

**Review
Of The
Development Agreement
Between
The City of Las Vegas
And
Kyle Acquisition Group, LLC**

July, 2008

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INTRODUCTION

On May 16, 2007 The City of Las Vegas and Kyle Acquisition Group, LLC ("Owner") entered into a Development Agreement which became effective on June 20, 2007 (the "Development Agreement").

The Development Agreement requires certain performance of the Owner and/or Designated Builders in exchange for reasonable assurances from the City that the Owner might develop the Planned Community in an orderly fashion. Additionally, the Development Agreement obligates the City to perform certain tasks and to insure that municipal services are provided to the Planned Community at the most economic cost to its citizens.

Section 9.01 of the Development Agreement and NRS Chapter 278 require that the Owner submit a report every year documenting material compliance with the terms of the Development Agreement within the preceding twelve months. In fulfillment of the NRS requirement and Section 9.01 of the Development Agreement, Owner hereby submits this first annual review to the City. This report provides a brief history of the project and addresses compliance by the Owner and the City with the terms of the Development Agreement. The summary details the total number of residential units built, approved, and specific densities within each project and the Project as a whole and the anticipated phases of development for the next calendar year.

The information contained herein is current as of April, 2008.

HISTORY OF THE PLANNED COMMUNITY

In 2004 the City of Las Vegas developed a plan for 1,700 acres controlled by the BLM in the vicinity of the intersection of Kyle Canyon Road (State Route 157) and U.S. 95 located in Sections 6 and 7 of Book 125 and Section 12 of Book 125. The purpose of this plan was to develop policies and guidelines that foster a more sustainable, energy efficient and environmentally compatible development. An ordinance adopting key components of that plan was approved by the City of Las Vegas in 2004.

The land covered by the Kyle Canyon Gateway Plan was auctioned by the BLM in February 2005. The Owner was the successful bidder.

On May 16, 2007 the Las Vegas City Council approved the Kyle Canyon Development Standards and Design Guidelines (Design Guidelines). Key components of the Design Guidelines are to create a community that is diverse in uses, is walkable, and provides a strong sense of community. The community will be connected by a series of trails and open spaces. The Design Guidelines also contain provisions to ensure that development is energy efficient, improves air quality and reduces water usage.

The parent Tentative Map (TMP-25492) was approved by the Las Vegas Planning Commission on December 20, 2007. The Parent Final Map has been submitted to the City of Las Vegas and comments have been received. The Master Drainage, Traffic, Sanitary Sewer Studies have been approved and updates and been put on hold.

The following chart summarizes the status of the key requirements set forth in the Development Agreement and related documents.

REQUIREMENTS

Facility	Requirement	Commencement	Explanation of Requirement	City Action	Developer Action	Status
Telecommunications Facilities	Telecommunications Facilities Map	Within 6 months of recordation of Final Parent Map	3.13 of DA	Ensure telecommunications Map is submitted with 6 months of Final Parent Map recordation	Submit telecommunications maps	Final Parent Map not recorded
ROW Agreement for Optical Fiber	Execute ROW Agreement for Optical Fiber	At any time	3.14 of DA	Ensure Agreement is in place	Reach agreement with City and pay appropriate fees	Agreement not submitted to City
Town Center Standards	Submit design standards for the Town Center and Urban Mixed Use areas	18 months after the effective date of the DA or prior to the issuance of the 3500 th residential building permit	3.21 of DA	Ensure standards are submitted and approved.	Submit standards	Draft standards were submitted on 11/27/078
Master HOA	Form Master HOA	To be formed at time of Final Parent Map recordation	4.01(a)	Ensure Master HOA is formed	Form Master HOA	Final Parent Map not recorded
Temporary detention basins	City to maintain temporary detention basins	Within 60 days of completion of first temporary detention basin	4.04 of DA	Maintain detention basins	Deposit \$100,000 into special account within completion of first temporary detention basin	No temporary basins have been constructed
CCSD acreage	Dedicate up to 72 acres to CCSD	At any time	5.01 of DA	None	Dedicate up to 72 acres to CCSD for school sites	Dedication not yet done
Fire Protection	Developer to pay City \$1,000,000 towards the construction of a Fire Station	18 months after the effective date of the DA	5.02 (a) of DA	None	Make payment to City	Payment not required
Fire Safe Community Program	City to establish Fire Safe Community Program (FSCP)	Within 90 of effective date	5.02(d) of DA	Establish (FSCP)	Within 90 of notice from City that FSCP is established, pay City \$50,000 towards cost	Program not set up
Regional Transportation Center	Dedicate 2.5 gross acres for transit hub	None	5.03 of DA	None	Dedicate land	Land not dedicated

