

AN OPEN LETTER TO THE VOTERS OF NORTH LAS VEGAS

James Seastrand, Mayoralty Candidate, North Las Vegas:

You recently wrote the press stating reasons why you opposed a settlement agreement with Diversified Capital Corporation which would permit the development of the Nellis Industrial Park. You stated that it would constitute a million dollar loss to the city. The City was seeking only cash. By such catch-all sentiments you have avoided telling simple facts.

For close to ten years the City of North Las Vegas has litigated unsuccessfully over the Park culminating in a State Supreme Court decision of November 10th, 1976, which held that the City wrongfully withheld credit to the owners for over a million dollars in reserves. It was further held they wrongfully failed to complete over a million dollars in improvements covenanted to bond holders. And the City was finally found to have wrongfully diverted funds out of the reserves for other City purposes. Accordingly, the Supreme Court remanded the suit to the District Court for a full accounting. These are the simple facts.

Currently, the City of North Las Vegas is a defendant in 19 causes of action for fraud and conspiracy. The City attorney who has futilely pursued the litigation on the City's behalf since 1973, is seeking to prevent these causes from being heard. He also assures his clients that within six months he will, this time, get the City a million square feet of property in lieu of cash. This is his great promise; nothing more. He does not take notice of the potential multimillion dollars of damages, the City may be accountable for.

For the virtual life of the 10 year development, the City has slandered title, interfered with prospective tenancy advising them that no building permits would be given them, driving millions of square feet of warehousing and jobs to the Reno-Sparks area. You yourself, together with Councilman Mahoney and the recalled mayor Cleland and Councilmen Gray and Waite voted unanimous on this cause of action so intent were you on spite that you were willing to deny the City of North Las Vegas and the community at large the opportunity of industrial development. For every year this has run, the City has been obligated to bondholders for running interest of \$350,000.00 and make no mistake about this, it cannot be passed on. You have been part of a conspiracy which may bankrupt this City. These are facts Mr. Seastrand that you failed to state. And you failed to reveal the whole picture of the Settlement Agreement. Here they are:

Diversified would retire all the outstanding bonds of the City which presently totals \$3,600,000.00 including all that interest not of its making. We would do so by deeding sufficient property of the Nellis Industrial Park at fair market

value as determined by the District Court. Even before that determination, the City would get a million square feet; a prize they have been unable to get since 1973. And furthermore, over five million additional square feet would be deeded to the clerk of the District Court pending its final determination on the proper amount due for retirement of all obligations.

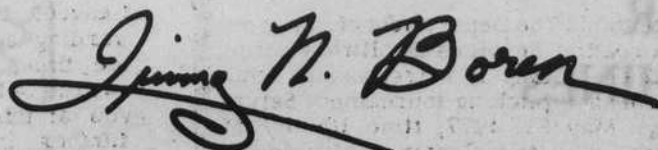
Diversified has also agreed to assume over a million dollars worth of improvements which are the legal obligations of the City.

You object to this Settlement Agreement saying the City spent close to a million dollars more to bond holders. This is fiscal gymnastics. On Wednesday, April 13th, 1977, I met with you at noon at your office thinking you to be an honest man and presented photo-copies of the ledgers of the City of North Las Vegas showing improper withdrawals from our reserves which totalled over a million and a half dollars of principal and accumulated interest. Your words, when confronted by this were; "This does not surprise me for one minute. I am well aware of the bookkeeping trickery of previous administrations." As a matter of fact Mr. Seastrand I even showed you statements from the Independent Accounting Firms hired by the City and representing them, who said the precise same thing.

Your final words to me were that you could see this to be a "fair trade off" against any figures claimed by the City. Yet that same night at the Council meeting you reversed yourself. Since Mayor Daines had the courage to seek a final accommodation, placing political expediency ahead of intellectual honesty to join him for the community good.

Today, we have a major corporation which has signed a lease to move into the Nellis Industrial Park. That corporation is McDonnell Douglas, the nation's number one defense contractor. That lease was negotiated by ourselves in concert with Mayor Ray Daines. It was done despite poisonous phone calls to McDonnell Douglas to drive them elsewhere; a pattern of vicious behavior we have learned to live with for ten years. They will stay with us but this building cannot be built unless litigation clouding title is settled. If we do not finalize this now, a major opportunity is lost to the community.

On May 3rd, the voters will have a chance to decide whether they like your gamble with their future. We have confidence that they, like us, have had enough of delaying tactics and will take steps to vote in leadership that will end this fruitless litigation and launch the City of North Las Vegas into the role of the Industrial Capital of the Southwest.



Irving N. Boren, President
DIVERSIFIED CAPITAL CORPORATION

Owners-Developers: NELLIS INDUSTRIAL PARK, NORTH LAS VEGAS