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**STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND CONTRACTOR
ON THE BASIS OF A STIPULATED PRICE**

BARBARA REED
BY *[Signature]* DEPUTY

THIS AGREEMENT is dated as of the 30th day of October in the year 1997 by and between Douglas County, Nevada (hereinafter called OWNER) and Charles Sargent Irrigation, Inc. (hereinafter called CONTRACTOR).

OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

Article 1. WORK.

CONTRACTOR shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows:

Supply all labor and materials to drill and complete a water production well with test hole and possible multiple completion monitoring well, each to a depth from as shallow as 300' to as deep as 1000'. Completion of the project includes, but is not limited to, drilling, installation of casing, screen and gravel pack, well development, production testing, sanitary seals, permitting, and all incidentals necessary to provide a functioning water production well for use as a potable source for municipal water supply.

The Project for which the Work under the Contract Documents may be the whole or only a part is generally described as follows:

Mountain View/Airport Water System
Well No. 1 Construction

Article 2. ENGINEER.

The Project has been designed by:

Walters Engineering
1575 Delucci Lane, Suite 111
Reno, NV 89502

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who is hereinafter called ENGINEER and who is to act as OWNER's representative, assume all duties and responsibilities and have the rights and authority assigned to ENGINEER in the Contract Documents in connection with completion of the Work in accordance with the Contract Documents.

Article 3. CONTRACT TIMES.

3.1 The Work will be substantially completed on or before December 23, 1997, and completed and ready for final payment in accordance with paragraph 14.13 of the General Conditions on or before January 5, 1998.

3.2 Liquidated Damages. OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and that OWNER will suffer financial loss if the Work is not completed within the times specified in paragraph 3.1 above, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. They also recognize the delays, expense and difficulties involved in proving the actual loss suffered by OWNER if the Work is not completed on time. Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER Seven Hundred dollars (\$ 700.00) for each day that expires after the time specified in paragraph 3.1 for Substantial Completion until the Work is substantially complete. After Substantial Completion, if CONTRACTOR shall neglect, refuse or fail to complete the remaining Work within the time specified in paragraph 3.1 for completion and readiness for final payment or any proper extension thereof granted by OWNER, CONTRACTOR shall pay OWNER Seven Hundred dollars (\$ 700.00) for each day that expires after the time specified in paragraph 3.1 for completion and readiness for final payment.

In the event that the CONTRACTOR fails to pay OWNER the specified liquidated damages amount within thirty (30) days of CONTRACTOR's being notified of said damages, OWNER may deduct the amount of the assessed liquidated damages from the final payment or retention withheld pursuant to Article 14 of the General Conditions.

Article 4. CONTRACT PRICE.

OWNER shall pay CONTRACTOR for completion of the Work in accordance with the Contract Documents an amount in current funds equal to the sum of the amounts determined below:

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for all Unit Price Work, an amount equal to the sum of the established Unit Price for each separately identified item of Unit Price Work times the estimated quantity of that item, as indicated in the attached Bid Schedule.

As provided in paragraph 11.9 of the General Conditions estimated quantities are not guaranteed, and determinations of actual quantities and classification are to be made by ENGINEER as provided in paragraph 9.10 of the General Conditions. Unit prices have been computed as provided in paragraph 11.9.2 of the General Conditions.

Article 5. PAYMENT PROCEDURES.

CONTRACTOR shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by ENGINEER as provided in the General Conditions.

5.1. Progress Payments; Retainage. OWNER shall make progress payments on account of the Contract Price on the basis of CONTRACTOR's Applications for Payment as recommended by ENGINEER, on or about the Friday following either the first or third Thursday of each month, depending upon the timing of submittals and approvals, as provided in paragraphs 5.1.1. and 5.1.2. below. All such payments will be measured by the schedule of values established in paragraph 2.9 of the General Conditions (and in the case of Unit Price Work based on the number of units completed) or, in the event there is no schedule of values, as provided in the General Requirements:

5.1.1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below, but, in each case, less the aggregate of payments previously made and less such amounts as ENGINEER shall determine, or OWNER may withhold, in accordance with paragraph 14.7 of the General Conditions.

