

ABSTRACT OF AGREEMENT

THIS ABSTRACT OF AGREEMENT, made and entered into this
February
10th day of ~~January~~, 1998, by and between INDIAN HILLS GENERAL
IMPROVEMENT DISTRICT, a quasi-municipal corporation created under
Chapter 318 of the Nevada Revised Statutes (hereinafter referred to
as "IHGID"), and SUNRIDGE CORPORATION, a Nevada corporation
(hereinafter referred to as "SUNRIDGE"), as follows:

W I T N E S S E T H:

The parties hereto do hereby state that on the 21st day
of November, 1996, that they entered into an agreement by which
they have defined and set forth their certain rights, duties and
obligations with respect to certain sewer treatment improvements
which have been or will be constructed on the Sunridge Golf Course
which is located on portions of that certain real property situate
in the County of Douglas, State of Nevada, and more particularly
described as follows, to wit:

A portion of Sections 8, 17 and 18 of Township
14 N., Range 20 E., M.D.B.M.

IN WITNESS WHEREOF, the parties hereto have executed this
Agreement the day and year hereinafter written.

DATED this 10th day of February
~~January~~, 1998.

INDIAN HILLS GENERAL
IMPROVEMENT DISTRICT

By: 
RON KRUSE, Chairman



**INDIAN HILLS GENERAL
IMPROVEMENT DISTRICT**

**RON KRUSE
CHAIRMAN - BOARD OF TRUSTEES**

924-D Mica Drive
Carson City, NV 89705

Tel (702) 267-2805
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Home (702) 267-3132
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General Engineering
Contractors
Since 1958

LAS VEGAS PAVING CORP.



WE'RE #1

ATTACHMENT

4420 South Decatur Blvd.
Las Vegas, Nevada 89103
(702) 251-5800
Fax (702) 251-1968

August 4, 1992

John Genzler, Chairman
Indian Hills General
Improvement District
294-D Mica Drive
Carson City, Nevada 89702

Re.: SUNRIDGE/IHGID - Effluent Land Disposal Site

Dear Mr. Genzler:

After meetings with your consultant and counsel and our engineer and counsel, the following will be the outline of an Agreement with IHGID Board regarding both the short range and a long range solution to the land disposal and reservoir site for treated effluent for the IHGID.

If you are in agreement with this outline, please execute where indicated below and advise us or our representatives as to a time when we may formalize this matter with your Board. Las Vegas Paving is willing to provide a site for land disposal of treated effluent expressly contingent upon the following terms and conditions:

1. Las Vegas Paving will acquire the land disposal site area on or before December 31, 1992.
2. The site for the land disposal area and reservoir area site will be analyzed by Las Vegas Paving in cooperation with the IHGID to determine the feasibility of the land to accept effluent. Approval for the land disposal site must be gained by Nevada Division of Environmental Protection (NDEP) within eighteen (18) months of acceptance.
3. The utilization of 200 acres +/- of real property for land application and reservoir site will be the subject of a long term lease to be not less than fifty (50) years, nor more than ninety-nine (99) years on terms mutually agreeable including all required access, ingress and egress for operation and maintenance by both parties. IHGID shall not subordinate said lease to a third party. In exchange for this Lease Agreement, the Developer shall be entitled to the payment of \$342,000.00 payable in cash to Developer or the issuance of either sixty (60) sewer and water connection permits or one hundred twenty (120) sewer connection permits within two (2) years from the date of accep-

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tance of this Agreement at the option of IHGID. Any initial up grades to the sewer and water systems constructed after the date of this letter, shall provide for the reservations of sewer and/or water connections in quantity opted by the IHGID as set forth above. If no capacity or the \$342,000.00 is not then available the Developer may at its option, construct the additional capacity to the sewer system in accordance with the Interim Facilities Improvement Agreement.

4. The Developer as its option, will have the right to utilize the treated effluent designated for disposal at said site by the IHGID. IHGID will be responsible for treating the effluent to the standard required by the NDEP. The Developer will be responsible for additional treatment to the IHGID effluent necessary for the amenity use.
5. The Developer and IHGID shall enter into an Interim Facilities Improvement Agreement which shall specify the terms, conditions and thresholds for improvement which the Developer shall make to the water and/or wastewater system for IHGID. The Agreement shall specify the time frames for expansion, the quantities for expansion, the methods for allocating reimbursement of costs, the methods for establishing reservation of capacities in the facilities and the ultimate value and periodic adjustment to that value for connection fees.

If the foregoing is acceptable to the Board, please acknowledge where indicated below and we will instruct our respective consultants to move forward on an agreement to deal with this and other issues.

Thanks for your assistance.

Very Truly Yours,

LAS VEGAS PAVING CORPORATION

By 
Bill Wellman

The foregoing is acceptable to the IHGID Board this 18 day of August, 1992.

INDIAN HILLS GENERAL IMPROVEMENT DISTRICT

By 
John Genzler, Chairman

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ATTACHMENT 2 May 7, 1993

OFF-SITE WASTEWATER SYSTEM IMPROVEMENT AGREEMENT

THIS OFF-SITE WASTEWATER SYSTEM IMPROVEMENT AGREEMENT made and entered into this 7th day of July, 1993, by and between LAS VEGAS PAVING, a Nevada corporation, hereinafter "DEVELOPER," and INDIAN HILLS GENERAL IMPROVEMENT DISTRICT, a political subdivision of the State of Nevada, hereinafter "IHGID."

R E C I T A L S

1. DEVELOPER is the owner and developer of that certain project located in Douglas County, Nevada within the service area of IHGID which is commonly known as SUNRIDGE HEIGHTS, and which is hereinafter sometimes referred to as "Sunridge" or the "Project."

2. IHGID is a general improvement district created pursuant to the provisions of NRS Chapter 318, for purposes of providing governmental services to the residents within its geographical boundaries.

3. The Project has received the approval to commence subdivision improvements pursuant to an approval by the Douglas County Board of County Commissioners dated September 17, 1992.

