

CITY OF HENDERSON

City Attorney's Office

Josh M. Reid, City Attorney

P.O. Box 95050, MSC 144

Henderson, NV 89009-5050

(702) 267-1200

VIA E-MAIL & HAND DELIVERY

November 29, 2012

Vanessa Hice
Assistant Field Manager, Division of Lands
4701 N. Torrey Pines Drive
Las Vegas, NV 89130

Re: Request to Refrain From Processing or Issuing Land Patent to Silver State Land, LLC

Dear Ms. Hice:

We are writing to request that the Bureau of Land Management (the "BLM") immediately refrain from issuing a land patent conveying to Silver State Land, LLC the approximately 480 acres in the Las Vegas Valley (the "Property") that was the subject of a Notice of Realty Action published on April 4, 2012 (the "Notice"). There is currently a dispute relating to the validity of the sale transaction as well as the attempted termination of the Amended and Restated Master Project Agreement dated October 11, 2012, as amended by the First Amendment to the Amended and Restated Master Project Agreement (the "Agreement"). The City believes that the transaction may not be valid and appears to be tainted by fraudulent representations by Christopher Milam, his agents, and his entities Silver State Land, LLC ("SSL") and Las Vegas National Sports Center, LLC ("LVNSC") to the City (and in turn to the BLM) in connection with the transaction.

As you are aware, pursuant to the SNPLMA, the City proposed the sale of the Property by the BLM based upon the fact that the City and LVNSC had entered into certain agreements for the development of the property into a national and international sports complex (the "Project") and that LVNSC and its affiliates would proceed with the development of the Project. Moreover, in furtherance of the Agreement, the City requested the BLM select SSL as the designated bidder for the Property in accordance with the provisions of FLPMA, 43 U.S.C. § 1713(f)(2) and 43 C.F.R. § 2711.3-2(a)(1)(i). The BLM designated SSL as the designated bidder under its modified competitive bidding authority on the stated understanding that "[SSL] agrees to develop the property for public recreation and commercial uses approved by the City of Henderson." 77 Fed. Reg. 20414.

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The City nominated the Property for sale by the BLM and recommended the selection of SSL as the designated bidder based upon the Agreement and the repeated representations and assurances made by Milam, LVNSC, and SSL that they fully intended to develop the Property for the Project and their ongoing assurances that the project was economically viable. The BLM necessarily relied upon the existence of the Agreement and the proposed development of the Property for a sports complex as specified in the Master Plan Overlay and applicable zoning documents when approving the modified competitive, sealed bid sale of the Property. After the BLM followed the modified competitive bidding procedures prescribed in the Notice, SSL became the successful bidder for the Property. Thus, the City and the BLM were each led to believe that Milam's entities would proceed with the development of the Project in accordance with the Agreement.

The sale of the Property was expressly premised upon the existence of the Agreement and Milam's and his entities' commitment to develop the Project for public recreation and commercial uses. We understand that yesterday, November 28, 2012, Milam caused SSL to tender the balance of the purchase price for the Property into escrow in order to effectuate the issuance of a land patent conveying the Property to SSL. However, at 5:25 pm yesterday evening, the City received a written notice from Milam and his entities purporting to terminate the Agreement with the City *on the ground that the Project was not viable*. A copy of Milam's letter is enclosed herewith. But Milam's letter also states "[w]e are fully committed to achieving development of the arena complex and accompanying development" and that "[w]e will continue to spend significant time and resources to achieve this goal," which clearly demonstrates that the project is viable as previously represented by Milam and his entities. Even today Milam continues to express a desire to proceed with the development of the Project.

Moreover, prior to his attempted termination of the Agreement, Milam and his agents have been actively promoting the Property to third parties for a prospective residential development in direct contravention of the terms and conditions of the Agreement and the premises upon which the BLM authorized the sale of the Property. See attached letter to Milam from the City dated November 26, 2012 and Milam's Marketing materials dated October 8, 2012. Note on the Marketing Materials that Milam asserts that the "BLM Land Purchase Completed – June 4, 2012" on page 3 and on page 7 that "if the Arena or stadium are not developed additional mixed-use and residential will be developed."

