

180 Land Co LLC, Seventy Acres LLC and Fore Stars Ltd.
1215 S. Fort Apache Rd., Suite # 120
Las Vegas, NV 89117

Fourth Revised

June 23, 2016

Mr. Tom Perrigo, Planning Director
City of Las Vegas
Department of Planning
333 North Rancho Drive
Las Vegas, NV 89106

Re: Justification Letter for General Plan Amendment and Rezoning of the 250.92 Acres
Currently Operated as The Badlands Golf Course

Dear Mr. Perrigo,

We herewith submit a request to amend the General Plan, and request Rezoning for, the above referenced 250.92 acres (hereinafter "Property") as follows:

General Plan Amendment (hereinafter "GPA"):

- From PR-OS (Park, Recreation and Open Space) to DR (Desert Rural Density Residential) on 183.71 acres consisting of:
 - 166.99 acres (APN 138-31-702-002)
 - 11.28 acres (APN 138-31-801-002)
 - 5.44 acres (APN 138-31-801-003)
- From PR-OS to H (Residential High) on 67.21 acres consisting of:
 - 2.13 acres (APN 138-32-202-001)
 - 17.49 acres (APN 138-32-301-005)
 - 47.59 acres (APN 138-32-301-007)

Rezoning

- From R-PD7 to R-E on 183.71 acres consisting of:
 - 166.99 acres (APN 138-31-702-002)
 - 11.28 acres (APN 138-31-801-002)
 - 5.44 acres (APN 138-31-801-003)
- From RPD-7 to R-4 on 65.08 acres consisting of:
 - 17.49 acres (APN 138-32-301-005)
 - 47.59 acres (APN 138-32-301-007)
- From PD to R-4 on 2.13 acres consisting of:
 - 2.13 acres (APN 138-32-202-001)

(The above APNs' parcels are shown in the attached Parcel Map— **Exhibit 1.**)

In the 2016 Major Modification to the 1990 Peccole Ranch Amendment to the overall Conceptual Master Plan (hereinafter "2016 Major Modification") the Property is shown with its repurposed residential uses as explained both herein and in the 2016 Major Modification. The justification for the GPAs and Rezonings are as follows:

- The current General Plan designation of PR-OS on the Property is not in conformance with the Property's current R-PD7 zoning or the Property's requested R-E and R-4 rezonings in the 2016 Major Modification. The requested GPAs will bring the General Plan into conformance with the Property's requested rezonings.
- The Rezonings will provide the zoning that matches the Property's repurposed uses in the 2016 Major Modification.

The existing zoning for 248.79 acres of the Property is R-PD7. This zoning is reflected in Clark County Records and confirmed in the Zoning Verification Letter dated December 30, 2014 from City of Las Vegas (**Exhibit 2**). PD zoning exists on 2.13 acres. The R-PD7 zoning allows up to 7.49 Units per acre equating to 1,863 Units. The PD zoning on 2.13 acres, subject to Site Development Review approval, allows for a much higher density per acre. Rather than develop the 1,863+ Units "evenly" throughout the Property, the 2016 Major Modification provides adjacency compatibility by placing:

- An unprecedentedly small number of Estate Lots near the existing single family homes.
- Luxury Multi Family in the commercial Rampart Boulevard corridor, near to already existing commercial and multi family development.

Development Areas

The requested R-E zoning on the 183.7 acres (The Preserve) is the lowest residential category available allowing for 20,000 square foot minimum lot sizes. This equates to a total of 367 Estate Lots that are allowed under R-E. However, the Applicants, for conservation purposes, have chosen to build a maximum of only 75 Estate Lots on this entire acreage. These Estate Lots will be of multiple sizes averaging 2.4 gross acres with a minimum of 10 of these Estate Lots 5 acres or more. The minimum lot sizes will be pursuant to R-E zoning. Lots less than 1 acre will be pursuant to R-E zoning setbacks. All Estate Lots 1 acre or more will have Building Area specifications as provided in the Design Guidelines Exhibit B which Design Guidelines are Exhibit D to the Development Agreement. This Estate Lot offering will be unprecedented, with more than 50% of The Preserve being enhanced landscaped areas.

