

AGREEMENT

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THIS AGREEMENT is made and entered into this 16th day of August, 1986, by and between TORESON INDUSTRIES, a Nevada corporation, hereinafter referred to as "TORESON", and the COUNTY OF DOUGLAS, a political subdivision of the State of Nevada, hereinafter referred to as "COUNTY",

YVONNE BERNARD
CLERK
J. Halman
DEPUTY

W I T N E S S E T H:

WHEREAS, COUNTY entered into an agreement with DEVELOP DOUGLAS AIRPORT INDUSTRY, a Nevada corporation (D.D.A.I.), on November 1, 1984. The participants in D.D.A.I. and the respective acreages owned by the participants in the Douglas County Airport Industrial Area, which area is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, as of November 1, 1984, were as follows:

<u>Name of Participant</u>	<u>Acres Owned</u>
Allegretti & Company	116
Clark & Sullivan	
Constructors, Inc.	200
R. L. Nowlin	120*
Toreson Industries	360
Douglas County	300
TOTAL	<u>1,096</u>

*Ten acres have been sold subsequent to November 1, 1984, and the buyer is not a member of D.D.A.I. The acres owned by the participants are more particularly described in Exhibits "B-1 through B-5", which is attached hereto and incorporated herein by this reference.

WHEREAS, COUNTY has accepted a grant from the Economic Development Administration (E.D.A.), U.S. Department of Commerce, identified as Project No. 07-01-02893, for the construction of

LAW OFFICES
ALLISON, MacKENZIE,
ARTMAN, SOUMBENIOTIS
& RUSSELL, LTD.
402 N. Division St.
Carson City, NV 89701

140448

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1 water and sewer improvements within the Douglas County Airport
 2 Industrial Area, Minden, Nevada, hereinafter referred to as the
 3 "PROJECT"; and

4 WHEREAS, the above-referenced grant will only pay for a
 5 portion of the total PROJECT cost; and

6 WHEREAS, each of the above-named participants has com-
 7 mitted itself or himself to pay COUNTY, as Grantee under the
 8 E.D.A. Grant, the amounts set forth below and each has secured
 9 these amounts by an Agreement, hereinafter referred to as
 10 "AGREEMENT", and Notice of Lien, dated December 9, 1985, on a
 11 portion of their respective properties in the Douglas County
 12 Airport Industrial Area. The above-referenced AGREEMENT and
 13 Notice of Lien are attached hereto as Exhibits "C" and "D",
 14 respectively, and are incorporated herein by this reference as if
 15 fully set forth herein.

16 These funds as paid will be placed in a separate fund
 17 by COUNTY, along with the funds supplied by COUNTY and E.D.A. as
 18 follows:

19	Source of Funds	Percentage Interest in TOTAL PROJECT	Amounts
20	Allegretti & Co.	6.7045%	\$ 77,828
21	Clark & Sullivan Cons- tractors, Inc.	7.4374	86,280
22	R. L. Nowlin	10.9976	127,655
23	Toreson Industries	7.2645	84,324
24	TOTAL PRIVATE SECTOR	32.4040%	\$ 376,087
25	COUNTY (portion based on rights and obligations comparable to those of private sector)	9.2612%	\$ 107,499
26	COUNTY (portion for the funding of "extra capacity" (that portion of the Sewer Plant,		
27			
28			

1 Effluent Disposal,
2 Plant Site and Engin-
3 eering being built or
4 acquired now for future
5 use less a relative
6 portion of the E.D.A.
7 Grant)) as per Exhibit
8 "E" attached hereto
9 and incorporated
10 herein by this
11 reference

	<u>19.5703%</u>	\$ <u>227,162</u>
7 TOTAL COUNTY	<u>28.8315%</u>	<u>334,661</u>
8		
9 E.D.A. Grant	<u>38.7645%</u>	\$ <u>450,000</u>
10		
11 TOTAL	<u>100.00%</u>	\$ <u>1,160,748</u>

12 WHEREAS, TORESON desires to make the obligations and
13 rights embodied in this Agreement appurtenant to the real prop-
14 erty owned by TORESON, which is more particularly described in
15 Exhibit "B-1", attached hereto and incorporated herein by this
16 reference.

17 WHEREAS, the parties desire to enter into this Agree-
18 ment in order to govern their rights and obligations with respect
19 to the construction and operation of the PROJECT,

20 NOW, THEREFORE, in consideration of the mutual cove-
21 nants, conditions, terms and promises herein contained, the
22 parties hereto do hereby agree as follows:

23 1. DEDICATION OF EASEMENTS:

24 TORESON hereby agrees to dedicate necessary right-of-
25 way easements and temporary construction easements for the con-
26 struction of the PROJECT.

27 2. OPERATION OF SEWER AND WATER SYSTEM:

28 COUNTY hereby agrees to act as the "utility company"

1 for the operation of the sewer and water systems. COUNTY will
2 charge hook-up fees and such charges and fees as are necessary
3 for the operation and maintenance of the system on a no-profit
4 basis determined by using generally accepted accounting prin-
5 ciples for utilities. COUNTY shall cause an annual opinion audit
6 to be conducted by certified public accountants to determine the
7 results of operations.