Further, the City is concerned that the potential competition for the BLM sale of this land was stifled by Milam. Based on Milam's agreements with the City, the NORA was drafted very specifically and Milam's firm was identified as the designated bidder. Further, Milam provided the City with his requested Master Plan Overlay which further restricted the use of the property. These restrictions limited the potential pool of interested bidders. Now, after Milam bids on the property, he is seeking to change the rules and offer this same

Vanessa Hice
Assistant Field Manager, Division of Lands
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encumbered property to others with the potential for no arena to be built and for the tract to be used for residential purposes.

In light of these significant discrepancies, it is imperative that the BLM refrain from processing and issuing a land patent pending a determination of whether an actual termination of the Agreement has occurred and whether Milam and his entities intend to proceed with the development of the Project upon which the sale was to be predicated.

The City respectfully requests that the BLM refuse to accept the funds deposited by Milam's entities into escrow and that the BLM refrain from further processing or issuing a land patent conveying the Property to SSL. We further request that the BLM immediately issue a letter to SSL and the City confirming that it will not proceed with processing and the issuance of the land patents to SSL until such time as the foregoing issues are resolved.

Following receipt of the BLM's letter, we will continue to work closely with the BLM to determine how to remedy the unfortunate position the City and the BLM find themselves in as a result of the designated bidder's recent attempted repudiation of the Agreement and the public policies and benefits it is intended to promote.

We thank you in advance for your immediate attention to this matter.

Sincerely,



Josh M. Reid
City Attorney

/JMR
Encl.

cc: Amy Lueders, State Director
Luke Miller, Assistant Regional Solicitor
Jacob Snow, City Manager
Christine Guerci-Nyhus, Senior Assistant City Attorney
Gregory S. Gilbert
Christopher Milam
Christopher Stephens
John Marchiano

HAND DELIVERED

November 28, 2012

City of Henderson
240 Water Street
P.O. Box 95050
Henderson, NV 89009-5050
Attn: Jacob Snow, City Manager

Dear Mr. Snow:

As you know, over the past year, we have spent significant time and resources to make the Las Vegas National Sports Center a reality. While we continue to pursue the project, it has become clear to us that the realities of the overall project as contemplated in the Amended and Restated Master Project Agreement, as amended by the First Amendment to the Amended and Restated Master Project Agreement (the "MPA") is not viable. Because the overall project is not viable as contemplated by the MPA, Las Vegas National Sports Center LLC ("LVNSC") hereby terminates the MPA as authorized and in accordance with Section 3.2 of the MPA.

We are fully committed to achieving development of the arena complex and accompanying development in a way that will greatly enhance the City and surrounding areas. We will continue to spend significant time and resources to achieve this goal. We look forward to working with the City to reshape the project into a development we will all be proud of.

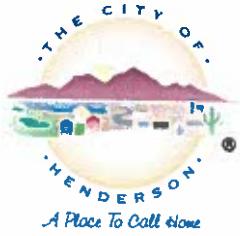
Very truly yours,

LAS VEGAS NATIONAL SPORTS CENTER LLC

By:

Christopher Milam
Member

c: City Attorney - Hand Delivered
Holland & Hart LLP - Via Facsimile



CITY OF HENDERSON

City Attorney's Office

Josh M. Reid, City Attorney

P.O. Box 95050, MSC 144

Henderson, NV 89009-5050

(702) 267-1200

VIA E-MAIL

November 26, 2012

Christopher F. Milam
Las Vegas National Sports Center
P.O. Box 29360
Las Vegas, NV 89126-9360

Re: IDM Marketing Materials Regarding the Arena Property

Dear Mr. Milam:

On November 13th, City Manager Jacob Snow and I attended several briefings with members of the City Council and your representatives (John Marchiano, Chris Stephens and Lee Haney) to discuss the progress of the Arena Project. In the meetings, your representatives assured the members of the City Council that IDM was marketing your project only as an arena project with associated commercial development, and was not marketing the land for residential or other non-arena related purposes. Before the meetings, the City Manager and I had mentioned to your representatives that several real estate developers had reached out to the City stating that IDM was marketing the arena land to them for purposes other than an arena project.

On November 15th, I received a message from a concerned residential real estate developer that the arena land was being marketed for future residential development. To back up his concerns, the developer sent me a copy of IDM marketing materials that he had obtained. A copy of these marketing materials are attached to this letter. The developer was very concerned about the language on page 7 that states:

Flexible Entitlements

The site is entitled for 2,500,000 square feet of mixed use development (including multifamily residential) plus 2,500 hotel room keys which could likely be re-entitled for high density single family residential units. If the arena or stadium are not developed additional mixed-use and residential will be developed.