The 67.21 acres (The Seventy) rezoned to R-4 will provide 2,400 Luxury Multi Family Units in a pedestrian friendly, intimate residential environment with a wide variety of Luxury Multi Family offerings with different densities and heights to accommodate an array of lifestyle choices. Additionally, 200 Assisted Living Units are planned in The Seventy. Should the Assisted Living Units not be built, additional Multi Family Units will not be allowed to substitute for those Assisted Living Units. This Luxury Multi Family and Assisted Living will be located adjacent to and

near the highly commercialized Rampart Boulevard corridor, where there already exists retail, restaurant, office and multi family uses.

The 2016 Major Modification's separate Development Areas and Land Use information is reflected in **Exhibit 3**. Building height information for the Property is provided for in the Development Agreement. The southeast corner of Development Area 3 houses the golf course maintenance yard; this use as a golf course maintenance yard/landscape maintenance yard/facility shall remain and is reflected as a permitted use in the Development Agreement.

From the time of the City's zoning approval on April 4, 1990, the Property has retained its R-PD7 zoning designation. It is the Applicants' belief that this zoning was held in place in clear anticipation of potential changes in golf dynamics due to:

- The unknown factors both of water availability and its significant annual cost increases, in years to come, especially considering our harsh desert climate and environment; and,
- Other negative factors that could and would affect golf's financial sustainability, which, as noted below, have been clearly realized.

Status of Golf Industry

The golf industry has experienced and continues to experience dramatic erosion. Golf course closures across the USA are rampant. Pellucid Corp, an Illinois-headquartered golf industry analysis entity, reports that 155, 158, 185 and 234 golf courses closed in the nation in 2012, 2013, 2014 and 2015, respectively. Golf course closures have numbered 732 in the last 4 years, with 1,503 in the last ten years, with more anticipated in the next several years. This means golf course owners and local jurisdictions are being faced with having to rethink exactly how these previously operated golf course lands, as they become repurposed, are to be incorporated into the fabric of their communities. The repurposing of the Property from its golf uses, as described herein and in associated documents, is responsible, sensitive, and complimentary, and it is Applicants' belief that it will represent significant added value to Queensridge, surrounding neighborhoods, and the City of Las Vegas.

The Applicants retained a renowned golf course architect, who is very familiar with the national and local golf marketplaces, to evaluate and advise the Applicants of the status of the Badlands Golf Course, in particular, and the Las Vegas golf marketplace, in general. Applicants learned that nationally golf is severely struggling with a very large supply/demand imbalance, and Las Vegas is no exception. Nationally there were approximately 8,100,000 fewer golfers in 2015 than 2000 with a large portion of those being core (regular) golfers. Interestingly, some quotes from **Bloomberg Businessweek** article, "*How Golf is Stuck in the Rough*", dated June, 2014 are:

- "Golf is suffering from an exodus of players, and courses are closing. The number of golfers has dropped 24 percent from its peak in 2002 ... in 2013 alone the game lost 1.1 million players."

- “The baby boomers were supposed to be the salvation of golf...but they have yet to take up the slack.”
- “Those sticking with the sport are playing fewer rounds. U.S. golfers played a total of 462 million rounds last year ... That was the fewest since 1995. ...All the people under 35 are leaving the game.”
- “...research shows the number of golfers today is lower than in 1990, even though the U.S. population is 27 percent greater.”
- “...Master’s this spring (2014), only 7.8% of U.S. television households tuned in – the tournament’s lowest TV rating since 2004...that was a 24% decline from the 2013 finale.”
- “**The bottom line:** As young people seek faster-moving fun, only 14 new golf courses opened up in the U.S. last year while almost 160 shut down.”

Southern Nevada courses are financially struggling/many underperforming. Experts have opined that Las Vegas has five to eight more golf courses than the market can possibly support.

