

WATER LINE REIMBURSEMENT AGREEMENT

THIS WATER LINE REIMBURSEMENT AGREEMENT (this “**Agreement**”) is made and entered into as of December __, 2006, by and between the CITY OF LAS VEGAS, NEVADA (the “**City**”), and THE HOWARD HUGHES CORPORATION, a Delaware Corporation (the “**Developer**”).

WHEREAS, the Developer has requested that the City conduct proceedings pursuant to the provisions of Nevada Revised Statutes Chapter 271 to form a special improvement district within the City (the “**District**”), to levy special assessments, and to issue one or more series of bonds (hereinafter called “**Bonds**”) to provide for the construction, acquisition, or furnishing of certain public improvements within the District; and

WHEREAS, the Developer has previously constructed certain water lines described in Exhibit A hereto (the “Water Lines”) which will benefit the properties anticipated to be in the District; and

WHEREAS, the Developer has requested that the City levy special assessments against the properties in the District to finance a portion of the cost of the Water Lines as well as other public improvements; and

WHEREAS, the Developer desires to dedicate the Water Lines to the Las Vegas Valley Water District (“LVVWD”) prior to formation of the District and execution of a Development and Financing Agreement between the City and the Developer relating to the District; and

WHEREAS, the Developer has requested that the City reimburse the Developer for a portion of the costs of the Water Lines from proceeds of the Bonds; and

WHEREAS, the City desires to facilitate such reimbursement, subject to the conditions contained in this Agreement.

NOW THEREFORE, the parties, for mutual consideration, agree as follows:

SECTION 1. DEDICATION OF WATER LINES . The Developer agrees to transfer title to the Water Lines by deed, bill of sale or other means reasonably acceptable to LVVWD. Prior to or in connection with such transfer the Developer shall transfer to LVVWD or the City fee title to the real property where such Water Lines are located or, if acceptable to LVVWD or the City, an easement, in form and substance satisfactory to LVVWD or the City, as applicable.

The Developer at the time of transfer shall warrant that the Water Lines have been constructed in accordance with the plans and specifications therefor which have been approved by LVVWD and the City. The Developer agrees to remedy any defects in the Water Lines and pay for any damage to other work resulting therefrom, which shall appear within 1 year from the date of transfer of title of the Water Lines to LVVWD.

SECTION 2. REIMBURSEMENT FROM BOND PROCEEDS. The City hereby agrees to reimburse the Developer for the costs of the Water Lines solely from Bond proceeds if the following occur:

- A. LVVWD accepts the dedication of the Water Lines;
- B. The Development and Financing Agreement between the City and the Developer relating to the District is executed by the City and the Developer; and
- C. The District is created; and
- D. The Bonds are issued and there are sufficient proceeds from the Bonds to reimburse Developer for the costs of the Water Lines.

SECTION 3. RESERVED RIGHTS. This Agreement does not in any way create an obligation or commitment that the City will proceed with the issuance of the Bonds, and the City expressly reserves the right to terminate or abandon the proceedings at any time prior to the issuance of the Bonds, if in the City's sole discretion, it deems such termination or abandonment to be in the best interests of the City.

SECTION 4. BINDING EFFECT. This Agreement shall be binding on the successors and assigns of the parties hereto.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement in Clark County, Nevada, as of the date and year first herein above written.

CITY OF LAS VEGAS

Mayor
City of Las Vegas

APPROVED AS TO FORM:

Val Fleed 12-22-06
Date

City Clerk
City of Las Vegas

THE HOWARD HUGHES CORPORATION,
a Delaware Corporation

By: _____
Title: _____

EXHIBIT A

Description of Water Lines

Summerlin Village 23B

Project 9, 3550 Zone Waterline: Far Hills Avenue, Fox Hill Drive, Spoke “B” Road, Desert Foothills Drive, and Alta Drive

This project consists of the construction of an 8,114 lineal foot segment of the 3550-zone water line and all required appurtenances. The project begins at the zone point of connection at the 3435-zone reservoir, then runs west in Far Hills Avenue, south in Fox Hill Drive, southeasterly in Spoke “B” Road, south in Desert Foothills Drive, and west in Alta Drive to Fox Hill Drive. The project has an estimated total construction cost of \$1,789,300. This SID will fund 45% of the total estimated construction cost, which equals \$805,200. Including the additional 15% for soft costs, the SID eligible project cost to be funded by this SID is \$926,000.