Christopher F. Milam
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Significant Profit Potential

With the extremely low land basis and proximity to installed infrastructure, it can generate significant returns even if it is able to achieve just a fraction of what the Inspirada builders are currently asking. Not only is the land an excellent parcel for development, at an exceptional basis, but the situation with respect to the proximity, availability and connectivity to roadway and utility infrastructure is unparalleled.

The content of this IDM marketing material is contrary to the statements made by your representatives to Council members that IDM was not marketing the arena property for purposes other than an arena. In addition, the marketing material is misleading in that it outlines the approvals and agreements with the City, but fails to include the First Amendment to the Amended and Restated Master Project Agreement that was entered into on April 17, 2012. As you know, the First Amendment to the Amended and Restated Master Project Agreement contains significant provisions on the transfer of the arena property for purposes other than to build an arena. The City is also concerned about the marketing of the arena property for residential purposes as the City has been very clear from the beginning of this process that it has no interest in rezoning the property for single-family residential uses.

The City requests that you provide an explanation for the aforementioned language found in your marketing materials regarding the arena land. The City also requests that IDM immediately ceases to market the arena land for residential development.

I look forward to your response. Please let me know if you have any questions.

Sincerely,



Josh M. Reid
City Attorney

/JMR

Encl.

LAND ACQUISITION AND DEVELOPMENT



**Largest Contiguous Parcel in West Henderson
Purchased Directly from the BLM
Low Cost Basis
Fully Entitled
Adjacent to Inspirada
Off Site Roads and Infrastructure Readily Available**

October 8, 2012

CONFIDENTIAL MATERIALS

METROPOLITAN LOCATION MAP

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada



ENTITLEMENT MILESTONES

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada

September 6, 2011

City Council unanimously approves Master Project Agreement (MPA) to develop, design, construct and operate a large mixed-use project in west Henderson and issue three series of public revenue bonds in support of the project (Agenda Item NB-063).

City Council unanimously approves LVNSC nomination to the Bureau of Land Management (BLM) for the purchase of approximately 485 acres of land for the development of a sports and entertainment complex in west Henderson (Agenda Item NB-064).

October 13, 2011

Planning Commission unanimously approves a comprehensive plan amendment changing Henderson's Land Use Policy Plan for the 485 acre LVNSC project to "Commercial" (Agenda Item 16, CPA-11-500252).

Planning Commission unanimously approves a zone change for the 485 acre LVNSC project to MR-MP, Regional Mixed Use with Master Plan Overlay (Agenda Item 16, ZCA-11-505257).

Planning Commission unanimously approves amending the Master Streets and Highways Plan to accommodate the 485 acre LVNSC project (Agenda Item 16, MSH-11-500256).

October 18, 2011

City Council holds a public hearing and unanimously approves an ordinance to amend the Land Use Policy Plan for the 485 acre LVNSC project to Commercial, rezone the area to MR-MP and amend the Master Streets and Highway Plan on the site (Agenda Item PH-030).

City Council holds a public hearing and unanimously approves Resolution No. 4003 to amend the Land Use Policy Plan to Commercial (Agenda Item PH-031).

City Council holds a public hearing and unanimously approves Resolution No. 4004 to amend the Master Streets and Highway Plan (Agenda Item PH-032).

City Council unanimously approves the Amended and Restated Master Project Agreement with LVNSC to develop, design, construct, and operate a state-of-the-art stadium and arena sports entertainment complex in west Henderson (Agenda Item NB-039).

City Council unanimously approves Bill No. 2646 amending Ordinance 2869, the Zoning Map, to reclassify the 485 acre LVNSC site to MR-MP (Agenda Item NB-052).

November 2, 2011

City Council Committee introduces and unanimously agrees to refer Bill No. 2646 amending Ordinance 2869 to reclassify the 485 acre LVNSC site to MR-MP to the City Council with a do-pass recommendation (Agenda Item c-003).

City Council introduces and unanimously approves Bill No. 2646 (Agenda Item UB-030).

April 4, 2012

Pursuant to the City of Henderson's request, the Department of Interior, Bureau of Land Management published in the Federal Register the Notice of Realty Action (NORA) for a modified sale of approximately 485 acres to Silver State Land LLC.

April 17, 2012 – First Amendment to the Master Project Agreement to be approved by the Henderson City Council.

