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February 1, 2008

Planning and Development Department
City of Las Vegas
731 South Fourth Street
Las Vegas, NV 89101

Re: Justification Letter Regarding Applications for
Site Development Plan Review, SUP's and Associated Waivers
For the Property located at 300 West Sahara Avenue APN #'s 162-04-807-004; 162-04-807-005 & 162-04-814-002 and the area Vacated by VAC-20805 (the "Property")

To Whom It May Concern:

This letter is written on behalf of the applicant, Sahara Investments, LLC ("Sahara"), and shall serve as the required justification letter ("Letter") for the Site Development Plan Review, and associated SUP and requested waiver applications, for an approximate 2.23 net acre mixed use project at the Property.

The Property is located on the north side of Sahara Avenue and adjacent on the east side to the existing Allure Condominium project at the northwest corner of Sahara Avenue and Fairfield Avenue. The subject Property lies at the southern border of the "Las Vegas Downtown Centennial Plan" area, specifically within the "Northern Strip Gateway," and also lies within the City's Redevelopment Area.

The specific SUP applications and requested waivers associated with this Site Development Review application are as follows:

- SUP requested for Residential Use in a C-2 zone;
- SUP requested for Non-restricted use Gaming Establishment;
- SUP requested for a Height Increase within the Airport Overlay;
- Waiver of Development Standards requested for a 38% reduction in required parking;
- Waiver of Development Standards requested to allow the building facade to be setback from the front Property line.

This Letter shall also discuss several issues associated with the current state of development at Allure Las Vegas ("Phase I"), as these issues relate to the attached applications for this "separately-owned" development Property ("Phase II"). In order to further clarify the Parties and circumstances behind Phase II so that all City Departments

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clearly understand who owns Phase II, relative to the owner/developer in Phase I, the following brief discussion is offered.

When Andrew Fonfa sold the original property to CB Richard Ellis Strategic Partners ("CB") in September, 2004, he maintained a substantial (although minority) interest in the entire Phase I and Phase II properties. CB brought Fifield in as the Construction Development Partner and we built Allure on the Phase I property.

Sahara Investments, LLC, was created as a result of the slowdown in the high rise condominium market. After sales of Allure Condos went stagnant nearly two years ago, the originally contemplated "twin tower" development on Phase II land was shelved when only 65 reservations were taken and the decision was made by CB to sell the Phase II Property. Mr. Fonfa had previously negotiated with CB a "right of first offer," and ultimately purchased the Property (through Sahara) from the Phase I owner.

The Phase II development, under Mr. Fonfa's separate ownership, has since been re-conceptualized to seek the highest and best use for the Property under the current and anticipated future market conditions. Thus, the attached Site Development Review and Special Use Permit applications seek approvals for:

- a 300 room hotel;
- 1,000 condo-hotel units
- 40 units of pure residential condominiums
- a 67,800 square foot casino;
- 12,000 square feet of ground floor retail space;
- 36,660 square feet of convention space;
- a 40,680 square foot showroom;
- 47,800 square feet of restaurant and lounge space;
- 47,800 square feet of kitchen space;
- a 52,700 square foot area of pool, spa and terrace;
- a 4,600 square foot health club;
- A rooftop restaurant/night club; and
- 9-level Subterranean Parking Garage.

The attached applications enhance the currently approved use for the property (residential condominiums and commercial retail) as was previously approved in SDR 4534 (8/2004), SUP 4540 (8/2004) and SDR 6588 (7/2005). The project scope has changed to incorporate those "mixed use" elements associated with a hotel/casino/hotel condo project that our market studies indicate will attract the necessary equity and debt required to successfully develop the Phase II Property

The proposed development, as submitted, consists of one building structure with multiple levels of underground garage parking. The first eight levels, beginning at the ground

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level, shall serve as the building's base and will contain the majority of the project's amenities including casino, restaurants, retail, showroom area, convention space, back-of-the-house, pool, spa and other recreational amenities.

The hotel and hotel/condos will begin on level 9 with the building exhibiting two "wings" that split and separate at level 45 to give the appearance of two separate towers at the top. The west wing consists completely of the formal hotel and hotel condo units, with a club/restaurant planned for the top of the west wing on levels 59-60. The east wing also consists of hotel and hotel condo suites up to level 61, above which the pure residential condominiums begin exclusively and continue through the 72nd floor. The pure condos will have separate and private ingress/egress, parking, common area/reception and elevator access.