8 COUNTY, in accordance with the practices of the utility
9 industry, shall establish necessary and reasonable rules and reg-
10 ulations for the sewer and water systems.

11 The parties hereto do hereby agree to the procedural
12 principles relating to payments made or to be made by TORESON
13 pursuant to the AGREEMENT, as those principles are set forth in
14 Exhibit "F".

15 3. ALLOCATION OF BASIC TREATMENT PLANT CAPACITY:

16 The treatment plant was so-designed as to provide each
17 of the five participants 5,000 gallons per day (gpd) of untreated
18 effluent capacity which is twenty percent (20%) percent of the
19 treatment plant capacity of 25,000 gpd.

20 It is possible, using the same amount of money allo-
21 cated for the construction of a 25,000 gpd treatment plant, a
22 greater capacity plant may be constructed. In such event, each
23 of the five participants shall have twenty percent (20%) of the
24 greater capacity in addition to the 25,000 gpd.

25 4. SALE OF EXTRA CAPACITY:

26 a. Prior to Completion. No extra capacity, as
27 delineated on Exhibit "E", will be sold to anyone other than
28 Allegretti & Company, a California corporation, Clark & Sullivan

1 Constructors, Inc., a Nevada corporation, R. L. Nowlin, or
2 Toreson Industries, a Nevada corporation, until such time as the
3 PROJECT is complete as defined in the terms of the E.D.A. Grant.
4 However, prior to completion of the PROJECT, Allegretti & Com-
5 pany, Clark & Sullivan Constructors, Inc., R. L. Nowlin or
6 Toreson Industries, or any of them may purchase extra capacity
7 from COUNTY at the price actually paid by COUNTY for construction
8 costs, plus five percent (5%). In the event extra capacity is
9 sold prior to completion of the PROJECT, the price for such ex-
10 cess capacity will be ultimately determined when the PROJECT is
11 complete. In the interim, the price for such capacity will be as
12 estimated on Exhibit "E", such price to be adjusted upon comple-
13 tion.

14 b. Subsequent to Completion. During the one-
15 year period subsequent to completion of the PROJECT, Allegretti &
16 Company, Clark & Sullivan Constructors, Inc., R. L. Nowlin, and
17 Toreson Industries will have rights of first refusal to purchase
18 extra capacity as defined in Exhibit "E" on the terms set forth
19 herein.

20 (i) Terms. If during the one-year period
21 following completion of the PROJECT, COUNTY desires to sell
22 all or a portion of the extra capacity to any person or
23 entity, or if COUNTY receives from any person or entity a
24 written bona fide offer to purchase all or any portion of
25 the extra capacity which COUNTY desires to accept, then
26 COUNTY shall first offer to Allegretti & Company, Clark &
27 Sullivan Constructors, Inc., R. L. Nowlin and Toreson
28 Industries (or in the event one of them is the intended

1 purchaser, COUNTY shall offer to the other three) the
2 purchase of the extra capacity or the portion thereof which
3 is offered to be purchased or sold for the same price and on
4 the same terms and conditions as offered. COUNTY shall give
5 written notice of the offer to those entitled thereto, in-
6 cluding the name and address of the intended purchaser, the
7 purchase price, and all of the terms and conditions thereof.
8 Those receiving such notice shall then have thirty (30) days
9 after receipt of the notice to accept or reject the offer.
10 If written acceptance is not given to COUNTY within thirty
11 (30) days, then COUNTY may, within three (3) months from the
12 date of expiration of the thirty (30) day period, sell the
13 specified excess capacity to the intended purchaser or any
14 other person or entity matching the price and the terms and
15 conditions specified in the notice.

16 If the sale is completed to the intended pur-
17 chaser or other person or entity for the price and on the
18 terms and conditions specified in the notice within the
19 three (3) month period, then the right of first refusal con-
20 tained in this paragraph shall be considered waived and
21 revoked for purposes of the extra capacity sold. If the
22 right of first refusal granted herein is not exercised and
23 if the sale is not completed by COUNTY to the intended pur-
24 chaser within the three (3) month period, then COUNTY must
25 again comply with all of the provisions of this paragraph
26 before completing any sale of all or any portion of the
27 extra capacity.

28 ///

1 In the event more than one party entitled to
2 do so elects to exercise its right of first refusal granted
3 hereunder, they shall each be entitled to purchase a frac-
4 tion of the extra capacity being sold the denominator of
5 which shall be the number of acres owned by the parties
6 desiring to purchase such capacity located within the
7 Douglas County Airport Industrial Area and the numerator of
8 which shall be the number of acres owned by such person
9 desiring to purchase the extra capacity.

10 5. CONNECTION TO TRUNK LINES:

11 TORESON is hereby granted the right to connect to the
12 water and sewer trunk lines abutting the property described in
13 Exhibit "B-1" without fees or charges of any sort imposed by
14 COUNTY for the privilege of doing so.

15 6. TRANSFER CONDITIONS:

16 Upon completion of the PROJECT, as completion is
17 defined in the E.D.A. Grant, TORESON will transfer to COUNTY all
18 its right, title and interest in and to the physical assets of
19 the PROJECT in exchange for the rights set forth in paragraphs 3,
20 4 and 5 above.