May 14, 2012 – Open Escrow at Nevada Title for BLM and CoH.

June 4, 2012 – BLM Land Purchase Completed.

ENTITLEMENT OVERVIEW

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada

Description

The site consists of 480 acres located at 14000 Las Vegas Blvd South within the incorporated boundaries of the City of Henderson, Nevada. The site is approximately 15 minutes from the Las Vegas Resort Corridor (Strip) and 10 minutes from terminals at McCarran Airport. It sits in a highly visible location adjacent to Interstate-15 which connects Las Vegas with Los Angeles. The project was approved on 18 Oct 2011 after two years of intensive negotiations and allows for the development of the following uses on the site -

Mixed Use	2,500,000 sf	Including restaurants, bars, lounges, retail, residential, office and similar uses
Resort	2,500 keys	In one or multiple hotel properties (no gaming is presently permitted)
Stadiums	4	NBA, ML-S, MLB, NFL

Attributes

Market Driven Developments

Eastern 160-acres abutting Inspirada intended for development of high-density residential single and multi-family units.

Central 160-acres intended for development of 3-4 anchor enclosed regional mall and associated residential and offices uses.

Western 160-acres intended for development of four professional sports venues beginning an arena to replace Thomas & Mack and a stadium to replace Sam Boyd.

Land, Entitlements and Infrastructure

Low land cost for a large tract in a direct sale from the Federal government through the Bureau of Land Management.

Comprehensive entitlement package granted by the City Henderson.

Immediately adjacent to significant installed water, waste water, storm water, electrical and gas infrastructure.

Venue Specific Public Bonds

Substantial portion of the capital required in each of the four principal venues will be made available through the use of public revenue bonds.
An effective monopoly for an arena, stadium and ballpark in the Las Vegas metropolitan area for 25 years.

Team

Development, Leasing & Sales	IDM
Financial Advisor Municipal Revenue Bonds	DPPG and Piper Jaffray
Legal (Contracts & Securities Matters)	Pillsbury Winthrop Shaw Pittman
Legal (Local Land Use Matters)	Brownstein Hyatt Farber Schreck
Legal (Sports Related Matters)	Foley & Lardner
BLM Related Matters	Robcyn Consulting
Local Political Matters	H&H and Marchiano Consulting
General Contractor	MJ Dean Construction
Architect of Record (Master Planning / Retail)	RTKL
Architect of Record (Sports Venues)	360 Architecture
Interior Design	Rockwell Group
Civil & Structural Engineer of Record	Atkins Global Engineering
MEP-FP Engineer of Record	WSP Flack & Kurtz
Parking Design & Engineering	Walker Parking Consultants
Specialty & Sports Lighting	WSP Flack & Kurtz
Theatrical Design	Sceno Plus
Electronic Systems	WJHW
Landscape Architecture	SWA Group
Code Life Safety Consulting	Philip Chun
Accessibility Consulting	United Spinal Association
Exterior Skin Design Structural Engineer	Schlaich Bergermann und Partner (Berlin)
Way Finding Signage & Graphics	TILT Graphics
Food Service Consulting	Bigelow Food Service Consulting
Tetra-Tech	Environmental Review

OFFSITE INFRASTRUCTURE DESCRIPTIONS AND COST ESTIMATES

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada

Roads

Gillespie requires only 5,350' of extension in order to connect to the site from the north at Larson which Atkins has estimated will cost \$1,888,550). Via Inspirada requires only 2,550' of extension in order to connect to the site from the east which Atkins has estimated will cost \$900,150. The Inspirada builders are responsible for the financial costs associated with the completion of Via Inspirada all the way to Sloan. If our project completes a section of Via Inspirada in advance, we are entitled to reimbursement by the Inspirada builders.

Additional roads will be required but only in association with the development of the arena and/or stadium, or the regional mall. Those developments will pay their own on and off-site infrastructure cost burdens.

Water

The Project will be tapping into existing infrastructure which was put in the ground for Inspirada. Therefore, only 8,550 lineal feet of 20" water pipe is required, which Atkins has estimated will cost \$690,000 hard/soft/installed.

Sewer

The Project will be tapping into an existing sewer main at St. Rose Parkway. Therefore, only 8,100 lineal feet of 12" pipe is required, which Atkins has estimated will cost \$810,000 hard/soft/installed.