4. DEVELOPER and IHGID have agreed that various improvements to the wastewater systems of IHGID must be completed or financial assurances for their completion posted prior to issuance of building permits.

5. DEVELOPER and IHGID desire by this Agreement to set forth the responsibilities, obligations and rights of the parties

hereto in expanding, improving and constructing required infrastructure improvements to the wastewater systems of IHGID.

6. DEVELOPER and IHGID have agreed that the expansion and construction of improvements shall occur in phases pursuant to the terms of this Agreement. "Phase I" of the improvements is detailed on Exhibit "A," attached hereto and incorporated herein by this reference. "Phase II" of the improvements is detailed on Exhibit "B," attached hereto and incorporated herein by this reference.

IN CONSIDERATION of the mutual promises, covenants, conditions and performances hereinafter set forth, the DEVELOPER and IHGID agree as follows:

I.

WASTEWATER SYSTEM IMPROVEMENTS

1.1 Construction of Improvements: Phase I of the improvements shall be designed and built pursuant to the wastewater system improvements set forth in Exhibit "A" and any other improvements required by the Nevada Division of Environmental Protection (NDEP), as follows:

The DEVELOPER shall construct the wastewater system improvements or incremental portions of such improvements upon terms, conditions and specifications, including but not limited to, construction costs acceptable to IHGID, the County and the Nevada Division of Environmental Protection. The improvements shall be in accordance with the NDEP approved Design Plan. Upon the execution of this agreement, the issuance of all appropriate permits and the

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award of a construction contract, DEVELOPER shall begin construction of Phase I of the wastewater system improvements. Prior to the commencement of construction, DEVELOPER shall furnish a construction budget, detailing the construction costs for the Phase I improvements consistent with Exhibit "A" which must be approved by IHGID prior to the commencement of construction.

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The Exhibit "A" improvements based upon existing standards will create a minimum of three hundred sixty-eight (368) additional units per NDEP calculations. Any additional units of capacity derived as a result of DEVELOPER's improvement shall be transferred or otherwise treated in accordance with the terms of this agreement.

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Of the units of capacity created in Phase I, one hundred twenty (120) units will be reserved for the benefit of DEVELOPER. At such a time as eighty-five percent (85%) of the units of capacity created by Phase I have been put into service, DEVELOPER shall have the option of constructing Phase II of the improvements in accordance with an agreement between the parties hereto. DEVELOPER must exercise its option regarding Phase II within six (6) months of eighty-five percent (85% percent) of the Phase I capacity being put to use. If DEVELOPER fails to exercise its option in a timely fashion, IHGID may take whatever actions it deems necessary to ensure the construction of capacity as needed and DEVELOPER shall be entitled to no further reimbursements or connection fees pursuant to this agreement for other than Phase I.

when did this trigger off?

when did developer exercise the option to do phase II?

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Phase II, if constructed by DEVELOPER, shall consist of those improvements set forth in Exhibit "B" and any other improvements required by NDEP. If DEVELOPER exercises its option to construct the Phase II improvements, DEVELOPER shall then have the option of reserving four hundred forty-five (445) units of capacity in addition to the one hundred twenty (120) units reserved pursuant to the Agreement of August 4, 1992, created in Phase II for its benefit

DEVELOPER shall not be required to pay to IHGID any standby fees which does not include monthly service fees after connection to the system. DEVELOPER or DEVELOPER's contractor shall furnish to IHGID or the State of Nevada a performance bond or bonds in an amount equal to one hundred percent (100%) of the construction cost for work performed by the DEVELOPER on the wastewater system.

1.2 Reimbursement of Construction Costs. This Agreement shall provide the mechanism for insuring that the DEVELOPER and IHGID are treated equally with respect to the created wastewater system capacity.

1.3 Required Wastewater System Improvements. Exhibit "A" specifies the wastewater system improvements which are required in Phase I. Additional phases may create system capacities for the collection, treatment, storage and land application portions of the IHGID wastewater system to serve the anticipated demand within the IHGID service area up to an additional one thousand (1,000) units.

A. Assignment of Reserved Capacity. DEVELOPER may, but shall not be required to, assign at its sole discretion to

individuals or entities within the service area boundaries of IHGID, DEVELOPER's reserved capacity created pursuant to Section 1.1, above. Any such assignment shall be premised upon the estimated design unit of two hundred fifty (250) gallons per day, per Wastewater Unit unless this estimated design unit is amended by the monitoring of actual use and the agreement of NDEP. The DEVELOPER shall not charge the assignee of such reserved capacity a fee per Wastewater Unit greater than that charged by IHGID for a Wastewater Unit connection fee. Upon such an assignment, the DEVELOPER or its assignee shall in addition to the connection fee remit to IHGID two hundred dollars (\$200.00) per wastewater unit as reimbursement for IHGID's existing collection component. IHGID shall also have the right to assess a fee per connection on a prorata basis for costs of the "Headworks" project. Should DEVELOPER assign its right to reserved capacity or seek to obtain connection in excess of its reserved capacity, then DEVELOPER shall receive a credit equal to the connection fee described herein below for each wastewater unit obtained or assigned.

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B. Third Party Connection. Should IHGID sell Wastewater Unit connections to third parties from the increased capacity constructed by DEVELOPER, the DEVELOPER shall be entitled to receive reimbursement for each connection sold in an amount to be determined as follows: The total agreed upon amount of construction of Phase I, as determined

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by and agreed to by DEVELOPER's engineer and IHGID's engineer, divided by a minimum of three hundred sixty-eight (368). The reimbursement amount is estimated at this time to be approximately Three Thousand and No/100 Dollars (\$3,000) per unit of capacity, (hereinafter the "connection fee"). In addition to said sum, third parties will be required to pay to IHGID the sum of \$200.00 for each connection purchased by third parties. The agreed upon reimbursement amount or connection fee shall not be increased by IHGID with regard to the units of capacity constructed pursuant to this agreement except that IHGID may assess a fee for the costs of the "Headworks" project as described above.