21 7. ADMINISTRATION:

22 COUNTY, as the recipient of the E.D.A. Grant, shall act
23 as the Administrator of the PROJECT. COUNTY will report monthly
24 to a committee composed of Allegretti & Company, Clark & Sullivan
25 Constructors, Inc., R. L. Nowlin and Toreson Industries, or their
26 representatives, as to the status of the PROJECT, and any actions
27 which would require approval.

28 ///

1 8. COST VARIANCES:

2 The actual total PROJECT cost may vary from the esti-
3 mated total PROJECT cost of \$1,160,748.00. In the event of a
4 variation in costs, the parties' obligations to pay for the PROJ-
5 ECT will be increased or decreased in accordance with their re-
6 spective percentage interests as outlined in Exhibit "E".

7 If the actual cost is more than ten percent (10%)
8 greater than the estimated cost and parties holding fifty-one
9 percent (51%) of the financial interests, excluding the E.D.A.
10 interest, in the PROJECT, agree to fund the additional cost, all
11 participants will pay their proportional shares as their respec-
12 tive percentage interests appear in the recitals hereto. COUNTY
13 will request that bids for construction of the PROJECT be sub-
14 mitted in accordance with the six (6) elements of construction
15 delineated in Exhibit "E".

16 9. TRANSFERRABILITY OF RIGHTS AND OBLIGATIONS:

17 All rights and benefits derived by the parties hereto
18 in the PROJECT are deemed to be appurtenant to the property de-
19 scribed in Exhibit "B". Such rights and benefits may not be sold
20 or transferred independently of the land or some portion thereof
21 to which they are appurtenant and any such attempted sale shall
22 be null and void; except that such rights and benefits may be
23 sold to other owners of real property in the Douglas County
24 Airport Industrial Area in the absolute discretion of the holders
25 of such rights and benefits.

26 10. EFFECT OF AGREEMENT:

27 The parties hereto acknowledge and agree that similar
28 agreements are being executed between COUNTY and Clark & Sullivan

1 Constructors, Inc., a Nevada corporation, R. L. Nowlin, and
2 Allegretti & Company, a California corporation. Any default by
3 any of the parties in the performance of their respective obli-
4 gations will have a severe adverse impact on the others. Clark &
5 Sullivan Constructors, Inc., Allegretti & Company and Toreson
6 Industries, Inc., are third-party beneficiaries of this Agree-
7 ment.

8 11. NOTICES: Any notice, request, demand, instruction
9 or other document to be given hereunder to any party shall be in
10 writing and shall either be personally delivered to the person at
11 the appropriate address set forth below (in which event such
12 notice shall be deemed effective only upon such delivery) or
13 delivered by mail, sent by registered or certified mail, return
14 receipt requested, addressed as follows:

15 COUNTY:

Douglas County Admn Bldg
1511 8th Street
Minden, NV 89423

17 TORESON:

Toreson Industries Inc.
P.O. Box 2338
Minden, Nevada 89423

19 Notices so mailed shall be deemed to have been given 48
20 hours after the deposit of same in any United States mail post
21 office box in the state to which the notice is addressed, or 72
22 hours after deposit in any such post office box other than in the
23 state to which the notice is addressed, postage prepaid, adres-
24 sed as set forth above. The addresses and addressees for the
25 purpose of this paragraph may be changed by giving written
26 notice. Unless and until such written notice is received, the
27 last address and addressee stated by written notice, or as pro-
28 vided herein if no written notice of change has been sent or re-

1 ceived, shall be deemed to continue in effect for all purposes
2 hereunder.

3 12. WAIVER: The waiver or failure to enforce any pro-
4 vision of this Agreement shall not operate as a waiver of any
5 future breach of such provision or of any other provisions here-
6 of.

7 13. MERGER: All understandings and agreements here-
8 tofore had between the parties respecting the services contem-
9 plated by this Agreement are merged by this Agreement which fully
10 and completely express the agreement of the parties. There are
11 no agreements except as specifically set forth in this Agreement
12 or to be set forth in the instruments or other documents deliv-
13 ered or to be delivered hereunder.

14 14. AMENDMENTS: No change in or addition to, or waiv-
15 er or termination of this Agreement or any part thereof shall be
16 valid unless in writing and signed by or on behalf of each of the
17 parties hereto.

18 15. PARAGRAPH HEADINGS: The paragraph headings herein
19 contained are for the purposes of identification only and shall
20 not be considered in construing this Agreement.

21 16. SUCCESSORS AND ASSIGNS: All of the terms and pro-
22 visions of this Agreement shall be binding upon and shall inure
23 to the benefit of and be enforceable by the parties and each of
24 their respective successors and assigns.

25 17. ATTORNEYS' FEES: In the event of any controversy,
26 claim or dispute between the parties hereto arising out of or
27 relating to this Agreement or the breach thereof results in arbi-
28 tration or litigation, the prevailing party in such proceedings'

1 shall be entitled to recover from the losing party reasonable
2 expenses, attorney's fees and costs.

3 18. SEVERABILITY: Every provision of this Agreement
4 is intended to be severable. If any term or provision hereof is
5 illegal or invalid for any reason whatsoever, such illegality
6 shall not affect the validity of the remainder of the within
7 Agreement.