Drainage

The Project is required to provide a channel/berm along the south side of the site (allowed to be off-site on BLM land, thereby not reducing developable acreage), and along the east side (on-site) running north, which Atkins has estimated will cost a total of \$2,314,750 hard/soft/installed.

The City will create regional detention ponds southwest and northeast of the site to service the Project's needs, both off-site, at the time the arena and/or stadium are constructed, with the costs paid by the arena and/or stadium development budgets directly given their large surface parking fields. Atkins estimates the cost of each basin at \$3.5 million which is not material in the context of the arena or stadium budgets (approximately \$500 million and \$300 million, respectively). The basins are off-site and consequently there is no land cost/use associated with them.

Gas & Electricity

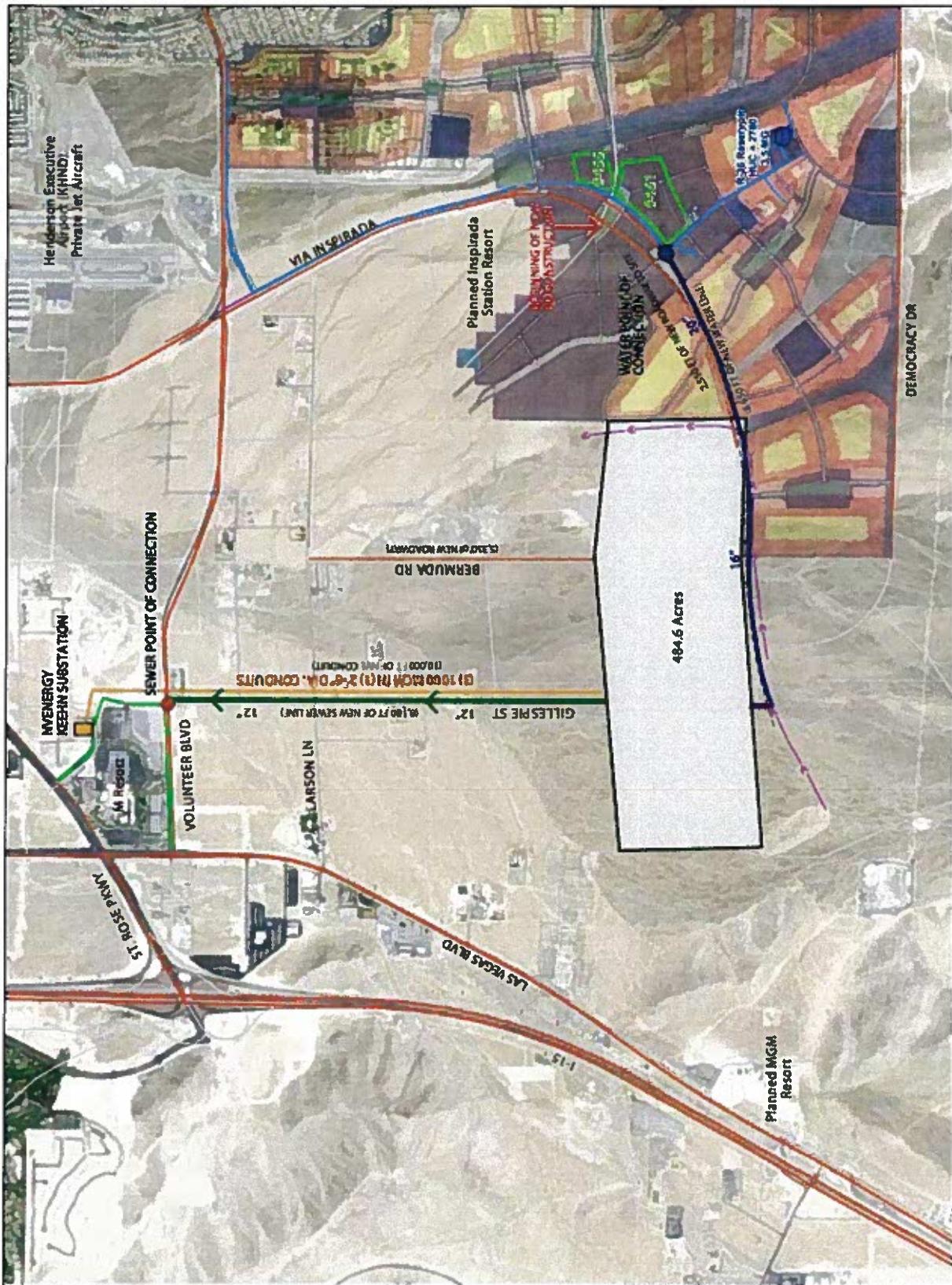
Will be delivered to the site by the utility providers. There's plenty of capacity.