As illustrated on the attached site plans, the building base encompasses most of the Property, with the multi-level subterranean parking garage eliminating any need for surface parking. Thus the elevations reflect a building without an associated above-ground parking garage such that the overall building architecture is consistent and will be quite visually appealing from all angles. Appropriate and extensive landscaping and other streetscape features exist throughout the project, in particular in the pedestrian zones.

As earlier written, these applications seek:

1. **Site Development Review to approve the site plan, uses and amenities as proposed**. With the success of Allure I, we have begun to change the face, and the public's impressions, of downtown Las Vegas at its southern boundary. The City approved Phase I with the hope of accelerating development in the Northern Strip Gateway, and that is just what is occurring. Now, with Phase II, we offer the City another re-development opportunity, one which brings with it many advantages such as continued improvement of the City's tax base, the enhancement of future redevelopment opportunities, job creation, and a true rich and dynamic urban environment that the City will be proud of. This project will further serve impressively as both a Gateway and an Anchor to the City, and will facilitate additional major Hotel/Casino development in the City's Las Vegas Boulevard Gaming Corridor.

2. **SUP for Residential Use in a C-2 Zone.** We believe that the pure condominium residential use in Phase II will continue and enhance the trend toward luxury housing in mixed-use Northern Strip Gateway developments that began with Allure. At the same time, Phase II would further the City's goal for new housing, while helping to create the high quality design character and image that the City seeks from redevelopment. The site as designed, and especially when considering the future Sahara Avenue Corridor improvement project, will provide excellent

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ingress/egress to/from the site, and will have excellent access to public transportation.

3. **SUP for a Non-Restricted Use Gaming Establishment.** Within such a mixed use project, where the focus will be on hotel and hotel/condo suites, attracting thousands of visitors every week, the inclusion of 67,800 square feet of casino space requires Non-Restricted gaming ability as a pre-requisite to development success. Given the project's location within the Las Vegas Boulevard Gaming Corridor, and the fact that it will serve as both a Gateway and an Anchor at the Northern Strip, Non-Restricted gaming will further perpetuate the City's status, image, character, and history of casinos and entertainment that are uniquely Las Vegas.

4. **SUP for a Height Increase in the Airport Overlay.** An FAA form 7460-1 has been submitted for the project, and we expect no issues with receiving the requisite approvals in this location.

5. **Waiver of Development Standards requested for a 38% reduction in required parking.** To encourage a major hotel-casino project in the Northern Strip Gateway, the Property is exempt from the automatic application of parking requirements as well as other development standards. The Parking Analysis on the site plan details the standard parking requirements associated with the proposed project (3,143 parking spaces required), and the proposed parking at an approximate 38% reduction from the standard required (1,949 parking spaces provided). With the Property's location on a major East-West thoroughfare, its proximity to major bus lines, the nearby Monorail system, the proposed Bus Rapid Transit System, and the current and future development in the area of Sahara and the Strip into a revitalized hotel-casino zone, we expect increased levels of customers utilizing public transit to access our Property, with pedestrian traffic increasing as well such that we believe the reduction in required parking is viable.

6. **Waiver of Development Standards requested to allow the building facade away from the front Property line.** The building, as proposed, does not have frontage along Sahara Avenue, being setback from the street. We believe that the project's location on Sahara is distinctly different than the "urban core" that the building façade standards were intended for. In this case, with a significant hotel-casino project on a major East-West transportation corridor, the safety of pedestrians is of paramount importance. Thus large pedestrian amenity zones are highly desirable. The site-plan does provide clear evidence that the building will "enhance the pedestrian environment" by providing appropriate pedestrian and civic amenities such as plazas, landscape features, public entries, etc.

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Additionally, the building's frontage is designed to flow with the Phase I Allure building lines as previously approved with the setback waiver.

Of additional importance in the City's review of this application package are several Property line issues between the Phase II Property and the Phase I Allure property:

1. **Property Line at Garage**. The current garage at Allure, which sits Property line adjacent, must have its west face sealed appropriately prior to any Phase II construction, except for a currently planned perimeter wall/fence. This issue, and the proposed resolution, is memorialized in two letters submitted to Paul Wilkins and Earl Russell by the Phase I and Phase II owners.
2. **Property Line at Porte Cochere**. The Property Line will be adjusted to approximate the Porte Cochere perimeter in a revised Final Map submittal. Our engineers are currently working on the revisions. We have also memorialized the resolution to this issue in the same letters to Mr. Wilkins and Mr. Russell. If there is any way to accelerate the normal Map review and recording process in this regard, we would all greatly appreciate it.
3. **Existing Ingress/Egress**. Each Phase owner maintains ingress/egress easements at the joint property line which shall remain in effect with Phase II development (with adjustments in our easements for the revised property line). Phase II intends to utilize the existing residential condominium entrance at Allure exclusively for its limited and private residential condo's, because these units are planned to have complete private access away from the hotel/casino, and the hotel/condo units. We believe this is the best way to maintain the exclusive experience that was originally designed for Allure, as well as providing the required exclusivity for the new condominiums associated with the Phase II project.