8 19. ARBITRATION: Any disputes or controversies aris-
9 ing under this Agreement shall be resolved by arbitration and
10 such dispute or controversy shall be judged pursuant to the rules
11 and procedures of the American Arbitration Association and the
12 findings thereof shall be binding on all parties hereto.

13 IN WITNESS WHEREOF, the parties hereto have executed
14 this Agreement as of the date first written above.

15
16 TORESON INDUSTRIES, a
Nevada corporation

17
18 By *C. [Signature]*

19
20 COUNTY OF DOUGLAS, a political
21 subdivision of the State of Nevada

22
23 By *Robert [Signature]*

TABLE OF EXHIBITS

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Exhibit A. Description of Douglas County Airport Industrial Area

Exhibit B-1. Property owned by Toreson

Exhibits B-2 through B-4. Property owned by other parties

Exhibit C. Agreement to pay County \$84,324.00

Exhibit D. Notice of Lien which lien secures performance of the Exhibit "C" Agreement

Exhibit E. Cost Distribution Schedule

Exhibit F. Procedural principles re payments made by Toreson Pursuant to the Exhibit "C" Agreement

DESCRIPTION OF DOUBLAS COUNTY

AIRPORT INDUSTRIAL AREA

W $\frac{1}{2}$, Sec. 4, T. 13 N., R. 20 E., M.D.B.
E $\frac{1}{2}$, Sec. 5, T. 13 N., R. 20 E., M.D.B.
E $\frac{1}{2}$, Sec. 8, T. 13 N., R. 20 E. M.D.B.,
S $\frac{1}{2}$ SW $\frac{1}{4}$, Sec. 8, T. 13 N., R. 20 E., M.D.B.,
excepting the westerly 429.43'
NE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 9, T. 13 N., R. 20 E., M.D.B.
NE $\frac{1}{4}$, Sec. 17, T. 13 N., R. 20 E., M.D.B.
N $\frac{1}{2}$ NW $\frac{1}{4}$, Sec. 17, T. 13 N., R. 20 E., M.D.B.,
excepting the westerly 429.43'

August 20, 1986

TORESON PROPERTY

A parcel of land located within the West one half (W1/2) of Section 4 and a portion of the East one half (E1/2) of Section 5, Township 13 North, Range 20 East, Mount Diablo Baseline and Meridian, described as follows:

Commencing at the Southwest corner of Section 4, T. 13N., R. 20E., M.D.B. & M., THE POINT OF BEGINNING; thence North $89^{\circ} 57' 10''$ West, 276.08 feet to the Southwest corner of said parcel; thence along the West line North $00^{\circ} 02' 30''$ West, 5284.93 feet to the South right-of-way line of Johnson Lane; thence along the South right-of-way line South $89^{\circ} 54' 40''$ East, 275.67 feet; thence continuing along said right-of-way line, North $89^{\circ} 56' 52''$ East, 2647.34 feet, more or less, to the Northeast corner of said parcel, thence South $00^{\circ} 02' 34''$ West, 5263.22 feet, more or less, to the one quarter corner common to Sections 4 & 9, T. 13N., R. 20E., M.D.B. & M., the Southeast corner of said parcel; thence South $89^{\circ} 28' 50''$ West, 2639.21 feet to the POINT OF BEGINNING, containing 353.491 acres, more or less.

Said parcel is also described as the total properties of Toreson Industries Inc. as shown on the unrecorded Record of Survey No. 15 for Douglas County as prepared by Resource Concepts, Inc.

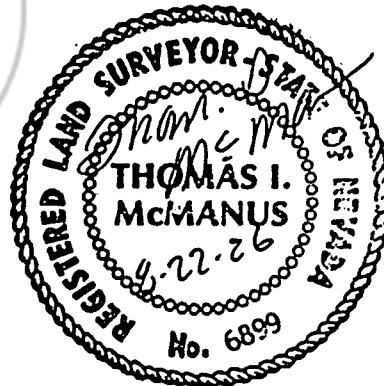


EXHIBIT "B-1"

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August 20, 1986

R. L. NOWLIN, ET. AL.
FLANEX CORP. & R. L. NOWLIN PROPERTY

A parcel of land located within a portion of the East one half (E1/2) of Section 5, Township 13 North, Range 20 East, Mount Diablo Baseline and Meridian, Douglas County, Nevada described as follows:

Commencing at the Southeast corner of Section 5, T. 13N., R. 20E., M.D.B. & M.; thence North 89° 57' 10" West, 276.08 feet to the Southeast corner of said parcel, the POINT OF BEGINNING; thence continuing North 89° 57' 10" West, 990.34 feet; thence North 00° 02' 30" West, 5285.65 feet to the South right-of-way line of Johnson Lane; thence along said right-of-way South 89° 54' 40" East, 990.34 feet; thence South 00° 02' 30" East, 5284.93 feet to the POINT OF BEGINNING, containing 120.161 acres, more or less.

Said parcel is also described as the total properties of R. L. Nowlin, et. al., Flanex Corp. and R. L. Nowlin as shown on the unrecorded Record of Survey No. 15 for Douglas County as prepared by Resource Concepts, Inc.