LID Bonds

Any off-site and on-site infrastructure which can be partially or fully paid for through the issuance of LID bonds. Assuming a 5.0x value-to-LID Lien coverage ratio (conservative), based on a serviced acre value of \$150,000 (bottom of the range), the Project could support the issuance of \$14.5 million in bonds which would net \$11.5 million in construction proceeds. The assessment per acre would be approximately \$30,000. Inspirada currently has an in-place assessment per acre of over \$90,000, so the Project would have a very significant cost/marketing advantage over Inspirada.

OFFSITE INFRASTRUCTURE MAP

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada



LAND VALUES

14000 Las Vegas Blvd South
Las Vegas (Henderson), Nevada

Available Infrastructure

The site is currently accessible from Via Inspirada, which is a large road, and all of the infrastructure is located in existing public easements leading directly to the site. There are no barriers that would prohibit the start lot development and/or vertical construction immediately.

Flexible Entitlements

The site is entitled for 2,500,000 square feet of mixed use development (including multifamily residential) plus 2,500 hotel room keys which could likely be re-entitled for high density single family residential units. If the arena or stadium are not developed additional mixed-use and residential will be developed.

Comparable Land Sales

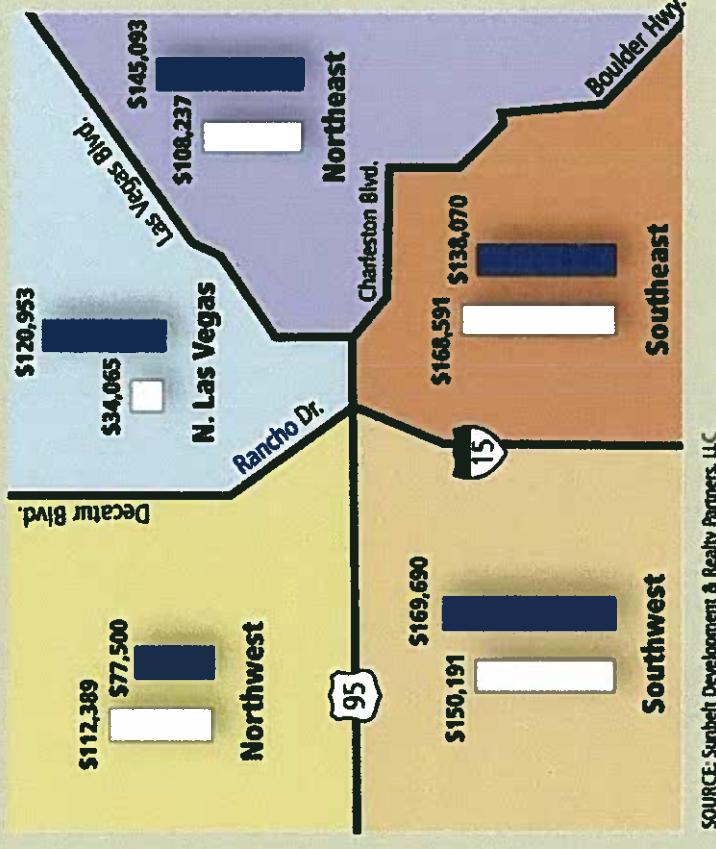
Land is currently trading (closed sales in the last 180 days) in Inspirada Town Center between \$2.31-\$4.30 per square foot (comps attached). The Inspirada builders are asking \$500,000/acre (plus \$90,000/acre in LID debt) for 30+ acre super pads which is \$13.54/sf.

Significant Profit Potential

With the extremely low land basis and proximity to installed infrastructure, it can generate significant returns even if it is able to achieve just a fraction of what the Inspirada builders are currently asking. Not only is the land an excellent parcel for development, at an exceptional basis, but the situation with respect to the proximity, availability and connectivity to roadway and utility infrastructure is unparalleled.