Additional issues to address:

1. **Future East-West Traffic Flow**. Both Phase I and Phase II owners "embrace" **any program adopted AND implemented to improve traffic flow** through the Sahara Avenue Corridor project. I have been involved in several meetings where the "perceived" Allure representative (me!) has been verbally attacked for supporting the RTC generated One Way Couplet System over any other system presented. The only points of view that we will continue to present, because we think they have merit, are:

    - We are likely only to have this one time to create the most efficient transportation system for the City and the region, for the next 50-100 years. The Couplet System is simply the most efficient, per RTC studies, and according to such studies, would provide a 20% increase in traffic efficiency over the widening alternative. At the margin, we think this will

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be critically needed capacity when current and immediate North Strip construction moves through to completion.

- Further, per a comment by Mark Russell of MGM-Mirage at a recent RTC/Redevelopment Meeting, Mr. Russell stated the obvious when he said, 'If you want to create an area of destination resorts (in the City), you ought to plan the infrastructure to support it.' The Cleveland Couplet at the Strip creates 4 complete "Strip at Sahara" intersections WITHIN THE CITY. This is the type of transportation infrastructure that would likely support accelerated destination resort development in this area. Any cost/benefit analysis must consider the advantages of such accelerated development north of Sahara.

2. **Planning New Ingress/Egress**. The Phase II plan seeks to keep the majority of its customer traffic flow on the west side of its hotel, casino, hotel-condo, convention, showroom, retail, and restaurant complex. Given the premise that upon approval of a plan for improving the transportation corridor, another five years (or more) could pass before any project is funded and construction is complete, Phase II can only look at existing conditions. As such, we seek some kind of traffic control at our proposed entrance at Sahara, and had a recent meeting with City and NDOT officials to discuss this situation. We request that the City support us in this endeavor when we make our formal requests to NDOT. At the very least, we would seek a left turn "in-only" signal from eastbound Sahara at or near the current median cut in Sahara (also allows for right turn out from the Property onto Sahara). If agreement with MGM/Kertzner is possible, we would likely seek a full traffic signal in this area.

3. **Existing Billboard**. As part of the Phase II plan, the existing billboard located on parcel #162-04-814-002 will be removed and not reconstructed.

By virtue of the attached applications, the City of Las Vegas is presented with another opportunity to promote additional redevelopment and more intense land uses downtown. The approval of these applications will facilitate creating a world class mixed-use hotel-casino and condominium project at the City's North Strip Gateway, thus meeting its purpose and intent of establishing its Downtown Las Vegas design standards. This project specifically will further restore vitality and economic opportunities and give overall direction to future public and private improvements throughout the (redevelopment) area. We are confident this project will enhance the momentum for further needed redevelopment from Sahara Avenue moving north toward the Stratosphere Hotel and beyond. The City Council has frequently asserted its desire to have quality new hotel-casino and residential development in the Downtown area, and our Phase II plan fits the standard.

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The proposed development will facilitate the creation of "a unique, identifiable, high quality, vibrant image and character" that is Las Vegas!! The approval of this project also will allow the City to meet many of its design goals and objectives for land use, urban form, pedestrian environment, and image and character in Downtown Las Vegas. Specifically, this project as designed would:

1. Create retail and other "pedestrian-friendly" uses on the ground floor of its buildings;
2. Help create the high quality design character and image that the City seeks from Downtown re-development;
3. Meet the City's objective of encouraging new housing in Downtown;
4. Encourage diversity of land uses within a framework to achieve long term vitality and economic growth;
5. Meet the City's goal of creating innovative architectural treatments, while incorporating retail uses into the ground floor;
6. Further the momentum of recent development in the City;
7. Create streetscapes that provide safety, comfort, and interest for pedestrians; and
8. Enhance the overall image of downtown through improvements at this specific Gateway to the City.

We greatly appreciate your time and effort in the review of this development proposal. If you have any questions, or require further information, please do not hesitate to contact me at 702-241-5864.

Sincerely,

Steven Fink, Real Estate Consulting Services
on Behalf of Sahara Investments, LLC

Cc: Greg Borgel
Richard Bryan

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