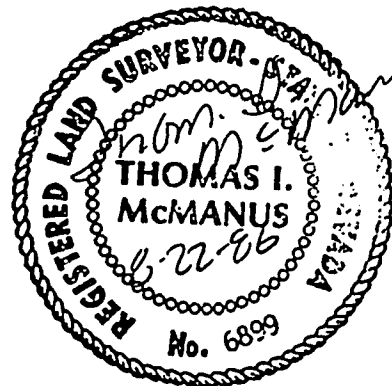


EXHIBIT "B-2"

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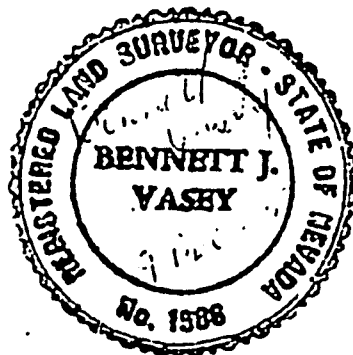
December 9, 1985

R. L. Nowlin

25.53 Acre Parcel

A parcel of land located within a portion of the West 990 feet of the East one half (E 1/2) of the East one half (E 1/2) of Section 5, Township 13 North, Range 20 East, Mount Diablo Baseline and Meridian, Douglas County, Nevada, described as follows:

Commencing at the southwest corner of the East one half (E1/2) of the East one half (E1/2) of Section 5, Township 13 North, Range 20 East, M.D.B & M., the Point of Beginning; thence North 00° 04' 05" East, 1123.04 feet; thence North 89° 46' 24" East, 990.21 feet; thence South 00° 03' 46" West, 1123.04 feet; thence South 89° 46' 24" West, 990.31 feet to the Point of Beginning, containing 25.53 acres, more or less.



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August 20, 1986

ALLEGRETTI PROPERTY

A parcel of land located within a portion of Section 8 and a portion of Section 17, Township 13 North, Range 20 East, Mount Diablo Baseline and Meridian, Douglas County, Nevada, described as follows:

Commencing at the one quarter corner common to Section 8 and 17, T. 13N., R. 20 E., M.D.B. & M; thence South $89^{\circ} 38' 01''$ West, 25.00 feet to the West right-of-way line of Heybourne Road, the POINT OF BEGINNING; thence South $00^{\circ} 09' 02''$ East, 1324.80 feet; thence South $89^{\circ} 43' 06''$ West, 2159.49 feet; thence North $00^{\circ} 00' 43''$ East, 1321.62 feet; thence North $08^{\circ} 07' 03''$ East, 1255.42 feet more or less to the South right-of-way line of Airport Road, thence along said South right-of-way line North $89^{\circ} 46' 14''$ East, 1747.96 feet; thence South $00^{\circ} 00' 09''$ East, 840.50 feet; thence North $89^{\circ} 46' 14''$ East, 39.15 feet; thence South $00^{\circ} 00' 09''$ East, 410.63 feet; thence North $89^{\circ} 38' 01''$ East, 366.00 feet to the POINT OF BEGINNING, containing 116.24 acres, more or less.

Said parcel is also described as the total of Parcels 2 & 3 as shown on the land division map for F. A. & M. M. Thaheld, Trustees and recorded as Document No. 101922, Douglas County, Nevada, Recorder's Office.

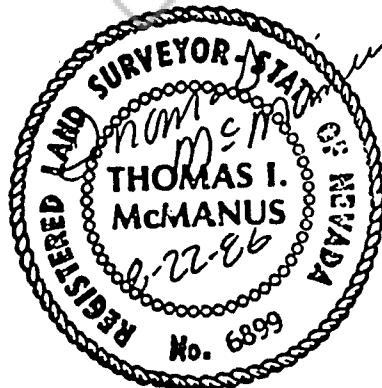


EXHIBIT "B-3"

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August 20, 1986

HALL FAMILY TRUST & CLARK & SULLIVAN PROPERTY

A parcel of land located within a portion of the East one half (E1/2) of Section 5 and a portion of the Northeast one quarter (NE1/4) of Section 8 both in Township 13 North, Range 20 East, Mount Diablo Baseline and Meridian, Douglas County, Nevada, described as follows:

Commencing at the Southeast corner of Section 5, T. 13N., R. 20E., M.D.B. & M.; thence North 89° 57' 10" West, 1023.47 feet to the East 1/16 corner of Sections 5 and 8, the POINT OF BEGINNING; thence South 00° 08' 52" East, 1324.55 feet to the Southeast corner of said parcel; thence South 89° 58' 45" West, 1252.73 feet to the East line of Heybourne Road and Utility Easement; thence North 00° 00' 34" West, 1326.03 feet; thence North 00° 32' 25" West 5286.88 feet to the South right-of-way line of Johnson Lane; thence along said South right-of-way line South 89° 54' 40" East, 1328.66 feet; thence South 00° 02' 30" East, 5285.65 feet; thence North 89° 57' 10" West, 33.13 feet to the POINT OF BEGINNING, containing 196.511 acres, more or less.

Said parcel is also described as the total properties of the Hall Family Trust and Clark & Sullivan Construction as shown on the Unrecorded Record of Survey No. 15 for Douglas County as prepared by Resource Concepts, Inc.