Valley land prices

1st Quarter 2011
1st Quarter 2012



SOURCE: Sunbelt Development & Realty Partners, LLC

CURRENT COMPARABLE LAND FOR SALE

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada

LAND FOR SALE INSPIRADA

LAS VEGAS, NEVADA

PROPERTY DESCRIPTION | INSPIRADA

Property Location:	Inspirada Master Plan, Henderson, NV	POD 2-3	TOWN CENTER
Parcel Numbers:	191-23-510-002	191-14-810-002	191-23-211-006
Total Parcel Size:	38.68 Acres	32.15 Acres	11.30 Acres
Municipality:	Clark County, Nevada	Clark County, Nevada	Clark County, Nevada
Land Use/ Zoning:	Zoned PC residential up to 301 units or 7.78 units / acre	259 Units Bicentennial & Via Firenze All to site	330 Units \$TBD \$500,000/Acre or \$16,075,000
Accessibility:	Bicentennial & Via Firenze All to site	All to site	\$500,000/Acre or \$16,075,000
Utilities:			
Price:			

Description:

Subject parcel is part of the Inspirada Master Plan. Inspirada has an intimate village feel with short blocks, narrow streets and a clean, simple grid. Although each village has its own identity, the master plan emphasizes connectivity with 22 miles of pedestrian trails and 300 acres of shared plazas, parks, paseos and recreation areas. The development will have five school sites, as well as a fire station and the 300-acre Town Center. The Town Center will consist of over 5,000 residential units, restaurants, grocery stores, offices and retail space.

The cornerstone of the Inspirada Town Center is a 45-acre gaming site, just purchased by Station Casino's, and is approved for a 1,000 room hotel/casino with a building height up to 200 feet, 153,000 square foot casino floor, theater and restaurants. The balance of the town center is fully entitled for high density residential and commercial land. There will be a four-lane thoroughfare that will eventually connect directly to I-15.

The subject property(s) will be fully improved by the Consortium into super pads: arterial street improvements, curbs, gutter, landscaping and rough graded pads.



Michael Stuart
mstuart@colliers.com

702.735.5700

The information contained has been obtained from sources we deem reliable and is submitted subject to errors, omissions, notation, change, withdrawal prior to sale, and confirmation of price. All information contained herein is for informational purposes only. No representation is made concerning the accuracy or completeness of the information contained herein. It is the responsibility of the buyer to verify all information contained herein.

RECENT COMPARABLE LAND SALES

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada



Comparable #461



Property Information

Location:	Via Inspirada & Via Monet
Submarket:	Southeast
APN:	191-23-111-006
Zoning:	PC
Master Planned Use:	Planned Community
Sale Date:	7/20/2012
Sales Price:	\$2,150,000
Price Per Acre:	\$100,467
Price Per SF:	\$2.31
Size:	21.4 Acres
Seller:	Eagle SPE NVI, Inc
Seller Cat:	Bank
Buyer:	Danfar Nevada LLC
Buyer Cat:	Private Investment Group

**Searchable Land Comp Database at:
www.sdrp.com**

The information contained on these documents includes forward-looking statements, negotiations, financials, and economic events that are subject to change. Recipients recognize and accept the need to conduct their own thorough investigation prior to investing. Recipients should not construe the comments in this document, or any prior or subsequent communications from Sunbelt Development & Equity Partners, LLC as legal, investment or tax advice. Recipients should consult their own attorney, counsel, accountants and financial advisors as to the legal and tax issues concerning their investment.

Information contained herein was obtained from sources believed to be reliable. Management makes no warranties or representations as to the accuracy. The information is provided on a confidential basis and is intended strictly for use by a limited number of interested parties for the sole purpose of determining potential interest.

RECENT COMPARABLE LAND SALES

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada



Comparable #455



Property Information

Location:	Via Inspirada
Submarket:	Southeast
APN:	191-14-411-008
Zoning:	PC
Master Planned Use:	Planned Community
Sale Date:	7/5/2012
Sales Price:	\$2,275,000
Price Per Acre:	\$187,397
Price Per SF:	\$4.30
Size:	12.14 Acres
Seller:	City National Bank
Seller Cat:	Bank
Buyer:	Danfar Nevada, LLC
Buyer Cat:	Private Investment Group

