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NO. 98.193

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SEWER SERVICE AGREEMENT
David Walley's Resort, Hot Springs and Spa

BARBARA REED THIS SEWER SERVICE AGREEMENT (the "Agreement"), made this 22nd day of September, 1998, is by and between Walley's Partners Limited Partnership ("Developer"), a Nevada limited partnership, and Douglas County and the Douglas County Redevelopment Agency located in the State of Nevada (the "County" and "Redevelopment Agency").

WITNESSETH:

WHEREAS, Developer is the developer of David Walley's Resort, Hot Springs and Spa ("Walley's Resort") located at 2001 Foothill Road, Genoa, County of Douglas, State of Nevada (the "Property"), upon which Developer is developing a time share resort in phases to consist of 150 two-bedroom units; and

WHEREAS, Walley's Resort is currently served by a septic system and leech field (the "Septic System") for the treatment of sewage generated from the improvements on the property; and

WHEREAS, Developer is in the process of obtaining a building permit from the County for the construction of the first phase of time share improvements consisting of one (1) building containing 21 two-bedroom units and certain infrastructure improvements to Walley's Resort ("phase I"); and

WHEREAS, a condition to obtaining a building permit from the County for phase I is the issuance of a discharge permit from the Nevada Division of Environmental Protection relating to the installation of a package treatment plant (the "Treatment Plant") upon the Property which can serve the entire Property for the treatment of sewage; and

WHEREAS, the County through the Redevelopment Agency intends to expand its existing sewer line system to the Property and would prefer that Developer not install the Treatment Plant; and

WHEREAS, the Developer is willing to not install the Treatment Plant so long as the sewer service is provided in a timely manner.

WHEREAS, it is the intention of the County and the Redevelopment Agency and the Developer that the Redevelopment Agency provide sewer lines to the property before the issuance of certificates of occupancy for phase II enabling the Developer to connect to the sewer system and to avoid installing the treatment plant.

NOW, THEREFORE, in consideration of the promises, the covenants and conditions contained in the agreement, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree to the following.

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ARTICLE I
Developer Responsibilities

1.1 Developer will apply for a limited permit (approximately 30 months) for an expanded septic system and build the improvements for phase I (one building containing 21 two-bedroom units and certain infrastructure improvements to Wally's Resort)

1.2 Developer will apply for and obtain a discharge permit for a package plant for the whole project that will replace the existing septic system and any expansion for phase I.

1.3 If a sewer line is not available at the earlier of the expiration of the limited discharge permit for expanded septic system or the developers request for the issuance of certificates of occupancy for phase II, the Developer will build the permitted package plant and meet the requirements of NRS 445A, which includes the local governing body assurances.

1.4 When the Developer connects with sewer or builds a package plant all septic systems must be abandoned in compliance with existing law.

1.5 The Developer will connect with sewer whenever it becomes reasonably available (a sewer line within 330 feet of the project).

1.6 The Developer will negotiate in good faith to enter into an owner participation agreement with the Redevelopment Agency within 6 months of the date of this agreement.

ARTICLE II
County Responsibilities

2.1 The County shall cooperate with the Developer in applying for and obtaining all necessary approvals for the expansion of the current septic system to service the property as phase I is developed.

2.2 If the Redevelopment Agency is unable to install sewer lines by the time the Developer applies for a building permit for construction of phase II (one building with 21 two-bedroom units) the County shall issue the building permits provided all other conditions are met.

2.3 The County's conditions for the installation of the Treatment Plant are set out in the August 20, 1998 letter of Steve Volk, Community Development, to Thomas J. Hubeny, in care of Resorts West and special use permit DA 97-083 dated September 9, 1997 and design review DA 98-011 and modification of DA 97-083 dated April 2, 1998..

2.4 The County shall cooperate with the Developer in applying for and obtaining a discharge permit from the Nevada Division of Environmental Protection for the installation and operation of the proposed Treatment Plant. This cooperation will include the immediate issuance of a letter addressed to the Developer and the Nevada Division of Environmental Protection stating that all requirements and conditions precedent of the County have been met.