90% of Work completed (with balance being retainage). If Work has been 50% completed as determined by ENGINEER, and if the character and progress of the Work have been satisfactory to OWNER and ENGINEER, OWNER, on recommendation of

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ENGINEER, may determine that as long as the character and progress of the Work remain satisfactory to them, there will be no additional retainage on account of Work completed, in which case the remaining progress payments prior to Substantial Completion will be in an amount equal to 100% of the Work completed.

90% (with the balance being retainage) of materials and equipment not incorporated in the Work (but delivered, suitably stored and accompanied by documentation satisfactory to OWNER as provided in paragraph 14.2 of the General Conditions).

5.1.2. Upon Substantial Completion, in an amount sufficient to increase total payments to CONTRACTOR to 90% of the Contract Price (with the balance being retainage), less such amounts as ENGINEER shall determine, or OWNER may withhold, in accordance with paragraph 14.7 of the General Conditions.

5.2. Final Payment. Upon final completion and acceptance of the Work in accordance with paragraph 14.13 of the General Conditions, OWNER shall pay the remainder of the Contract Price as recommended by ENGINEER as provided in said paragraph 14.13.

Article 6. INTEREST.

All moneys not paid when due as provided in Article 14 of the General Conditions shall bear interest at the maximum rate allowed by law at the place of the Project.

Article 7. CONTRACTOR'S REPRESENTATIONS.

In order to induce OWNER to enter into this Agreement CONTRACTOR makes the following representations:

7.1. CONTRACTOR has examined and carefully studied the Contract Documents (including the Addenda listed in paragraph 8) and the other related data identified in the Bidding Documents including "technical data."

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7.2. CONTRACTOR has visited the site and become familiar with and is satisfied as to the general, local and site conditions that may affect cost, progress, performance or furnishing of the Work.

7.3. CONTRACTOR is familiar with and is satisfied as to all federal, state and local Laws and Regulations that may affect cost, progress, performance and furnishing of the Work.

7.4. CONTRACTOR has carefully studied all reports of explorations and tests of subsurface conditions at or contiguous to the site and all drawings of physical conditions in or relation to existing surface or subsurface structures at or contiguous to the site (except Underground Facilities) which have been identified in the Supplementary Conditions as provided in paragraph 4.2.1 of the General Conditions. CONTRACTOR accepts the determination set forth in paragraph SC-4.2 of the Supplementary Conditions of the extent of the "technical data" contained in such reports and drawings upon which CONTRACTOR is entitled to rely as provided in paragraph 4.2 of the General Conditions. CONTRACTOR acknowledges that such reports and drawings are not Contract Documents and may not be complete for CONTRACTOR's purposes. CONTRACTOR acknowledges that OWNER and ENGINEER do not assume responsibility for the accuracy or completeness of information and data shown or indicated in the Contract Documents with respect to Underground Facilities at or contiguous to the site. CONTRACTOR has obtained and carefully studied (or assumes responsibility for having done so) all such additional supplementary examinations, investigations, explorations, tests, studies and data concerning conditions (surface, subsurface and Underground Facilities) at or contiguous to the site or otherwise which may affect cost, progress, performance or furnishing of the Work or which relate to any aspect of the means, methods, techniques, sequences and procedures of construction to be employed by CONTRACTOR and safety precautions and programs incident thereto. CONTRACTOR does not consider that any additional examinations, investigations, explorations, tests, studies or data are necessary for the performance and furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents.

7.5. CONTRACTOR is aware of the general nature of work to be performed by OWNER and others at the site that relates to the Work as indicated in the Contract Documents.

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7.6. CONTRACTOR has correlated the information known to CONTRACTOR, information and observations obtained from visits to the site, reports and drawings identified in the Contract Documents and all additional examinations, investigations, explorations, tests, studies and data with the Contract Documents.

7.7. CONTRACTOR has given ENGINEER written notice of all conflicts, errors, ambiguities or discrepancies that CONTRACTOR has discovered in the Contract Documents and the written resolution thereof by ENGINEER is acceptable to CONTRACTOR, and the Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

Article 8. CONTRACT DOCUMENTS.