IHGID may increase the connection fee or otherwise pass on verifiable costs incurred by IHGID prior to the time a connection fee is paid in full, so long as such costs are a result of increased government regulation or requirements.

The reimbursement amount for connection to the Phase II improvement, if constructed by DEVELOPER, shall be the same as the connection fee for Phase I. All units for which DEVELOPER is entitled to reimbursement under this agreement, but has not yet received reimbursement, shall increase by ten percent (10%) per annum beginning two (2) years from the date of completion of the construction of such units. By way of example, a unit acquired twenty-five (25) months after completion would cost \$3,300.00. In the event Phase II units are completed prior to the total sale by

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IHGID of the Phase I units, the Phase I units must be sold by IHGID prior to selling Phase II units.

DEVELOPER agrees that upon determination of the costs of construction of the Phase I improvements provided for in this agreement, JOHN SERPA shall have the option of constructing such Phase I improvements at a lower cost. JOHN SERPA must exercise this option within 48 hours of being notified of DEVELOPER's cost. If JOHN SERPA exercises said option by notifying IHGID within the 48-hour period, JOHN SERPA must, within 10 days of exercising the option, deposit a performance bond in an amount adequate to assure completion of the improvements with IHGID, and JOHN SERPA must begin construction of the improvements within 30 days of exercising the option. If such option is not exercised within 48 hours it is deemed to be waived by JOHN SERPA.

1.4 Reservoir and Land Application. Contemporaneously with the execution of this Agreement, the DEVELOPER shall designate, set aside and make application for a special use permit from Douglas County for a reservoir site and treated effluent land application area on DEVELOPER's real property located on the easterly edge of IHGID's service area boundary, hereinafter the "SUNRIDGE site."

It is the intention and understanding of the parties hereto that the SUNRIDGE site be the long-range solution to the winter storage and land application of treated effluent from IHGID's wastewater system. Upon the execution of this Agreement and the designation of the reservoir site, the DEVELOPER and IHGID have previously entered into an agreement where DEVELOPER has set

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aside a reservoir site for IHGID's use for ninety-nine (99) years in accordance with the terms of such letter agreement dated August 4, 1992.

1.5 Long-Term Land Application. Pursuant to the parties' agreement dated August 4, 1992, DEVELOPER shall lease to IHGID real property for the placement of a wastewater storage and disposal facility in connection therewith. Said lease and application of land shall be in conformance with the explicit terms and conditions set forth in the parties' agreement dated August 4, 1992.

1.6 Reservation of Units of Capacity Prior to Connection. A third party may reserve units of capacity created by the Phase I or Phase II improvements for a six (6) month period by paying a reservation fee equal to ten percent (10%) of the connection fee. If the balance of the connection fee is not paid within six (6) months of payment of the ten percent (10%), the reservation is canceled, the ten percent (10%) retained by IHGID and the unit of capacity becomes available for utilization by the DEVELOPER or another third party. IHGID may grant to a third party who has reserved units of capacity a single six-month extension of time in which to pay the balance of the connection fee if the third party demonstrates that their use of the units has been delayed as a result of delays in the local or state approval process.

II.

GENERAL PROVISIONS

2.1 Compliance With All Laws. The parties hereto acknowledge that they are currently, and agree to remain in full compliance

with all local, state and federal statutes, ordinances and other laws that are applicable and/or related to the subject matter of this agreement.

2.2 Extensions of Time for Performance and Delays. Subject to extensions of time by mutual consent in writing, failure or unreasonable delay in performing any term or provision of this Development Agreement shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach shall give the other party not less than fifteen (15) days notice in writing, specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured. During any such fifteen (15) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings, or issuance of any building permit.

After notice and expiration of the fifteen (15) day period, the non-defaulting party to this Agreement at its option may institute legal proceedings pursuant to this Agreement or give notice of intent to terminate the Agreement. Following notice of intent to terminate, the matter shall be scheduled for consideration and review by the IHGID Board of Trustees at its next regularly scheduled meeting or within fifteen (15) calendar days in the manner prescribed for open meetings under the laws of the State of Nevada.

Following consideration of the facts and evidence presented in said review before the IHGID Board, either party

alleging the default by the other party may give written notice of termination of this Agreement to the other party.

Evidence of default may also arise in the course of periodic review of this Agreement. If either party determines that the other party is in default following the completion of the normal periodic review, said party may give written notice of termination of this Agreement as set forth in this section, specifying in said notice the alleged nature of the default, and potential actions to cure said default where appropriate. If the alleged default is not cured within thirty (30) days or within such longer period specified in the notice, or if the defaulting party waives its right to cure such alleged default, this Agreement shall be deemed terminated.

Provided however, that after completion of construction of the Exhibit "A" improvements by DEVELOPER, this Agreement and DEVELOPER's right to the reserved units for Phase I and under the August 4, 1992 agreement may not be terminated.

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, walk outs, riots, floods, earthquakes, avalanches, inclement weather, fires, casualties, acts of God, government restrictions imposed or mandated by other governmental entities, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulation, litigation, or similar bases for excused performance. If written notice of such delay is

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given to IHGID or the DEVELOPER within thirty (30) days of the commencement of such delay, and extension of time for such cause shall be granted in writing for the period of the enforced delay, or danger as may be mutually agreed upon.

In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation.

2.3 Mutual Cooperation: IHGID shall cooperate with DEVELOPER to obtain all necessary approvals, permits, rights-of-way or to meet other requirements which are or may be necessary to implement the intent of the project approval and this Agreement. IHGID agrees to assist and facilitate the necessary bonding required for the construction of improvements described herein. Nothing contained within this paragraph, however, shall require IHGID or its employees to function on behalf of DEVELOPER or expend IHGID's funds not otherwise referenced in Exhibit "A." The foregoing shall not prohibit or exclude the IHGID or its employees from dealing directly or making application directly to other governmental agencies where it is appropriate to do so on behalf of DEVELOPER.