The Badlands Golf Course

The golf course consumes approximately 245,000,000 gallons of water a year. This is especially concerning due to the extended severe drought conditions being experienced in the western USA. Further, the golf course is struggling with substantially increased costs in virtually every category, low green fees due to large over supply in the marketplace, carrying costs, significant subsidization of water and many millions of dollars needed for deferred maintenance and capital expenditures. These expenditures would be required to repair, rehab and/or replace the course’s greens, tees, landscaping, very significant irrigation infrastructure, equipment and clubhouse, all in order to stay relevant, that is, to be competitive, operationally efficient and contemporary. The Applicants believe that given these burdens, the golf course was destined for closure and the property destined to be repurposed.

Looking Forward

The Applicants’ affiliated entities are the largest single owners of homes, lots and condominiums in Queensridge and One Queensridge Place. In addition, Applicants have built 40 custom homes in Queensridge as well as 219 Units in One Queensridge Place. It was anticipated that if Applicants did not purchase the Property, the likelihood is that conventional home builders would have done so; and then proceeded to attempt to build it out pursuant to its existing R-PD7 zoning (up to 7.49 DU’s per acre), with development spread throughout the Property. The Applicants had both the motivation and a personal sense of obligation not just to protect their properties’ values but the value of the properties of their many Queensridge friends and neighbors. Consequently, Applicants essentially felt “forced” to purchase the golf course’s ownership entity, paying a very significant premium to do so.

Rather than leaving the land that was used as golf course lay dormant and devalue the adjacent Queensridge properties, the implementation of the 2016 Major Modification with the approval of the requested GPA and Rezonings, will collectively enhance the value of the individual adjacent properties, as well as that of the overall Queensridge neighborhood.

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With the advent of newer communities, Queensridge has *"lost its edge"*, it is no longer known as *"the place to be"*; The Ridges in Summerlin and its various neighborhoods have positioned themselves to have that cache and therefore Queensridge's property values have not kept pace. Implementing the 2016 Major Modification, with its approximate \$1.0 billion investment together with its new and varied residential offerings, will bring a substantial renewed energy, awareness, excitement and value to Queensridge and One Queensridge Place.

Security of the Property

Security is a major concern for all property owners everywhere. Queensridge is no exception. Queensridge North and South have been severely impacted with home and auto break-ins and thefts over the last several years. It is possible that some of the public courses patrons are thieves scouting adjacent properties for their day and/or night time exploits. The closure of the course should thus help enhance security.

Conclusion

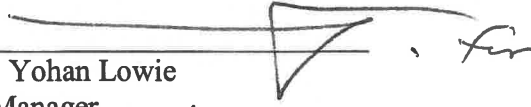
The implementation of the 2016 Major Modification, with its large Estate Lots, large custom homes, preserve areas, thousands of additional trees, enhanced landscape areas, Luxury Multi Family development with a variety of offerings and assisted living component, will produce an environment like no other in the Las Vegas Valley.

Importantly, the economic benefits, such as jobs, property tax increases, sales tax revenues, and the commerce generated from the land development and home building are all very meaningful to the overall community. The Economic and Fiscal Benefits Study, prepared by respected local financial analyst/economist John Restrepo (RCG Economics), is included in the 2016 Major Modification exhibits and discusses these economic benefits in detail.

Thank you in advance for the City's consideration of these GPA and Rezoning requests. We look forward to working with the City and our neighbors in bringing the repurposed uses of the Property, as reflected in the 2016 Major Modification and commensurate with these GPA and Rezoning designations, to fruition.

180 Land Co LLC, Seventy Acres LLC and Fore Stars Ltd.
Nevada limited liability companies

By: EHB Companies LLC
a Nevada limited liability company
Its: Manager

By: 
Name: Yohan Lowie
Its: Manager
Date: 6/23/16

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Exhibits:

1. Parcel Map
2. Zoning Verification Letter
3. 2016 Major Modification Development Areas and Land Use