The Contract Documents which comprise the entire agreement between OWNER and CONTRACTOR concerning the Work consist of the following:

- 8.1. This Agreement (pages 1 to ¹⁰~~9~~, inclusive).
- 8.2. Photocopy of Bid Schedule.
- 8.3. Performance and Payment Bonds, included under Division 5-PERFORMANCE AND PAYMENT BONDS.
- 8.4. Notice to Proceed (not attached).
- 8.5. General Conditions (pages GC-1 to GC-⁶⁵~~61~~, inclusive, not attached).
- 8.6. Supplementary Conditions (none provided).
- 8.7. Specifications bearing the title "Well No. 1 Construction" and consisting of divisions as listed in table of contents thereof (attached).
- 8.8. Drawings (see Construction Specifications)
- 8.9. Addenda numbered / to / , inclusive.
- 8.10. CONTRACTOR's Bid (pages BF-1 to BF-11, inclusive, not attached).

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- 8.11. Documentation submitted by CONTRACTOR prior to Notice of Award (pages _____ to _____, inclusive, not attached).
- 8.12. The following which may be delivered or issued after the Effective Date of the Agreement and are not attached hereto:

All Written Amendments and other documents amending, modifying or supplementing the Contract Documents pursuant to paragraphs 3.5 and 3.6 of the General Conditions.

- 8.13. Standard Specifications for Public Works Construction, Washoe County, City of Sparks, City of Reno, Carson City, City of Yerington, 1996 Edition, incorporated by reference.

The documents listed in paragraphs 8.2 et seq. above are attached to this Agreement (except as expressly noted otherwise above).

There are no Contract Documents other than those listed above in this Article 8. The Contract Documents may only be amended, modified or supplemented as provided in paragraphs 3.5 and 3.6 of the General Conditions.

Article 9. MISCELLANEOUS.

9.1. Terms used in this Agreement which are defined in Article 1 of the General Conditions will have the meanings indicated in the General Conditions.

9.2. No assignment by a party hereto of any rights under or interests in the Contract Documents will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

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9.3. OWNER and CONTRACTOR each binds itself, its partners, successors, assigns and legal representatives to the other party hereto, its partners, successors, assigns and legal representatives in respect to all covenants, agreements and obligations contained in the Contract Documents.

9.4. Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and CONTRACTOR, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

9.5. If applicable, in the event that there is any litigation relative to the interpretation or enforcement of this agreement or any of the Contract Documents, the prevailing party shall be entitled to a reasonable Attorney's fee, together with costs of suit.

IN WITNESS WHEREOF, OWNER and CONTRACTOR have signed this Agreement in triplicate. One counterpart each has been delivered to OWNER, CONTRACTOR and ENGINEER. All portions of the Contract Documents have been signed, initialed or identified by OWNER and CONTRACTOR or identified by ENGINEER on their behalf.

This Agreement will be effective on October 30, 1997

DOUGLAS COUNTY, NEVADA - OWNER
Daniel C. Miller, County Manager, for
Jacques Etchegoyhen, Chairman
Board of County Commissioners

STATE OF NEVADA)
)ss.
COUNTY OF DOUGLAS)

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One the 30th day of October, 1997, Jacques Etchegoyhen, Chairman of the Douglas County Board of Commissioners, personally appeared before me, Barbara J. Reed, Douglas County Clerk, and acknowledged to me that, in conformance with the direction of the Board of Douglas County Commissioners' meeting of Jan. 16, 1997, he executed the above instrument on behalf of Douglas County, a political subdivision of the State of Nevada.

Barbara J. Reed by Sandy Condon, deputy
Barbara J. Reed, Douglas County Clerk

_____- CONTRACTOR:
By: Merrick Whitesel
(Authorized Representative)

Print Name: Merrick Whitesel

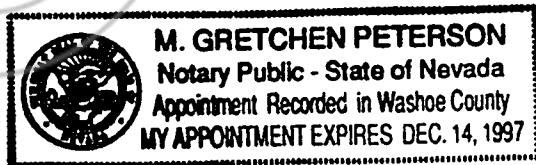
STATE OF NEVADA)
) SS:
COUNTY OF DOUGLAS)

On this 22 day of OCTOBER, in the year 1997 before me, M. GRETCHEN PETERSON / Notary Public, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is (are) subscribed to this instrument, and acknowledge that he (she/they) executed it.

WITNESS my hand and official seal.