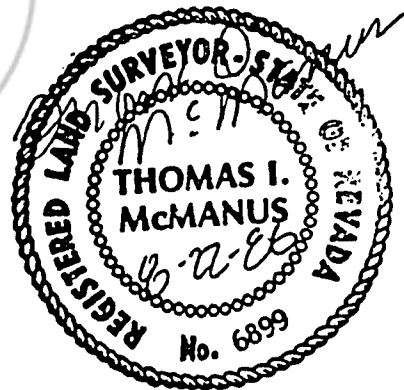


EXHIBIT "B-4"

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1 AGREEMENT

2
3 THIS AGREEMENT, made and entered into this 10th day
4 of November, 1985, by and between TORESON INDUSTRIES, INC.,
5 a Nevada corporation, hereinafter referred to as "TORESON", and
6 the COUNTY OF DOUGLAS, a political subdivision of the State of
7 Nevada, hereinafter referred to as "DOUGLAS COUNTY",

8 W I T N E S S E T H:

9 WHEREAS, DOUGLAS COUNTY has accepted a grant from the
10 Economic Development Administration, U.S. Department of Commerce,
11 identified as Project No. 07-01-02893, for the construction of
12 water and sewer improvements for the Douglas County Airport In-
13 dustrial Area, Minden, Nevada; and

14 WHEREAS, the above-referenced grant will only pay for a
15 portion of the total project cost; and

16 WHEREAS, TORESON is the owner of certain real property
17 situate in the County of Douglas, State of Nevada, which real
18 property is in close proximity to the Douglas County Airport
19 Industrial Area; and

20 WHEREAS, DOUGLAS COUNTY desires that TORESON pay a por-
21 tion of the cost of the construction of the above-referenced
22 water and sewer improvements, and that the payment of said por-
23 tion of the costs be secured by a lien upon the real property
24 owned by TORESON in Douglas County, Nevada; and

25 WHEREAS, TORESON desires to pay a portion of said costs
26 and desires to grant such a lien to DOUGLAS COUNTY; and

27 WHEREAS, the parties have entered into this Agreement
28 in order to govern their rights and obligations set forth herein,

1 NOW, THEREFORE, in consideration of the mutual coven-
2 ants, conditions, terms and promises herein contained, the par-
3 ties do hereby agree as follows:

4 1. TORESON shall pay to DOUGLAS COUNTY the sum of
5 \$84,324.00, said sum to be paid to DOUGLAS COUNTY in install-
6 ments, on demand, each installment to be equivalent to 7.2645% of
7 the total amount of each contract entered into by DOUGLAS COUNTY
8 and a contractor for all of the services and the actual construc-
9 tion of the water and sewer improvements for the Douglas County
10 Airport Industrial Area. Since the cost of the project is based
11 on estimates prepared by Paul Lumos & Associates, the actual cost
12 may be more or less than the amount stated above. Only for pur-
13 poses of this Agreement, the above amount of \$84,324.00 shall be
14 considered as the maximum amount of the lien for purposes of the
15 enforceability under the Notice of Lien of even date herewith.

16 2. To secure the payment of the above sum, TORESON
17 agrees to grant to DOUGLAS COUNTY a lien on real property owned
18 by TORESON in Douglas County, Nevada. The lien shall encumber
19 real property owned by TORESON equivalent to 200% of the value of
20 the above obligation owed by TORESON to DOUGLAS COUNTY. For pur-
21 poses of determining the amount of real property to be encumber-
22 ed, TORESON's property shall be valued at \$10,000.00 per acre.
23 The parties expressly agree that said valuation is for the sole
24 purpose of establishing the amount of acreage to be encumbered by
25 the lien and in no way constitutes the market value or a selling
26 price of said real property.

27 3. DOUGLAS COUNTY agrees that any and all expendi-
28 tures made by TORESON for improvements, including but not limited

1 to, expenditures for wells, equipment, engineering and other
2 appurtenances, in connection with construction of the water and
3 sewer improvements pursuant to the EDA Grant, Project No.
4 07-01-02893, shall operate as a credit against the above sum owed
5 by TORESON.

6 4. The parties agree that at any time prior to pay-
7 ment in full by TORESON of the amount set forth in paragraph 1
8 above, TORESON may substitute, with the consent of DOUGLAS
9 COUNTY, real property of equal value and in close proximity to
10 the Douglas County Airport Industrial Area as security for the
11 lien.

12 5. Upon the payment in full by TORESON of the amounts
13 set forth in paragraph 1 above, or a lesser amount as demanded by
14 DOUGLAS COUNTY; or the cancellation of the project for any
15 reason; or the completion of the project, the lien established by
16 this Agreement shall terminate and be fully discharged.

17 DOUGLAS COUNTY agrees to execute any and all documents
18 required to effectuate the termination and release of the lien
19 established hereunder.

20 6. In the event it becomes necessary to enforce the
21 provisions of this lien, the parties agree that DOUGLAS COUNTY
22 may proceed to enforce this lien in accordance with the terms of
23 NRS 108.239.