2.4 Modifications. The parties hereto acknowledge that in the administration of the improvements contemplated by this Agreement, alterations and modifications of this Agreement may be necessary due to changes in technology, construction practices, economic trends or other presently undefinable changes. In light of such changes, the parties agree to alter and to modify this

Agreement as necessary. In the event that any of the terms or conditions herein are impossible or impracticable to perform in the judgment of DEVELOPER and IHGID then IHGID and DEVELOPER shall work toward a responsible compromise of such problem.

2.5 Successors and Assigns. The parties hereto agree that the terms and conditions of this Agreement shall bind and inure to the benefit of the parties' successors and assigns.

2.6 Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof, and supersedes all other agreements, written or oral, between the parties with respect to such subject matter.

2.7 Attorney's Fees. In the event any action or proceeding is brought by either party to enforce any of the provisions hereof, the prevailing party shall be entitled to its reasonable attorney's fees and court costs as part of any judgment entered by the court.

2.8 Governing Law. This Agreement and its application shall be governed by and construed in accordance with the laws of the State of Nevada.

2.9 Preparation and Review Costs. DEVELOPER agrees to pay for the reasonable engineering and legal fees incurred by IHGID as a result of the drafting, preparation and review of this Agreement and the inspection and review of any plans or improvements prepared or constructed in accordance with this Agreement.

2.10 Further Assurances. In the event of any legal action instituted by any third party or other government entity or official challenging this Agreement, the IHGID and DEVELOPER shall

cooperate and use their best efforts in defending any such action at no cost to IHGID provided that DEVELOPER shall provide the defense of its selection on behalf of IHGID.

2.11 Hold Harmless and Indemnification. DEVELOPER hereby agrees to, and shall hold and indemnify IHGID, its elective and appointive boards, commissions, officers, agents, and employees harmless from any liability for damage or claims for property damage which may arise from DEVELOPER's or DEVELOPER's contractors, subcontractors, agents, or employees operations under this Agreement, whether such operations be by DEVELOPER or by any of DEVELOPER's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for DEVELOPER or any of DEVELOPER's contractors or subcontractors. DEVELOPER agrees to, and shall defend IHGID and its elective and appointive boards, commissions, officers, agents and employees, from any suits or actions at law or in equity for damage caused or alleged to have been caused by reason of the aforesaid operations.

2.12 Default. Failure to comply with the explicit terms of this Agreement or the related Development Agreement for the Project shall constitute a default of this Agreement and the Development Agreement.

"DEVELOPER"

LAS VEGAS PAVING, INC.,
a Nevada corporation

By: _____

Its D.K. HIGGINS

"IHGID"

INDIAN HILLS GENERAL
DEVELOPMENT DISTRICT, a
political subdivision of
the State of Nevada

By: _____

Its CHAIRMAN

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Major components of Phase I of the Wastewater System

Improvements:

- Storage Pump Station from secondary ponds to storage ponds
- Irrigation Line from the storage ponds to tribal lands
- Indian Land Application
- Electrical inclusive of the Hobo Well generator
- Storage Pond on IHGID property
- Fifty Percent of the Aeration System