2.5 The Redevelopment Agency shall diligently pursue its intention of constructing sewer lines to the Property; provided, the County or the Redevelopment Agency shall have no obligation to actually construct any sewer line to the Property on or before any time certain.

ARTICLE III
Term; Termination

3.1 The term of this Agreement shall commence on the date set forth above and end on the earlier of that time when the County connects its sewer lines to the Property and commences sewer service, that time when the Developer installs the Treatment Plant and commences operations, or an owner participation agreement is not approved by the parties within 6 months of the date of the agreement.

ARTICLE IV
Remedies

4.1 The County and the Developer agree that the County would not have entered into this agreement if it were to be liable for damages under or with respect to this agreement. Accordingly, the County and the Developer may pursue any remedy at law or equity available for breach, except that the County shall not be liable to the Developer or to any other person for any monetary damages whatsoever, or any costs or attorney's fees.

ARTICLE V
Notice

5.1 All notices, requests, or approvals required or permitted to be given under this contract shall be in writing, shall be sent by hand delivery, overnight carrier, or by United States mail, postage prepaid, and registered or certified, and shall be addressed to:

If to Developer:

Wally's Partners Limited Partnership
Attn: Thomas J. Hubeny
1702 County Road, Suite D
Minden, Nevada 89423

with a copy to

Joan C. Wright, Esq.
Allison, Mackenzie, Hartman, et al
402 North division Street
Carson City, Nevada 89703

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If to County:

Douglas County
Attn: Dan Holler, County Manager
Post Office Box 218
Minden, Nevada 89423

Any notice required or permitted under this contract, if sent by United States Mail, shall be deemed to be given to and received by the addressee thereof on the third business day after being deposited in the mail. The County or Developer may change the address or representative by giving written notice to the other party.

ARTICLE VI
Hold Harmless

6.1 Regardless of the coverage provided by any insurance, the Developer agrees to indemnify and save and hold the County, its agents, and employees harmless from any and all claims, causes of action or liability arising from the performance of this agreement by the Developer or the Developer's agents, employees or third parties. The Developer indemnifies and shall defend and hold harmless the County and the Redevelopment Agency, its officials, employees, and authorized representatives and their employees from and against any and all suits, actions, legal or administrative proceedings, arbitrations, claims, demands, damages, liabilities, interest, attorney's fees, costs and expenses of whatsoever kind or nature including those arising out of injury to or death of the Developer's agents or employees, or third parties, whether arising before or after completion of the work under this agreement and in any manner directly or indirectly causes, occasioned, or contributed to in whole or in part by reason of any negligent act, omission, or fault or willful misconduct, whether active or passive, of the Developer or of anyone who is acting under the Developer's direction or control or on its behalf in connection with or incidental to the performance of this agreement. The Developer's indemnity, defense, and hold harmless obligations, or portions or applications thereof, shall apply even in the event of the fault or negligence, whether active or passive, of the party indemnified to the fullest extent permitted by law, but in no event shall they apply to liability caused by the sole negligence or willful misconduct of the party indemnified or held harmless.

ARTICLE VII
Miscellaneous

6.1 If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions, and provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

6.2 This Agreement contains the entire agreement between the parties relating to the subject matter and supersedes any and all agreements previously made by and between the parties pertaining to the same subject matter. No change, amendment, alteration or modification of this Agreement shall be effective unless documented in writing and executed by both parties.

6.3 This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

6.4 Time is of the essence.

6.5 This Agreement is made in and shall be construed and governed by the laws of the State of Nevada.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

"Developer"

"County"

Walley's Partners Limited Partnership,
a Nevada limited partnership

County of Douglas

By: Valley Partners, LLC, a Nevada
limited liability company, managing
general partner

By: Sierra resorts Group, LLC, a Nevada
limited liability company, manager

By: [Signature]
Lex Adams, Manager

By: [Signature]
Dan Holler, County Manager
Board of County Commissioners

Approved as to form:

By: [Signature]
Douglas County District Attorney

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

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LINDA SLATER
RECORDER

PAID DEPUTY

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: Sept 28, 1998
B. REEJ Clerk of the 9th Judicial District Court
of the State of Nevada, in and for the County of Douglas.

By: [Signature] Deputy

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