Project 10, 3550 Zone Waterline: Alta Drive and Sky Vista Drive

This project consists of the construction of a 5,500 lineal foot segment of the 3550-zone water line and all required appurtenances. The segment is to be constructed in Alta Drive from Fox Hill Drive to Sky Vista Drive and in Sky Vista Drive from Alta Drive to Desert Moon Road. The project has an estimated total construction cost of \$1,458,900. This SID will fund 45% of the total estimated construction cost, which equals \$656,500. Including the additional 15% for soft costs, the SID eligible project cost to be funded by this SID is \$755,000.

Project 11, 3665 Zone Waterline: Far Hills Avenue

This project consists of the construction of a 2,870 lineal foot segment of the 3665-zone north discharge pipeline and all required appurtenances. The segment is to be constructed in Far Hills Avenue for the zone point of connection at the 3435-zone reservoir to Sky Vista Drive. The project has an estimated total construction cost of \$2,651,500. This SID will fund 45% of the total estimated construction cost, which equals \$1,193,200. Including the additional 15% for soft costs, the SID eligible project cost to be funded by this SID is \$1,372,200.

Project 12, 3665 Zone Waterline: Sky Vista Drive

This project consists of the construction of a 5,230 lineal foot segment of the 3665-zone water line and all required appurtenances. The segment is to be constructed in Sky Vista Drive from Far Hills Avenue to Alta Drive. The project has an estimated total construction cost of \$2,455,100. This SID will fund 45% of the total estimated construction cost, which equals \$1,104,800. Including the additional 15% for soft costs, the SID eligible project cost to be funded by this SID is \$1,270,500.

Summerlin Village 24

Project 24, 3350 Zone Waterline: Far Hills Avenue, Fox Hill Drive, Spoke “B” Road, Desert Foothills Drive, and Alta Drive

This project consists of the construction of an 8,114 lineal foot segment of the 3550-zone water line and all required appurtenances. The project begins at the zone point of connection at

the 3435-zone reservoir, then runs west in Far Hills Avenue, south in Fox Hill Drive, southeasterly in Spoke “B” Road, south in Desert Foothills Drive, and west in Alta Drive to Fox Hill Drive. The project has an estimated total construction cost of \$1,789,300. This SID will fund 41% of the total estimated construction cost, which equals \$733,600. Including the additional 15% for soft costs, the SID eligible project cost to be funded by this SID is \$843,700.

Project 25, 3550 Zone Waterline: Alta Drive and Sky Vista Drive

This project consists of the construction of a 5,500 lineal foot segment of the 3550-zone water line and all required appurtenances. The segment is to be constructed in Alta Drive from Fox Hill to Sky Vista Drive and in Sky Vista Drive from Alta Drive to Desert Moon Road. The project has an estimated total construction cost of \$1,458,900. This SID will fund 41% of the total estimated construction cost, which equals \$598,200. Including the additional 15% for soft costs, the SID eligible project cost to be funded by this SID is \$687,900.

Project 26, 3665 Zone Waterline: Far Hills Avenue

This project consists of the construction of a 2,870 lineal foot segment of the 3665-zone north discharge pipeline and all required appurtenances. The segment is to be constructed in Far Hills Avenue from the zone point of connection at the 3435-zone reservoir to Sky Vista Drive. The project has an estimated total construction cost of \$2,651,500. This SID will fund 41% of the total estimated construction cost, which equals \$1,087,100. Including the additional 15% for soft costs, the SID eligible project cost to be funded by this SID is \$1,250,200.

Project 27, 3665 Zone Waterline: Sky Vista Drive

This project consists of the construction of a 5,230 lineal foot segment of the 3665-zone water line with all required appurtenances. The segment is to be constructed in Sky Vista Drive from Far Hills Avenue to Alta Drive. The project has an estimated total construction cost of \$2,455,100. This SID will fund 41% of the total estimated construction cost, which equals \$1,006,600. Including the additional 15% for soft costs, the SID eligible project cost to be funded by this SID is \$1,157,600.