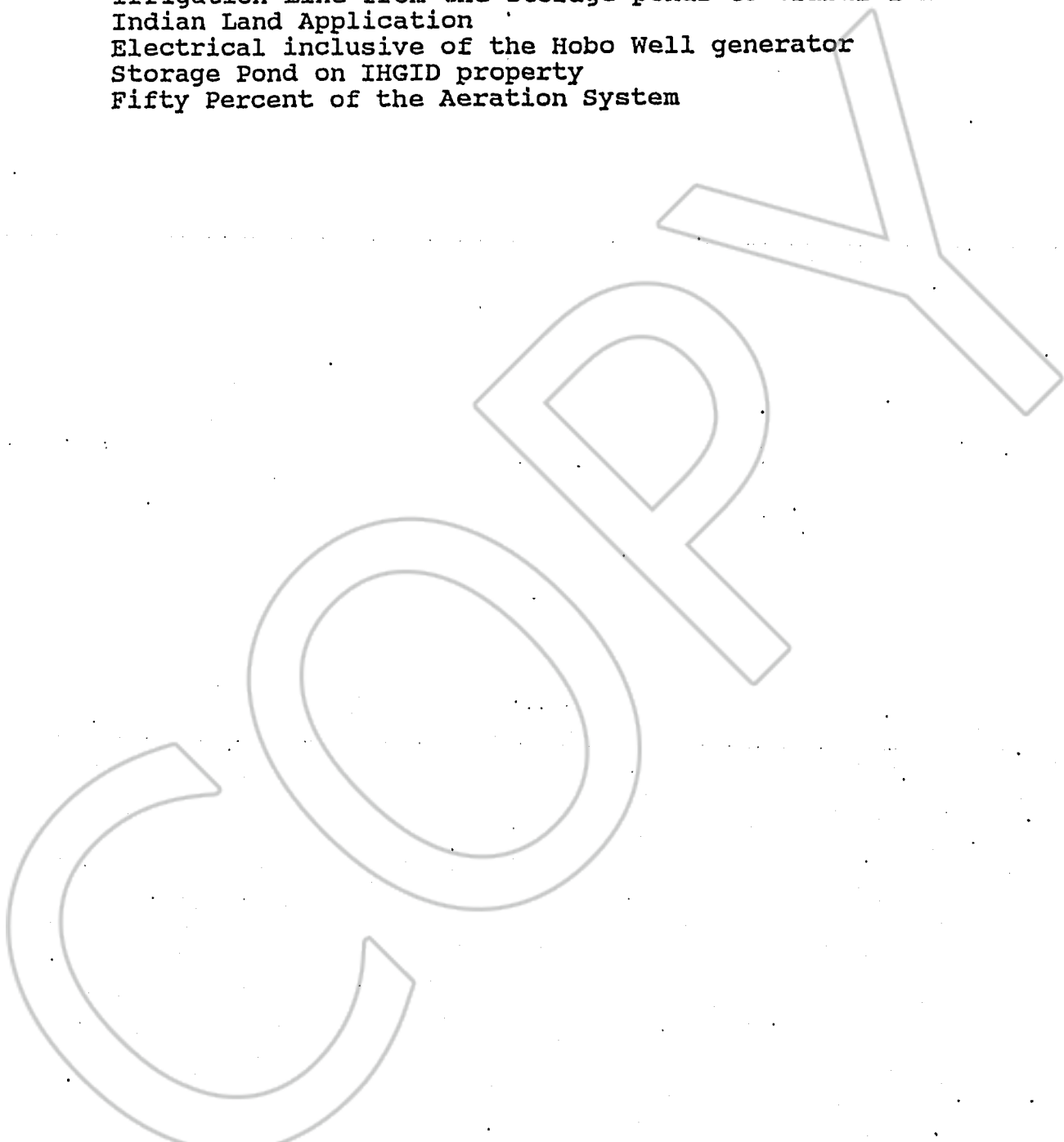


EXHIBIT "B"

1. 10-inch force main with extension to headworks.
2. Aerators - additional 50%.
3. Connection to abandoned 6" F.M. at W.W.T.P.
4. Connection to 6" F.M. at Hobo Lift Station to Sunridge Disposal Site.
5. Ponds at Sunridge site.
6. Irrigation fields at Sunridge (110 Acres).
7. Hobo Lift Station pump improvements.
8. Connection of storage pond outlets line to irrigation pump station.
9. Gravity main from G.L. Headworks to primary ponds.

ATTACHMENT 3
D

ADDENDUM TO OFF-SITE WASTEWATER SYSTEM IMPROVEMENT AGREEMENT
FOR CONSTRUCTION OF PHASE I

Pursuant to the Off-Site Wastewater System Improvement Agreement ("Agreement") entered into by and between LAS VEGAS PAVING and INDIAN HILLS GENERAL IMPROVEMENT DISTRICT ("IHGID") on May 7, 1993, the undersigned hereby agree and acknowledge that the estimated costs of construction of Phase I of the improvements having been provided by LAS VEGAS PAVING to JOHN SERPA, and MR. SERPA having failed to exercise his option to construct the Phase I improvements, shall be and hereby are accepted by IHGID as set forth on Exhibit "A" attached hereto. The design and miscellaneous costs set forth in Exhibit "A" are fixed costs. The reimbursable contingencies set forth in Exhibit "A" may vary. The "connection fee" under the agreement is the total construction price as set forth on Exhibit "A" divided by the total number of units of capacity created by the Phase I improvements, with the minimum number being 368 and the maximum number being 440. In addition, the \$200.00 component fee must be paid to IHGID by all parties purchasing connections.

The undersigned hereby assent to the terms set forth above as well as the terms of Exhibit "A" attached hereto.

DATED this 28 day of JULY, 1993.

LAS VEGAS PAVING, INC.,
a Nevada corporation

INDIAN HILLS GENERAL
IMPROVEMENT DISTRICT,
a political subdivision
of the state of Nevada

By: [Signature]
BILL WELLMAN
Its Division Manager

By: [Signature]
Its Chairman

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EXHIBIT "A"

Indian Hills G.I.D.

Wastewater Treatment Plant Construction-Phase I

Design:

Storage Pump Station	\$ 141,000.00
Irrigation Line	\$ 172,000.00
Indian Land Application	\$ 155,000.00
Aeration	\$ 143,000.00
Storage Pond (exc. liner)	\$ 394,000.00
Electrical	\$ 170,000.00
Sub Total Amount	\$1,175,000.00

Miscellaneous Costs:

R.C.I. (Engineering services)	\$ 95,000.00
Thiel, Winchell (Long Term Effluent Disposal Engineering)	\$ 55,000.00
L.V.P.C. Reimbursement (Inc. 20,000.00 advance) . .	\$ 20,000.00
L.V.P.C. Reimbursement (Disposal Facility Eng.) . .	\$ 30,000.00
Bond (1½% of \$1.5 million)	\$ 22,500.00
Attorneys' Fees (I.H.G.I.D.) not to exceed	\$ 10,000.00
Attorneys' Fees (L.V.P.C.) not to exceed	\$ 25,000.00
Mobilization	\$ 10,000.00
Supervision	\$ 32,000.00
Permits	\$ 5,000.00
Revegetation (10 acres)	\$ 15,000.00
Sub Total Amount	\$ 319,500.00

Reimbursable Contingencies:

Engineering, Surveying, Inspection, Soil Testing, Diversion Pumping, Misc., etc. (to be finally calculated upon completion of construction)	\$ 200,000.00
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BUDGET TOTAL \$1,694,500.00

EFFLUENT SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 21st day of NOVEMBER, 1996, by and between INDIAN HILLS GENERAL IMPROVEMENT DISTRICT, a political subdivision of the state of Nevada, formed pursuant to Chapter 318 of the Nevada Revised Statutes, hereinafter referred to as "IHGID," and SUNRIDGE CORPORATION, a Nevada corporation, hereinafter referred to as "SUNRIDGE."

R E C I T A L S

A. IHGID owns and operates a Wastewater Treatment Plant ("WTP") in the northern portion of Douglas County, Nevada;

B. SUNRIDGE is the owner and developer of certain real property located within the service area of IHGID;

C. SUNRIDGE's development includes residential subdivisions, commercial areas, as well as a golf course and clubhouse;

D. In order to provide wastewater treatment necessary for the progression and completion of SUNRIDGE and other developments, IHGID and SUNRIDGE entered into a letter agreement dated August 4, 1992 that provides, among other things, for the storage and disposal of IHGID effluent on SUNRIDGE real property;

E. On or about May 7, 1993 SUNRIDGE and IHGID entered into an Off-Site Wastewater Disposal Agreement that provides, among other things, for the storage and disposal of IHGID effluent on SUNRIDGE real property;

F. Consistent with their prior agreements regarding wastewater, the parties desire to provide for the storage and disposal of treated effluent from IHGID's WTP through the use of the SUNRIDGE GOLF COURSE ponds and irrigation of the GOLF COURSE currently under construction;

G. IHGID and SUNRIDGE further desire to enter into a mutually binding contract to provide for and govern the treatment, storage and disposal of effluent discharged from the WTP in accordance with the terms set forth herein.