M. Gretchen Peterson

Notary's Signature
My Commission Expires: 12-14-97



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Address for giving notices to Owner:

Address for giving notices to Contractor:

J.R. Nunes,

Acting County Engineer

Douglas County Community Development

P.O. Box 218

Minden, NV 89423

9955 N. Virginia St.
Reno, NV 89506

NV License No. _____

Agent for service of process:

Merrick Whitesel

Summary of Attachments to be affixed to this document:

Attachment "A" - Photocopy of Bid Schedule

Attachment "B" - Original executed Performance Bond

Attachment "C" - Original executed Payment Bond

Addenda Numbered / through / (if any)

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Construction Performance Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Sargent Irrigation Company
9955 North Virginia Street
Reno, Nevada 89506

SURETY (Name and Principal Place of Business):

Merchants Bonding Company (Mutual)
2100 Fleur Drive
Des Moines, IA 50321

OWNER (Name and Address):

Douglas County Board Commissioners
1595 E Smeralda Avenue, Room 105
Minden, NV 89423

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OCT 30 1997

DOUGLAS COUNTY
COMMUNITY DEVELOPMENT

CONSTRUCTION CONTRACT.

Date:

Amount: \$305,510.00

Description (Name and Location): Production Well & Test Hole
Well No. 1 Construction

BOND

Date (Not earlier than Construction Contract Date):

Amount: \$305,510.00

Modifications to this Bond Form: NONE

CONTRACTOR AS PRINCIPAL

Company: SARGENT IRRIGATION COMPANY (Corp. Seal)

Signature: *Mark K. Latent*

Name and Title: Manager

SURETY

Company: MERCHANTS BONDING COMPANY (MUTUAL) (Corp. Seal)

Signature: *Reilly J. Kreifels*

Name and Title: Attorney-in-Fact

CONTRACTOR AS PRINCIPAL

Company: _____ (Corp. Seal)

Signature: _____

Name and Title: _____

SURETY

Company: _____ (Corp. Seal)

Signature: _____

Name and Title: _____

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1. The Contractor and the Surety, jointly and severally and themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.
2. If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.
3. If there is no Owner Default, the Surety's obligation under this Bond shall arise after:
 - 3.1. The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below, that the Owner is considering declaring a Contractor Default and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Construction Contract. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default; and
 - 3.2. The Owner has declared a Contractor Default and formally terminated the Contractor's right to complete the contract. Such Contractor Default shall not be declared earlier than twenty days after the Contractor and the Surety have received notice as provided in Subparagraph 3.1; and
 - 3.3. The Owner has agreed to pay the Balance of the Contract Price to the Surety in accordance with the terms of the Construction Contract or to a contractor selected to perform the Construction Contract in accordance with the terms of the contract with the Owner.
4. When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:
 - 4.1. Arrange for the Contractor, with consent of the Owner, to perform and complete the Construction Contract; or
 - 4.2. Undertake to perform and complete the Construction Contract itself, through its agents or through independent contractors; or
 - 4.3. Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price incurred by the Owner resulting from the Contractor's default; or
 - 4.4. Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:
 1. After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or
 2. Deny liability in whole or in part and notify the Owner citing reasons therefor.
5. If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4, and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.
6. After the Owner has terminated the Contractor's right to complete the Construction Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. To the limit of the amount of this Bond, but subject to commitment by the Owner of the Balance of the Contract Price to mitigation of costs and damages on the Construction Contract, the Surety is obligated without duplication for:
 - 6.1. The responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;
 - 6.2. Additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and
 - 6.3. Liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.
7. The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators, or successors.
8. The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.
9. Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.
10. Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page.
11. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.
12. Definitions.
 - 12.1. Balance of the Contract Price: The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Contractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.
 - 12.2. Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.
 - 12.3. Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Construction Contract.
 - 12.4. Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

(FOR INFORMATION ONLY—Name, Address and Telephone)

AGENT or BROKER:

OWNER'S REPRESENTATIVE (Architect, Engineer or other party):

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Construction Payment Bond

Any singular reference to the Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Sargent Irrigation Company
9955 North Virginia Street
Reno, Nevada 89506

SURETY (Name and Principal Place of Business):

Merchants Bonding Company (Mutual)
2100 Fleur Drive
Des Moines, IA 50321

OWNER (Name and Address):

Douglas County Board Commissioners
1595 E Smeralda Avenue, Room 105
Minden, NV 89423

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OCT 30 1997

DOUGLAS COUNTY
COMMUNITY DEVELOPMENT

CONSTRUCTION CONTRACT

Date:

Amount \$305,510.00

Description (Name and Location): Production Well & Test Hole
Well No. 1 Construction

BOND

Date (Not earlier than Construction Contract Date):

Amount: \$305,510.00

Modifications to this Bond Form: NONE

CONTRACTOR AS PRINCIPAL

Company: SARGENT IRRIGATION COMPANY (Corp. Seal)

Signature: [Signature]
Name and Title: Manager

SURETY

Company: MERCHANTS BONDING COMPANY (MUTUAL) (Corp. Seal)

Signature: [Signature]
Name and Title: Betty J. Kreifels
Attorney-in-Fact

CONTRACTOR AS PRINCIPAL

Company: _____ (Corp. Seal)

Signature: _____
Name and Title: _____

SURETY

Company: _____ (Corp. Seal)

Signature: _____
Name and Title: _____

EJCDC No. 1910-28B (1984 Edition)

Prepared through the joint efforts of the Surety Association of America, Engineers Joint Contract Documents Committee, The Associated General Contractors of America, American Institute of Architects, American Subcontractors Association, and the Associated Specialty Contractors.
Reprinted 10/90

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1. The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference.
2. With respect to the Owner, this obligation shall be null and void if the Contractor:
 - 2.1. Promptly makes payment, directly or indirectly, for all sums due Claimants, and
 - 2.2. Defends, indemnifies and holds harmless the Owner from all claims, demands, liens or suits by any person or entity who furnished labor, materials or equipment for use in the performance of the Construction Contract, provided the Owner has promptly notified the Contractor and the Surety (at the address described in Paragraph 12) of any claims, demands, liens or suits and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety, and provided there is no Owner Default.
3. With respect to Claimants, this obligation shall be null and void if the Contractor promptly makes payment, directly or indirectly, for all sums due.
4. The Surety shall have no obligation to Claimants under this Bond until:
 - 4.1. Claimants who are employed by or have a direct contract with the Contractor have given notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and, with substantial accuracy, the amount of the claim.
 - 4.2. Claimants who do not have a direct contract with the Contractor:
 1. Have furnished written notice to the Contractor and sent a copy, or notice thereof, to the Owner, within 90 days after having last performed labor or last furnished materials or equipment included in the claim stating, with substantial accuracy, the amount of the claim and the name of the party to whom the materials were furnished or supplied or for whom the labor was done or performed; and
 2. Have either received a rejection in whole or in part from the Contractor, or not received within 30 days of furnishing the above notice any communication from the Contractor by which the Contractor has indicated the claim will be paid directly or indirectly; and
 3. Not having been paid within the above 30 days, have sent a written notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and enclosing a copy of the previous written notice furnished to the Contractor.
5. If a notice required by Paragraph 4 is given by the Owner to the Contractor or to the Surety, that is sufficient compliance.
6. When the Claimant has satisfied the conditions of Paragraph 4, the Surety shall promptly and at the Surety's expense take the following actions:
 - 6.1. Send an answer to the Claimant, with a copy to the Owner, within 45 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.
 - 6.2. Pay or arrange for payment of any undisputed amounts.
7. The Surety's total obligation shall not exceed the amount of this Bond, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.
8. Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract

- and to satisfy claims, if any, under any Construction Performance Bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and the Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.
9. The Surety shall not be liable to the Owner. Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.
 10. The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.
 11. No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work or part of the work is located or after the expiration of one year from the date (1) on which the Claimant gave the notice required by Subparagraph 4.1 or Clause 4.2 (iii), or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.
 12. Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page. Actual receipt of notice by Surety, the Owner or the Contractor, however accomplished, shall be sufficient compliance as of the date received at the address shown on the signature page.
 13. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is, that this Bond shall be construed as a statutory bond and not as a common law bond.
 14. Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor shall promptly furnish a copy of this Bond or shall permit a copy to be made.
15. DEFINITIONS
- 15.1. Claimant: An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Contract. The intent of this Bond shall be to include without limitation in the terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.
 - 15.2. Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.
 - 15.3. Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

(FOR INFORMATION ONLY—Name, Address and Telephone)

AGENT or BROKER:

OWNER'S REPRESENTATIVE (Architect, Engineer or other party):

0425809

BK 1197PG 1406

Merchants Bonding Company
(MUTUAL)