24 7. The parties hereto agree that within fifteen (15)
25 days after the date hereof, TORESON shall provide a preliminary
26 title report showing the status of title on the Exhibit "A" real
27 property. TORESON shall provide evidence that the Exhibit "A"
28 real property has unencumbered value sufficient to retire the

1 Paragraph 1 obligation as envisioned in Paragraph 2. DOUGLAS
2 COUNTY may demand alternate security for the obligation set forth
3 herein and TORESON shall provide acceptable alternate security as
4 demanded.

5 IN WITNESS WHEREOF, the parties have set their hands
6 the day and year first above written.

7 TORESON INDUSTRIES, INC.,
8 a Nevada corporation

DOUGLAS COUNTY, a political
subdivision of the State of
Nevada

9
10 By *Carolyn Seymour*
11 ~~JAMES TORESON, President~~
12 CAROLYN SEYMOUR, Secretary

By *Robert Pruett*
13 ROBERT PRUETT, Chairman of
14 the Board of County
15 Commissioners

NOTICE OF LIEN

NOTICE IS HEREBY GIVEN:

That TORESON INDUSTRIES, INC., a Nevada corporation, hereinafter referred to as TORESON, did on or about the 10th day of December, 1985, enter into a certain Agreement with DOUGLAS COUNTY, a political subdivision of the State of Nevada, to pay certain sums of money to DOUGLAS COUNTY, as set forth in said Agreement and in connection with that certain grant, Project No. 07-01-02983, offered to DOUGLAS COUNTY by the Economic Development Administration, U.S. Department of Commerce, for the construction of water and sewer improvements for the Douglas County Airport Industrial Area, Minden, Nevada.

That to secure the payment of the sums set forth in the above-referenced Agreement, the undersigned does hereby grant to DOUGLAS COUNTY, a lien against the following described property owned by the undersigned and situate in the County of Douglas, State of Nevada, more particularly described in Exhibit "A", attached hereto and incorporated herein by this reference.

WHEREFORE, TORESON hereby grants to DOUGLAS COUNTY a lien in accordance with the above-referenced Agreement on the above-described real property.

DATED this 10th day of December, 1985.

TORESON INDUSTRIES, INC.,
a Nevada corporation

By Carolyn Seymour
JAMES TORESON / President
CAROLYN SEYMOUR, Secretary

Exhibit "D"

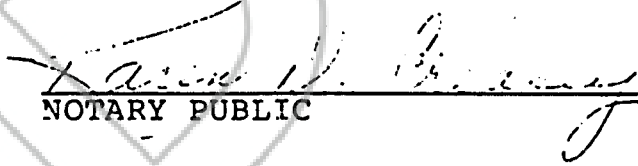
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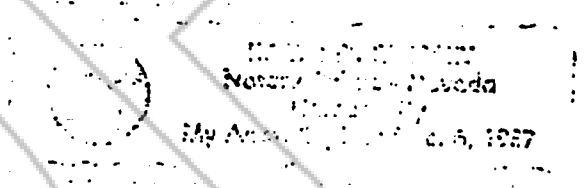
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1 STATE OF NEVADA)
2 CARSON CITY) : SS

3 On this 10th day of December, 1985, before me, the
4 undersigned, a Notary Public, personally appeared ~~JAMES TORESON~~,
5 known to me to be the ~~President~~ ^{Secretary} of TORESON INDUSTRIES, INC., who
6 executed the foregoing instrument, who acknowledged to me that he
7 executed the same freely and voluntarily, and for the uses and
8 purposes therein mentioned on behalf of said corporation.

9 IN WITNESS WHEREOF, I have hereunto set my hand and
10 affixed my official seal the day and year hereinabove written.

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12 
13 NOTARY PUBLIC

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COST DISTRIBUTION SCHEDULE FOR
WATER/SEWER AIRPORT PROJECT IN DOUGLAS COUNTY

Description	Clark/ Sullivan				Total
	Doug. Co.	Nowlin	Toreson	Allegretti	
<u>Water System</u>					
Ratios	(7.41)	(59.72)	(18.98)	(9.76)	
Amount	12,916	104,091	33,083	16,140	174,300
<u>Sewer Collection</u>					
Ratios	(32.48)	(10.89)	(14.83)	(17.56)	
Amount	95,588	32,050	43,644	51,679	294,300
<u>Sewer Plant</u> (25,000 GPD)					
Ratios	(20.00)	(20.00)	(20.00)	(20.00)	
Amount	26,642	26,642	26,642	26,642	133,210
Extra Capacity *	108,740	-	-	-	108,740*
<u>Effluent Disposal</u>					
Ratios	(20.00)	(20.00)	(20.00)	(20.00)	
Amount	10,753	10,753	10,753	10,753	53,765
Extra Capacity *	135,235	-	-	-	135,235*
<u>Plant Site</u>					
Ratios	(20.00)	(20.00)	(20.00)	(20.00)	
Amount	1,500	1,500	1,500	1,500	7,500
Extra Capacity *	67,500	-	-	-	67,500*
<u>Engineering & Contingency</u>					
Ratios	(22.22)	(26.39)	(17.44)	(16.11)	
Amount	28,162	33,442	22,091	20,389	126,687
Extra Capacity *	59,511	-	-	-	59,511*
TOTALS	\$370,986	140,907	137,713	127,103	\$370,986
TOTALS	175,561	208,478	53,389	49,275	789,762
GRAND TOTALS	546,547	80,823	53,389	49,275	1,160,748
LESS GRANT PARTICIPANTS' COSTS	211,886	-	-	-	450,000
CURRENT COSTS	\$334,661	\$86,280	\$84,324	\$77,828	\$710,748
EXTRA CAPACITY COSTS	\$107,499				
GRAND TOTALS	227,162				
EXTRA CAPACITY COSTS	\$334,661	\$376,087			\$710,748
GRAND TOTALS	\$661,823				

DOUGLAS COUNTY
INDUSTRIAL WATER/SEWER PROJECT

ENGINEERING COSTS
REVISED SUBMISSION

This is a revision of the allocation of engineering costs submitted in January 1986 covered by Task Orders WS1, WS2, WS3, and WS4.