NOW, THEREFORE, in consideration of the terms, conditions and covenants of this Agreement, the parties agree as follows:

1. SUNRIDGE shall make application to the Nevada Division of Environmental Protection ("NDEP") for a discharge permit and any other permit required by any other jurisdictional state agency to apply effluent from the WTP upon the SUNRIDGE GOLF COURSE. All use of said effluent by SUNRIDGE and IHGID shall be in accordance with the provisions of the permits and the terms of this Agreement.

2. SUNRIDGE has or will design, construct and install, with the cooperation of IHGID, pursuant to the parties' prior agreements, an effluent supply pipeline (the "Offsite Supply Pipeline") to the GOLF COURSE property, as well as the onsite ponds (Onsite Storage Ponds) necessary to create adequate storage under the parties' prior agreements. IHGID will provide all existing and future right of way access and use to SUNRIDGE and its contractor to construct the Offsite Supply Pipeline along a route mutually

agreed upon between IHGID and SUNRIDGE. Upon its completion, the Offsite Supply Pipeline shall be conveyed to IHGID with use rights for transportation of up to 0.5 million gallons per day ("MGD") retained by SUNRIDGE in accordance with the terms of this Agreement. Any effluent beyond the 0.5 MGD provided for by this Agreement that is to be transported via the Offsite Supply Pipeline shall be treated to a standard equal to or better than that necessary for irrigation of a golf course immediately adjacent to residential lots in accordance with the standards and policies of NDEP.

3. SUNRIDGE has or will also design and construct, at its own expense, the onsite pumping facilities and irrigation system capable of using the effluent to irrigate the GOLF COURSE. The design of the effluent irrigation system shall be in compliance with the requirements of this Agreement, an Effluent Management Plan and the discharge permit obtained from and approved by NDEP.

4. Prior to construction of residential units adjacent on the GOLF COURSE lots, known as Sunridge Heights III, SUNRIDGE will also design and construct, at its sole expense, the improvements necessary for additional treatment and disinfection of the 0.5 MGD of effluent ("Filtration Plant") to a level of treatment whereby the effluent may be used for irrigation of a golf course immediately adjacent to residential lots in accordance with the standards and policies of NDEP. The Filtration Plant will be constructed at the IHGID Wastewater Treatment Facility in a location mutually agreed upon by SUNRIDGE and IHGID. The

Filtration Plant shall be the sole property of SUNRIDGE, which will have all rights and obligations associated with ownership of said improvements, including maintenance and operation.

5. IHGID shall not be required to make improvements to the WTP or distribution system, as approved by NDEP, in excess of those necessary for disposal of treated effluent by means of agricultural irrigation. All improvements necessary for additional treatment as referenced in the preceding paragraph shall be designed and constructed at the sole expense of SUNRIDGE.

6. The design, construction, and operation of all facilities referenced herein whether on the GOLF COURSE or in IHGID's rights of way, shall be in accordance with all applicable County, State, and Federal statutes, ordinances, requirements and regulations in force at the time the permits for construction are obtained.

7. IHGID will continue to operate and maintain, in accordance with the plans and specifications approved by the NDEP and DOUGLAS COUNTY, the WTP to such levels and degrees as may be required by NDEP for the disposal of treated effluent by means of agricultural irrigation.

8. IHGID shall at all times maintain the WTP in good working order and at all times shall operate the WTP in a reasonable manner and in compliance with the limitations and conditions of all applicable discharge permits, licenses, laws and regulations.

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9. IHGID shall endeavor to coordinate the timing and volume of the discharges of effluent from the WTP with SUNRIDGE's abilities and opportunities to store and dispose of the effluent by means of irrigating the GOLF COURSE.

10. SUNRIDGE shall own, operate, and maintain the Filtration Plant serving the SUNRIDGE property. SUNRIDGE will provide for the maintenance and operation the Filtration Plant in a manner that will allow for the use of the water for irrigation of the SUNRIDGE GOLF COURSE in accordance with the Management Plan.

11. The Disposal/Irrigation System, consisting of distribution/irrigation lines necessary to irrigate the SUNRIDGE GOLF COURSE shall be designed and constructed at the sole expense of SUNRIDGE. Title to the Onsite Storage Pond improvements and the Disposal/Irrigation System shall vest and remain with SUNRIDGE, its successors and assigns, for all improvements, facilities and equipment located on SUNRIDGE property, to include specifically all pond improvements, pipelines, irrigation equipment, pumps and pump control systems and operational vehicles.

12. SUNRIDGE shall have full authority and responsibility for the operation, maintenance and control of the Onsite Storage Ponds and Disposal/Irrigation System. If, for whatever reason, SUNRIDGE fails to operate, maintain and control the Onsite Storage ponds and/or the Disposal/Irrigation System in accordance with the standards and requirements of NDEP, IHGID shall have the authority to take control of the operation and maintenance of the Onsite Storage ponds and/or the Disposal/Irrigation System.

13. SUNRIDGE and IHGID shall cooperate in the operation of the Onsite Storage Ponds and Disposal/Irrigation System so as to achieve and satisfy such effluent limitations and conditions as may reasonably be imposed by NDEP in discharge permits authorizing the discharge or application of the treated effluent on the GOLF COURSE.

14. SUNRIDGE shall maintain the Onsite Storage ponds and/or the Disposal/Irrigation System in good condition and repair, such that said improvements remain capable of storing, transporting and disposing of effluent in a manner agreed to by all governmental agencies that may have control of the use of the effluent.

15. The treated effluent shall be disposed of by means of irrigating the SUNRIDGE golf course which shall consist of approximately One Hundred Thirty-Eight (138) acres of turf grass together with shrubs, trees and other landscaping areas. SUNRIDGE will have the sole responsibility of selecting the species of grass and other plant materials for the golf course.