POWER OF ATTORNEY

Know All Men By These Presents, that the MERCHANTS BONDING COMPANY (MUTUAL), a corporation duly organized under the laws of the State of Iowa, and having its principal office in the City of Des Moines, County of Polk, State of Iowa, hath made, constituted and appointed, and does by these presents make, constitute and appoint

Robert T. Cirone, Betty J. Kreifels or James M. King

of Lincoln and State of Nebraska its true and lawful Attorney-in-Fact, with full power and authority hereby conferred in its name, place and stead, to sign, execute, acknowledge and deliver in its behalf as surety any and all bonds, undertakings, recognizances or other written obligations in the nature thereof, subject to the limitation that any such instrument shall not exceed the amount of:

THREE MILLION ONE HUNDRED THOUSAND (\$3,100,000.00) DOLLARS

and to bind the MERCHANTS BONDING COMPANY (MUTUAL) thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of the MERCHANTS BONDING COMPANY (MUTUAL), and all such acts of said Attorney-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This Power-of-Attorney is made and executed pursuant to and by authority of the following Amended Substituted and Restated By-Laws adopted by the Board of Directors of the MERCHANTS BONDING COMPANY (MUTUAL) on October 3, 1992.

ARTICLE II, SECTION 8. - The Chairman of the Board or President or any Vice President or Secretary shall have power and authority to appoint Attorneys-in-Fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

ARTICLE II, SECTION 9. - The signature of any authorized officer and the Seal of the Company may be affixed by facsimile to any Power of Attorney or Certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the Company, and such signature and seal when so used shall have the same force and effect as though manually fixed.

In Witness Whereof, MERCHANTS BONDING COMPANY (Mutual) has caused these presents to be signed by its President and its corporate seal to be hereto affixed, this 17th day of October, 19 97.

MERCHANTS BONDING COMPANY (MUTUAL)

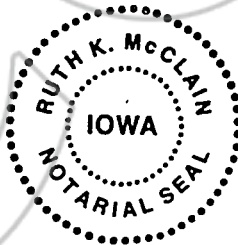


By Larry Taylor
President

STATE OF IOWA
COUNTY OF POLK ss

On this 17th day of October, 19 97, before me appeared Larry Taylor, to me personally known, who being by me duly sworn did say that he is President of the MERCHANTS BONDING COMPANY (MUTUAL), the corporation described in the foregoing instrument, and that the Seal affixed to the said instrument is the Corporate Seal of the said Corporation and that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors.

In Testimony Whereof, I have hereunto set my hand and affixed my Official Seal at the City of Des Moines, Iowa, the day and year first above written.

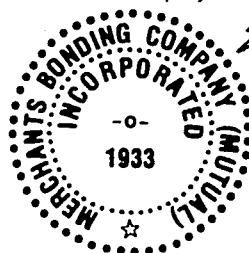


Ruth K. McClain
Notary Public, Polk County, Iowa
My Commission
Expires 2-19-98

STATE OF IOWA
COUNTY OF POLK ss

I, William Warner, Jr., Secretary of the MERCHANTS BONDING COMPANY (MUTUAL), do hereby certify that the above and foregoing is a true and correct copy of the POWER-OF-ATTORNEY, executed by said MERCHANTS BONDING COMPANY (MUTUAL), which is still in force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the Seal of the Company on this day of 19,