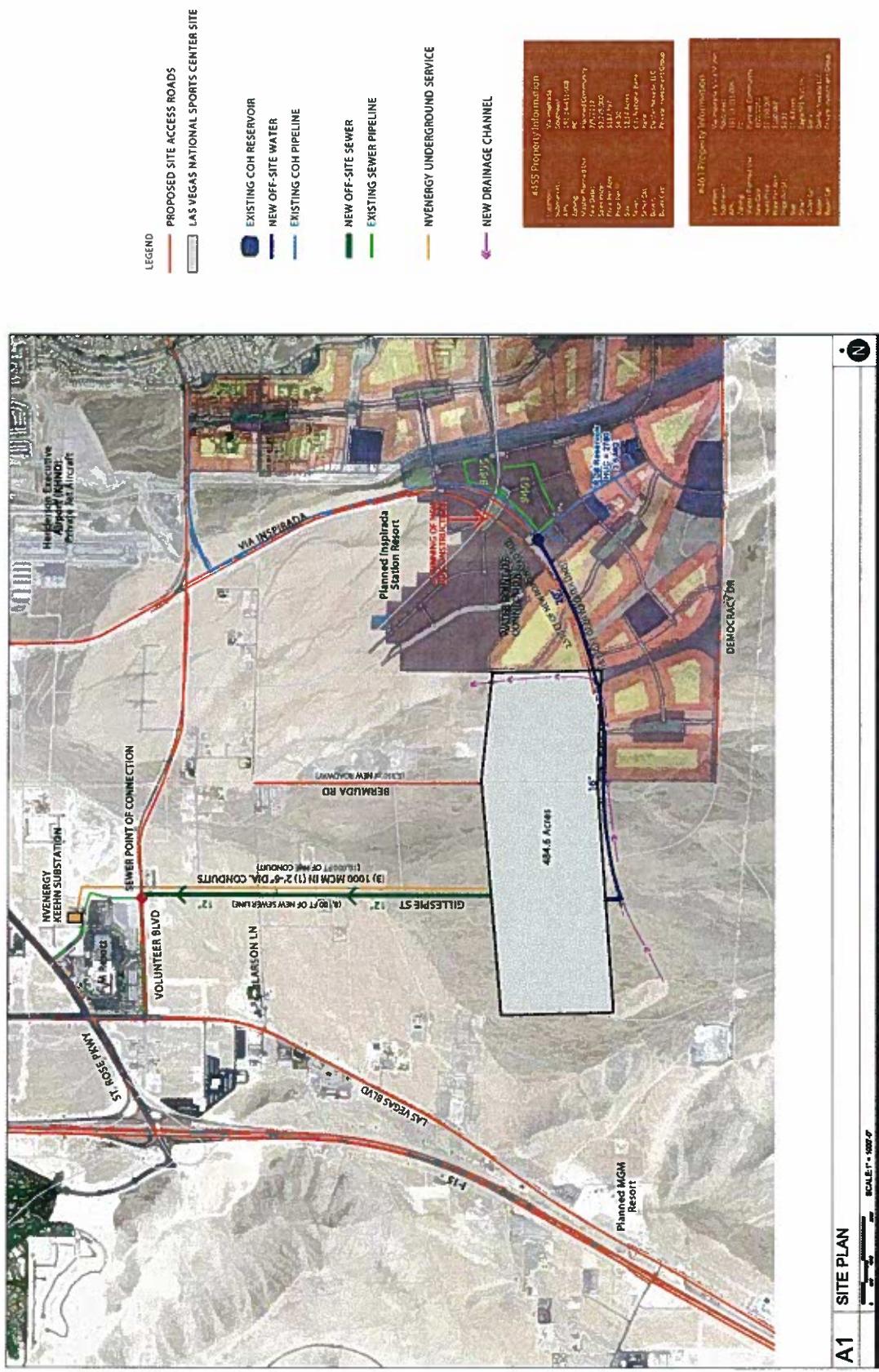
Searchable Land Comp Database at:

www.sdrp.com

The information contained on these documents includes forward-looking statements regarding events and/or economic trends that are subject to change. Readers should not construe the content of this document, or any prior or subsequent communications from Sunbelt Development & Realty Partners, LLC as legal, investment or tax advice. Readers should consult their own competent counsel, accounting and financial advisor as to the legal and related issues concerning their investment. Information contained herein was obtained from sources believed to be reliable. Management makes no warranties or representations as to the accuracy. The material is provided on a confidential basis and is intended strictly for use by a limited number of intended parties for the sole purpose of evaluating potential interest.

RECENT CLOSED LAND SALES

14000 Las Vegas Blvd South
Las Vegas (Henderson) Nevada



UTILITY & ROAD ALIGNMENTS

LAS VEGAS NATIONAL SPORTS CENTER