16. IHGID agrees to maintain the quality of the effluent provided to SUNRIDGE in accordance with the standards specified by NDEP in its discharge permit as necessary for the disposal of treated effluent by means of agricultural irrigation. It shall be the responsibility of SUNRIDGE to provide for the operation and maintenance of the Filtration Plant as necessary to achieve and maintain a level of treatment whereby the effluent may be used for irrigation of a golf course immediately adjacent to residential lots in accordance with the standards and policies of NDEP.

17. SUNRIDGE shall accept all effluent from the WTP up to 0.5 MGD and shall take all reasonable and necessary steps to put a maximum volume of treated effluent up to 0.5 MGD to beneficial uses including use for aesthetic and irrigation purposes upon the SUNRIDGE GOLF COURSE via the Onsite Storage Ponds and Disposal/Irrigation System in accordance with the applicable permits.

18. IHGID hereby grants to SUNRIDGE an exclusive right to dispose of up to 0.5 MGD of treated effluent by means of spray irrigation on the SUNRIDGE GOLF COURSE, throughout the term of this Agreement. Delivery of effluent from IHGID's WTP to the Onsite Storage Ponds shall begin no later than October 2, 1997. Delivery of effluent may begin earlier upon the mutual agreement of SUNRIDGE and IHGID. This right shall be freely assignable or transferable by SUNRIDGE to any other person or entity upon the written consent of IHGID, which consent shall not be unreasonably withheld so long as the transfer or assignment is to the owner and/or operator of the SUNRIDGE GOLF COURSE. The Disposal/Irrigation System area and daily flow limitation may be amended subject to approval by both the IHGID and SUNRIDGE.

19. Beginning no later than October 2, 1997, IHGID will provide SUNRIDGE, via the Offsite Supply Pipeline, treated effluent of a quality specified in paragraphs 5, 7 and 8, above, in a maximum amount of 0.5 MGD for an initial term of fifty (50) years at no cost. This initial time period shall be automatically renewed for an additional ten (10) years, and shall continue

thereafter for four (4) additional ten (10) year terms. The parties acknowledge that the daily use of treated effluent in irrigating the golf course will fluctuate in accordance with the season and the temperature. Notwithstanding anything herein to the contrary, five (5) years from the date effluent is first delivered from the WTP to the Onsite Storage Ponds, the actual annual usage or consumption of treated effluent by SUNRIDGE will be calculated. Upon the mutual agreement of the parties, the maximum amount of treated effluent IHGID is required to provide may be adjusted to reflect the actual annual usage or consumption by SUNRIDGE based upon the first five (5) years of actual use.

20. IHGID and SUNRIDGE shall use all good faith efforts to implement and maintain any necessary practice or system, and shall apply and control the treated effluent stored on and discharged to the GOLF COURSE, so as to eliminate tailwaters, runoff and/or the drift of overspray of aerosols as may be required in NDEP discharge permits.

21. Upon completion of the GOLF COURSE, SUNRIDGE shall use up to 0.5 MGD of treated effluent when available and when the quality is such that it can use it to accomplish the purpose of operating and maintaining the GOLF COURSE. In the event IHGID is unable to provide the quantities of treated effluent necessary to properly irrigate the GOLF COURSE or in the event that SUNRIDGE shall be unable to use effluent for reasons including, but not limited to, governmental restriction or qualification of such use, SUNRIDGE may purchase water rights or contract for domestic water

service or other effluent as necessary to irrigate and maintain the GOLF COURSE.

22. IHGID does hereby acknowledge that SUNRIDGE will use the treated effluent and/or other available water for purposes of irrigating and maintaining the GOLF COURSE, and further acknowledges that such rights are appurtenant to and inseparable from the GOLF COURSE. IHGID agrees that in the event SUNRIDGE shall sell, convey or transfer the GOLF COURSE, the rights granted to SUNRIDGE hereunder can be and will be transferred to the person or party purchasing or otherwise acquiring the GOLF COURSE upon that person's or party's assumption of SUNRIDGE's obligations hereunder.

23. Should there be any diversion, bypass, spill, overflow or discharge of treated or untreated effluent from the WTP which shall violate the limitations or conditions of any applicable discharge permit, license, law or regulation, or which shall fail to satisfy the provisions of this Agreement, IHGID shall give written notice to SUNRIDGE, within twenty-four (24) hours of the time it discovers such diversion, bypass, spill, upset, overflow or discharge, or within such time as the Nevada Department of Environmental Protection (NDEP) may require, whichever is earlier. Should any diversion, bypass, spill, upset, overflow or discharge be of a nature of volume or at a time such that potential injury or interference with the use of the property, IHGID shall give immediate oral notice to SUNRIDGE after discovery of said conditions. Likewise, should there be any diversion, bypass,

spill, overflow or discharge of treated or untreated effluent from the Onsite Storage Ponds or the Disposal/Irrigation System which shall violate the limitations or conditions of any applicable discharge permit, license, law or regulation, or which shall fail to satisfy the provisions of this Agreement, SUNRIDGE shall give written notice to IHGID, within twenty-four (24) hours of the time it discovers such diversion, bypass, spill, upset, overflow or discharge, or within such time as the Nevada Department of Environmental Protection (NDEP) may require, whichever is earlier. Should any diversion, bypass, spill, upset, overflow or discharge be of a nature of volume or at a time such that potential injury or interference with the use of the property, SUNRIDGE shall give immediate oral notice to IHGID after discovery of said conditions.