Allocations as revised are based upon the following principles:

1. The percentage being allocated to each participant is as set forth in the lien agreements with the County dated December 9, 1985.

<u>Participants</u>	<u>Percentage</u>
<u>Private Sector</u>	
Clark-Sullivan	7.4374
Nowlin	10.9976
Toreson	7.2645
Allegretti	6.7045
Total - Private Participants	<u>32.4040</u>
<u>Public Sector</u>	
Douglas County	28.8315
EDA	38.7645
Total - Public Participants	<u>67.5960</u>
GRAND TOTAL	<u>100.0000</u>

2. The EDA will not pay any funds for engineering services until the engineering is substantially completed. In the interim, the other participants will "loan" the project the amount of the EDA allocation and will have credit balances which will subsequently reduce future payments they will owe.
3. Attached herein is the original engineering cost submitted in January 1986 showing the entire engineering task orders with the total for each task order. The allocations to each participant are adjusted since the above method will be used and a revised WS-1 allocation schedule is attached as well as a new schedule for task order WS-2. Task orders WS-3 and WS-4 will be revised at the due dates.

4. The formula used to determine the amount of each participant's "loan" using Clark-Sullivan as an example. As set forth in Revised W-S 1:

$$\begin{array}{r} \text{Column 1} \quad 937 \\ \text{Column 1} \quad \hline 7714 \end{array} = 12.16\%$$

$$12.16 \times \text{EDA amount of } \$4,882 = \$594$$

$$\text{Column 1 plus Column 2} = \$1,531 \text{ due from Clark-Sullivan}$$

COPY

DOUGLAS COUNTY
INDUSTRIAL WATER/SEWER PROJECT
REVISED WS-1

	1	2	3	4	5
Participant	Allocation Per Lien Ratios	Allocation of "Loan" to Cover EDA Funds	Total Due Currently 1 + 2	Actual January Payments	Account Balance 3 - 4 DR(CR)
Clark-Sullivan	937	594	1,531	2,247.13	<716.13>
Nowlin	1,385	876	2,261	3,325.34	<1,064.34>
Toreson	915	579	1,494	2,196.74	<702.74>
Allegretti	845	535	1,380	2,026.74	<646.70>
Douglas County	3,632	2,298	5,930	2,800.09	3,129.91
Sub-total	<u>7,714</u>	<u>4,882</u>	<u>12,596</u>	<u>12,596.</u>	<u>-0-</u>
EDA	4,882		-0-	-0-	4,882.
Total	<u>\$ 12,596</u>		<u>12,596</u>	<u>12,596.</u>	<u>4,882.</u>

DOUGLAS COUNTY
INDUSTRIAL WATER/SEWER PROJECT
REVISED WS-2 (2/9/86)

Participant	Allocation Per Lien Ratios	Allocation of "Loan" to Cover EDA Funds	Total Due Currently 1 + 2	Actual February Payments	Account Balance 3 - 4 DR(CR)		Total Paid to Date Including Loan	Loan Amount To Date	Prior Balance	New Balance 8+2+5	Paid on Lien
					3 - 4	DR(CR)					
Clark-Sullivan	4.778	3,026	7,804			2,247.13	594	<716.13>			
Nowlin	7.065	4,472	11,537			3,325.34	876	<1,064.34>			
Torreson	4.667	2,954	7,621			2,196.74	579	<702.74>			
Allegretti	4.307	2,726	7,033			2,026.74	535	<646.70>			
Douglas County Sub-total	18,521 39,338 24,902	11,724 24,902	30,245 64,240 -0-			2,800.09	2,298	3,129.91 -0-	4,882.00		
Total	\$ 64,240		64,240			12,596.00	-0-	4,882.00	4,882.00		

Please make checks payable to Douglas County Water-Sewer Project, Mail to Douglas County, Attention Paul Fillebrown, P.O. Box 218, Minden, Nevada 89423.

CERTIFIED COPY

The document to which this reference is made is a true, full, true and correct copy of the original record in my office.

DATE: September 21 1986

By Barbara J. Smith Clerk of the State of Nevada, in and for the County of Douglas

Justice H. H. H. H. Deputy Clerk

SEAL

REQUESTED BY
DOUGLAS COUNTY

IN OFFICIAL RECORDS OF
DOUGLAS COUNTY, NEVADA

86 SEP -5 AM 1:06

SUZANNE BEAUDREAU
RECORDER

140448

\$ PAID 944 DEPUTY

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