William Warner Jr.
Secretary

BID SCHEDULE

Mountain View/Airport Water System Well No. 1 Construction

Work Items	Unit	Quantity	Unit Cost	Cost
1. Test Hole mobilization, permits, etc.	l.s.	1	\$11,000.00	\$11,000.00
2. Test Hole drilling	l.f.	750	\$19.00	\$14,250.00
3. Geophysical logs	l.s.	1	\$2,500.00	\$2,500.00
4. Beam Test Hole for monitoring well	l.f.	600	\$35.00	\$21,000.00
5. Piezometer Tubing	l.f.	1250	\$7.00	\$8,750.00
6. Monitoring Gravel pack and cement seal	l.f.	600	\$10.00	\$6,000.00
7. Development and water quality sampling	ea.	3	\$1,500.00	\$4,500.00
8. Destroy Test Hole	l.f.	750	\$6.00	\$4,500.00
9. Production Hole mobilization, etc.	l.s.	1	\$5,000.00	\$5,000.00
10. Conductor Casing	l.f.	70	\$140.00	\$9,800.00
11. 28" diameter Production Hole drilling	l.f.	330	\$62.00	\$20,460.00
12. Caliper log	l.s.	1	\$1,200.00	\$1,200.00
13. 16" blank casing	l.f.	300	\$37.00	\$11,100.00
14. 16" louvered screen (mild steel)	l.f.	100	\$72.00	\$7,200.00
15. 16" louvered screen (stainless steel)	l.f.	100	\$230.00	\$23,000.00
16. 16" Pipe-based screen (mild steel)	l.f.	100	\$130.00	\$13,000.00
17. 16" Pipe-based screen (stainless steel)	l.f.	100	\$140.00	\$14,000.00
18. 12" blank casing	l.f.	100	\$30.00	\$3,000.00
19. 12" louvered screen (mild steel)	l.f.	100	\$60.00	\$6,000.00
20. 12" louvered screen (stainless steel)	l.f.	100	\$180.00	\$18,000.00
21. 12" Pipe-based screen (mild steel)	l.f.	100	\$100.00	\$10,000.00
22. 12" Pipe-based screen (stainless steel)	l.f.	100	\$115.00	\$11,500.00
23. Gravel Envelop for 16" casing & screen	l.f.	400	\$50.00	\$20,000.00
24. Gravel Envelop for 12" casing & screen	l.f.	150	\$60.00	\$9,000.00
25. Grout seal	l.s.	1	\$2,500.00	\$2,500.00

Work Items	Unit	Quantity	Unit Cost	Cost
26. Bentonite seal	l.s.	1	\$1,000.00	\$1,000.00
27. Well development	l.s.	1	\$6,500.00	\$6,500.00
28. Well and aquifer testing	hr.	20	\$600.00	\$12,000.00
29. Sounding tube	l.f.	250	\$5.00	\$1,250.00
30. Gravel food pipe	l.f.	200	\$6.00	\$1,200.00
31. Video	l.s.	1	\$1,300.00	\$1,300.00
32. Destroy Existing Well	l.s.	1	\$25,000.00	\$25,000.00
Total Bid				\$305,510.00

TOTAL OF BID ITEMS 1 THROUGH 32: \$ 305,510.00
 (Words) Three hundred five thousand five hundred ten and 0/100

Note: Quantities shown on the Bid Schedule are for bidding purposes only. Actual constructed items and quantities may differ than those shown, as determined by Owner. Compensation shall be based on actual construction, associated quantities, and unit prices provided by Contractor.

CHECK ONE:

- We qualify and claim the Preferential Bidder Status as specified in NRS 338.147, **and have attached the appropriate information** in accordance with the requirements of NRS 338.147 as described in General Condition 6.14.3.
- We do not qualify for the Preferential Bidder Status as specified in NRS 338.147.

Contractor: Sargent Irrigation, Inc.

Authorized Signature:

Addendum No. 1 To Contract Documents

Project: Mountain View/Airport Water System Well No. 1
Owner: Douglas County
Date of Issuance: October 10, 1997
To: All Prospective Bidders

YOU ARE HEREBY DIRECTED TO READ AND INCORPORATE THE CONTENTS OF THIS ADDENDUM INTO YOUR CONTRACT DOCUMENTS AND BID. THIS ADDENDUM NO. 1 IS HEREBY MADE A PART OF THE CONTRACT DOCUMENTS. BE SURE TO ACKNOWLEDGE THIS ADDENDUM IN YOUR BID.

Clarification

1. **Make-Up Water:** Sections I:1-1 and II:1-1 of the project technical specifications require that the Contractor provide water for drilling the test hole and production well. The Owner will allow the Contractor to withdraw up to 350 gpm from a fire hydrant in the Mountain View/Airport Water System. Fire hydrants are located approximately ½ mile from the project site. If the Contractor chooses to use the water system for make-up water, the Contractor will be required to provide all necessary equipment, materials, etc. to convey said water, including but not limited to a water meter, approved backflow preventer, piping, valves, etc. The Contractor shall provide a written plan to the Owner for approval including a map showing piping route, valve locations, piping material, etc.
2. **Well Logs:** Bidders are encouraged to contact the State Engineer's Office, located at 123 W. Nye Lane, No.246, Carson City, Nevada, 89706-0818, Telephone (702) 687-4380, for information regarding existing wells in the project area to gain knowledge of subsurface conditions in the project site area. The Owner has not conducted explorations or test bores of the project site, and has no site related subsurface information available for review.
3. **Discharge Permit:** Sections I:1-1 and II:1 of the project technical specifications require that the Contractor obtain certain permits for drilling the test hole and production well, including permits to discharge development and test water. The