24. Should any change in the operation, facilities or processes of the WTP be proposed to be instituted, whether by IHGID or by any other person, which change will reduce the treatment capabilities or hydraulic capacity of the WTP, reduce the capacity or holding time of the storage facilities, or change the point of final treatment, a written notice of such change shall be delivered to SUNRIDGE at least sixty (60) days before any change is instituted or before any on-site activity to effect such change is commenced. SUNRIDGE shall have ten (10) days from notice of any such change to object. In making such change, IHGID or its agents agree to use good faith efforts to accommodate or ameliorate SUNRIDGE's objections. Likewise, should any change in the operation, facilities or processes of the Onsite Storage Ponds or

the Disposal/Irrigation System contemplated herein, whether by SUNRIDGE or by any other person, which change adversely effects the storage and disposal of the effluent, a written notice of such change shall be delivered to IHGID at least sixty (60) days before any change is instituted or before any on-site activity to effect such change is commenced. IHGID shall have ten (10) days from notice of any such change to object. In making such change, SUNRIDGE or its agents agree to use good faith efforts to accommodate or ameliorate IHGID's objections.

25. The officials executing this Agreement on behalf of IHGID and on behalf of SUNRIDGE hereby warrant and guarantee that they have the authority to act for and bind the respective organizations which they represent.

26. In addition to the specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, walk-outs, riots, floods, earthquakes, avalanches, inclement weather, fires, casualties, acts of God, governmental restrictions imposed or mandated by other governmental entities, not parties to this Agreement, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulation, litigation, or similar bases for excused performance.

27. IHGID and SUNRIDGE shall cooperate and use their best efforts to accomplish the objectives and purposes of this Agreement.

28. This Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

29. This Agreement is declared to be severable and if any paragraph, phrase, sentence or part is declared to be void or unenforceable by a court of competent jurisdiction, it shall not be construed to void or nullify the entire Agreement. The parts not declared void or unenforceable shall remain binding upon the parties.

30. The parties shall be relieved of their respective duties and obligations hereunder, if performance of this Agreement is prevented by the elements, natural disaster or acts of God, or if they are ordered or enjoined from performing hereunder by any court or regulatory agency having jurisdiction. Either party may discontinue performance of its duties and obligations hereunder if the other party breaches any term or condition of this Agreement.

31. IHGID acknowledges and agrees that the right to the treated effluent granted to SUNRIDGE hereunder is established as of the date of execution of this Agreement. All rights to the use of re-use water hereinafter granted, if any, by IHGID to third parties shall be subordinate to and of a lesser priority than the rights herein granted to SUNRIDGE.

32. IHGID and SUNRIDGE, their successors and assigns, mutually indemnify and hold harmless each other from and against any and all third party claims, demands, liabilities, damages, losses, and judgments, including costs and expenses incident

thereto (including reasonable attorneys' fees) which may be suffered by, accrue against, be charged to or recoverable from the other party by reason of personal injury, death, property damage, environmental damage or any other damages caused by or arising out of the construction or operations to be performed by the other hereunder or the failure of the other to comply with its obligations hereunder.

33. This Agreement shall not prevent IHGID from entering into any other agreement with a third party for treatment, storage and disposal of effluent at an alternative site so long as any such agreement does not cause the amount of effluent available to SUNRIDGE to be reduced.

34. This Agreement shall be governed by and construed and enforced in accordance with the laws of the state of Nevada in a court of competent jurisdiction.

35. Unless otherwise expressly provided herein, all notices required by this Agreement shall be in writing and shall be sufficiently given and served upon the other party if delivered by hand or if sent by United States mail, postage prepaid, and addressed as follows:

IHGID: INDIAN HILLS GENERAL IMPROVEMENT DISTRICT
924-D Mica Drive
Carson City, NV 89701
Attention: District Manager

or at such other place(s) or to such other person(s) as IHGID may from time to time designate by notice to SUNRIDGE.

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SUNRIDGE: BILL WELLMAN
SUNRIDGE CORPORATION
986 Mica Drive
Carson City, NV 89705

with a copy to:

JAMES R. CAVILIA, ESQ.
ALLISON, MacKENZIE, HARTMAN,
SOUMBENIOTIS & RUSSELL, LTD.
402 North Division Street
P.O. Box 646
Carson City, NV 89702

or at such other place(s) or to such other person(s) as SUNRIDGE may from time to time designate by notice to IHGID.

36. Unless otherwise specified in the Agreement, any action to be taken in this Agreement following written notification as required by the Agreement shall be taken within forty-five (45) days from receipt of said written notification. The parties may mutually agree to extend this time.

37. Notwithstanding anything herein to the contrary, this Agreement is made upon the express condition that SUNRIDGE is to be free from all liability and claims for damages by reason of injury to property or any person for any cause or causes whatsoever arising out of the construction, operation and maintenance of the WTP, unless the specific injury or damage is the result of the negligence or intentional act of SUNRIDGE.

38. Notwithstanding anything herein to the contrary, this Agreement is made upon the express condition that IHGID is to be free from all liability and claims for damages by reason of injury to property or any person for any cause or causes whatsoever arising out of the construction, operation and maintenance of the

Onsite Storage Ponds and/or Disposal/Irrigation System, unless the specific injury or damage is the result of the negligence or intentional act of IHGID.

39. This Agreement is in addition to, and is to be construed in conjunction with, prior agreements between the parties or their predecessors. The terms or provisions of this Agreement supersede the parties' previous agreements only to the extent that the terms of this Agreement are inconsistent with any term or terms of a previous agreement between the parties. This Agreement can only be modified by an agreement in writing signed by the parties hereto.

40. All parties hereto agree to execute any and all documents, instruments or writings necessary to carry out the purposes and intent of this Agreement.

41. All of the terms, conditions, rights and obligations of the parties to this Agreement, except as to ownership and reclamation of improvements referenced herein, shall only apply during the term of this Agreement or any extensions thereof.

42. In the event any party hereto is required to retain an attorney to enforce any of the terms, conditions or covenants herein contained, then the prevailing party shall be entitled to the award of a reasonable attorneys' fee together with court costs.

43. All parties hereto agree to use good faith in all actions taken under this Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

INDIAN HILLS GENERAL
IMPROVEMENT DISTRICT

SUNRIDGE CORPORATION,
a Nevada corporation

By: [Signature]
STEVE WEAVER
Its: Chairman

By: [Signature]
BILL WELLMAN
Its: President

COPY

REQUESTED BY
IHGID
INDUSTRIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
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