Police Services	Designated Builders to pay City \$218 per residential unit	Payment to be received with building permits are issued by the City	5.04 of DA	Collect fees	None	No fees due
Northern Beltway 'Sheep Mountain Parkway'	Dedicate ROW with Section 1 and within Providence	Prior to recordation of Parent Final Map	7.05 (a) of DA	None	Dedicate land	Map not ready to record
Kyle Canyon Interchange	Developer to pay City \$10 million dollars for interchange	Within 60 days of notification from City that design is complete	7.06 (a) of DA	Design interchange	Make payment to City	Design of interchange not complete
Horse Drive Interchange	City shall use its best efforts to complete construction within 30 months of effective date	Within 30 months of effective date	7.06 (b) of DA	Construct interchange	None	Construction not yet started
Park Area Conceptual Plan	Developer to submit conceptual plan for each Park Area	Prior to issuance to 500 th residential permit in each Park Area	5. B) of Parks Agreement	Notify Developer when 400 th permit is issued in each Park Area	Design conceptual park plans	Trigger not yet reached
Park Plans	Developer to submit 90% construction drawing to City within 180 days of City's approval of conceptual plans and 100% plans within 90 days of City's review of 90% plans	To start after conceptual plans are approved by City	5. C) of Parks Agreement	Review and comment on park plans	Design park plans	Trigger not yet reached
Construction of Parks	Developer to commence construction of each park within 90 days of City's final approval of construction drawings	To start after construction drawing and specifications are approved by City	5. D) of Parks Agreement	None	Construct and dedicate amenities to City	Trigger not yet reached
Indian Hills Park	Developer to commence construction of park	Within 180 days of receiving notice from City	5. E) of Parks Agreement	Notify Developer that plans are complete and adequate flood control facilities are in place	Construct park within 18 months of commencement	Design Plans received from City
Iron Mountain Park	Developer to design and construct park	Within 180 days of receiving notice from City that 7000 th permit for residential dwelling is issued	5. F) of Park Agreement	Notify Developer that trigger is reached and adequate flood control facilities are in place	Design and construct park	Trigger not yet reached

Infrastructure

Item	Document	Performance Requirement	Status
Sanitary Sewer	ZON-20543		Off site design approval pending
Flood Control and Drainage	7.07 of DA	Design and construct all drainage facilities identified on Master Drainage Study	Master Study approved – construction has not commenced
Special Improvement District	8.01 of DA	Form SID	On hold

Transportation Improvements

Item	Performance Requirement	Reference	Status
Traffic Study	Prepare and Submit a Master Traffic Study	ZON-20543	Approved
Transportation Improvements	Construct all Village Streets as indicated in Master Traffic Study	7.04(a) of DA	None of the Village Streets are under construction at this time
Traffic Signals	Developer will construct all traffic signals identified in the Master Traffic Study	7.04(b) of DA	None of the traffic signals are under construction at this time

Modifications to Design Guidelines

There have been two approved Major Modifications to the Design Guidelines in accordance with Section 3.03 (d). The following table is a summary of the approved changes.

MOD Number	Approval Date	Action
MOD-22589	August 15, 2007	Realigned Iron Mountain Road and clarified Common Element width on certain cross sections
MOD-25875	February 6, 2008	Renamed Village Streets internal to project, updated street cross sections for new names, and clarified certain street cross section diagrams

SUMMARY

There have been no approved individual builder developments within the project.

In the next 12 month period it is anticipated that the Town Center Standards will be approved.