesirable results regarding costs of operation, maintenance and potential liability of the City; and

WHEREAS the time necessary for resolution of the dispute between the City and Nevada Links regarding the nature of, time for completion of and costs of the Distribution System would delay Nevada Links' construction schedule; and

WHEREAS Nevada Links is willing to execute a contract in place of the Western Summit Contract in order to adhere to its updated construction schedule; and

WHEREAS the Lease and Management Agreement describing the site, elements and operation of the golf course to be constructed by Nevada Links contemplates construction upon three parcels of land; and

WHEREAS since the date of the Lease and Management Agreement approximately two and one-half acres of additional land on what was once designated as Stephanie Street, between Desert Inn Road and Vegas Valley Drive, as well as a fourth parcel of land constituting approximately twenty-five acres, located immediately South of parcel number three (together, the "Additional Property") have become available for inclusion in the golf course development project; and

WHEREAS Nevada Links and the City Manager believe the Additional Property to be appropriate for inclusion in the Leased Property; and

WHEREAS a decision by the City to add the Additional Property to the Leased Property requires prior consideration by the City's Real Estate Committee and the Las Vegas City Council; and

WHEREAS the City Manager is prepared to recommend the addition of the Additional Property to the Leased Property to the City's Real Estate Committee and to the City Council upon the terms set forth in the attached Second Amendment to the Lease and Management Agreement; and

WHEREAS Nevada Links desires to and is prepared to immediately improve the additional land and incorporate it into the development of the site.

THEREFORE, the parties have reached the immediate solution to the problems regarding the Water Distribution System and the total acreage to be included in the golf course project set forth in this Memorandum of Understanding as follows:

1. Nevada Links shall have the right to go forward and complete the Distribution System using the same basic specifications as set forth in the Western Summit contract, or as may be approved by the City Director of Public Works, and the City will not interfere with Nevada Links' completion of the Distribution System;

2. In completing the construction of the Distribution System, Nevada Links does so at its own risk, and by allowing Nevada Links to go forward, the City in no way agrees or promises that Nevada Links shall be reimbursed for the full expense of completing the Distribution System. Nevada Links shall not construe the City's acquiescence in Nevada Link's completion of the Distribution System as an admission, waiver or estoppel of any defense that the City might have against reimbursing Nevada Links for the cost of the completion of the enhanced system. Nevertheless, the City Manager hereby agrees to recommend to the City Council that Nevada Links be reimbursed for all its costs in causing Western Summit to construct the high pressure system.

3. In exchange for this recommendation, Nevada Links agrees to be responsible for the maintenance, repair and any necessary replacement of the high pressure pump system during the term of the Water Provision Agreement as well as responsible for the cost of electricity demanded by the operation of this system. Nevada Links specifically agrees that City toleration of the installation of the high pressure system is being given, partly, in exchange for a permanent waiver

and rescission of section 6.4 of the Water Provision Agreement insofar as it makes the City liable for damage caused by any failure of the system Nevada Links desires to be installed.

4. The City and Nevada Links agree that in the event the Las Vegas City Council approves reimbursement to Nevada Links by giving credit against any amount due for water usage pursuant to the water agreement for the expense of installing the Distribution System, the City shall be entitled to copies of any and all records regarding the costs associated with that completion, including expenses for vendors, contractors, subcontractors, and associated costs and expenses.

5. The parties agree that if the City approves installation of the Distribution System by Nevada Links, once completed, it shall be turned over to the City by Nevada Links and shall thereafter be considered to be the property of the City.

6. In the event that the City Council decides upon a course of action which does not include construction of the Distribution System by Nevada Links, 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, and all terms and provisions of the Water Agreement shall remain in full force and effect.

7. The City Manager will recommend to the City Council that the Additional Property be added to the Leased Property upon the terms set forth in the Second Amendment to the Lease and Management Agreement attached as an exhibit to this Memorandum.

8. Until such time as a final decision has been made by the Las Vegas City Council upon the Amendment, Nevada Links will be permitted to move forward with construction upon the Additional Property as though by right.

9. In the event that the City Council decides upon a course of action which does not include

an addition of the Additional Property to the golf course project, Nevada Links will be permitted to remove any improvements constructed upon such additional parcels and will restore the additional parcels to a condition approximating that existing before entry upon the Additional Property was permitted.

10. Nevada Links understands that the solution set forth in this Memorandum is a course of action with peril. There exists, in addition to the possibility that the City will make only a limited financial contribution to the construction and operation of the Distribution System the possibility that the City may insist upon removal of the Distribution system and proceed with the installation of the Distribution System pursuant to the Water Agreement. Further, that the City may decline to add the Additional Property to the Leased Property and require redesign of the plan Nevada Links now has for incorporation of such additional land. It is possible that none of the immediate solutions set forth in this Memorandum, which have been agreed upon by Nevada Links and the City Manager will be ratified by the City Council. Without such ratification, Nevada Links will acquire no legal rights to proceed as set forth in this Memorandum. Should the City Council refuse to proceed in the manner set forth in this Memorandum, Nevada Links may be required to halt progress upon the construction contemplated by this Memorandum.

11. The City will cause the matters set forth in this Memorandum to be placed upon the next possible agendas necessary for consideration by the City's Real Estate Committee and/or the Las Vegas City Council, as the case may be.

12. The parties agree that time is of the essence regarding this Memorandum of Understanding, and that in order to facilitate the immediate solutions set forth in this Memorandum, Nevada Links and its contractors shall have an immediate and limited license to enter upon City

owned property as reasonably required to install the Distribution System and to make improvements upon the Additional Property.

So agreed this 23^d day of March, 1998.

NEVADA LINKS, INC.

CITY OF LAS VEGAS

BY: William T. Walters
William T. Walters, President

BY: Larry Barton
Larry Barton, City Manager