Owner will obtain these discharge permits for the project, however, the Contractor is responsible to follow and strictly adhere to the provisions of said permits, including repair of all erosion, and removal of all sand and mud which may result from the Contractor's operations.

4. Prevailing Wage: General Condition SC-6.14.2, "Prevailing Wage", on page GC-29, states that the Contractor shall comply with all provisions of Nevada Revised Statute (NRS) Chapter 338, if applicable, all provisions of the federal Davis-Bacon Act, and all regulations promulgated under either statute. Copies of the "Douglas County Prevailing Wage Rates for Public Works", as determined by the Labor Commissioner of the State of Nevada for projects awarded from October 1, 1996 through September 30, 1997, are included as Exhibits in Division 7. (The specifications incorrectly indicate these are found in Division 8). Copies of "General Wage Determinations", as determined by the U.S. Department of Labor *are not* included as Exhibits in Division 8.

The Contractor shall comply with the current prevailing wage rates as determined by the Labor Commissioner of the State of Nevada for this project. Bidders are encouraged to contact the Labor Commission to determine current prevailing wage requirements. No additional compensation will be provided to the Contractor for differences in the prevailing wage rates described in the project documents and current prevailing wage rates.

General Conditions

1. On page GC-17, *Replace* Section 4.2.1.1. in its entirety with the following:

"In preparation of Drawings and Specifications, Owner did not conduct any explorations or tests of subsurface conditions at the project site. However, Driller's Logs of wells near the site may be available from the State Engineer's Office. Copies of said logs are not included in these project documents, but may be examined at the State Engineer's Office, located at 123 W. Nye Lane, No. 246, Carson City, NV, 89706-0818. Said well logs are not intended to be considered part of the project documents. The Owner is not responsible for information associated with Driller's Logs, nor does the Owner suggest that said logs accurately reflect existing conditions at or near the project site".

2. On Page GC-53, *Delete* Section 11.9.3 (including 11.9.3.1, 11.9.3.2, and 11.9.3.3) in its entirety.


Instruction to Bidders

1. On page IB-3, *Delete* Sections 4.2.1 and 4.2.2 in their entirety.
2. On pages IB-10 and IB-11, Sections 16 and 17.7 state that the Owner has 45 days to accept bids and issue a Notice of Award. In order to allow the Contractor adequate time to comply with project completion dates, the Owner will issue a Notice of Award within 5 working days of the Bid Opening date, and, if the Successful Bidder meets the provisions of Section 19, page IB-11, the Owner shall issue a Notice to Proceed no later than November 3, 1997. If a Notice to Proceed is issued after November 3, 1997, the contract completion dates defined in Article 3, Paragraph 3.1 of the Agreement shall be adjusted accordingly.

Technical Specifications

1. Sections I:2-8, and II:2-21 require that the Contractor remove drill cuttings from the project site. The Contractor will be allowed to spread drill cuttings on the site, as approved by the Engineer. Cuttings shall be thinly spread leaving no mounds or piles, and in areas acceptable to the Owner.
2. On Page II-2, Section II:1-2, Items 3 and 4, *Change "Twenty-Four" to "forty-Eight"*.

End of Addendum


 Cort Abney, P.E.
 Walters Engineering

REQUESTED BY
DOUGLAS COUNTY
 IN OFFICIAL RECORDS OF
 DOUGLAS CO., NEVADA

'97 NOV -7 A11 :49

0425809

LINDA SLATER
RECORDER

BK 1197 PG 14 1-2 PAID K2 DEPUTY

SEAL
CERTIFIED COPY

The document to which this certificate is attached is a full, true and correct copy of the original on file and on record in my office.

DATE: November 6, 1997
 B. REED Clerk of the 9th Judicial District Court
 of the State of Nevada, in and for the County of Douglas.

By Carol M. Mulvihill Deputy