

T. HALL
Boy 3948
Reno NV 89505

LEASE

THIS LEASE, made and entered into by and between the STATE OF NEVADA, its Division of State Lands, hereinafter referred to as LESSOR, and LOGAN CREEK ESTATES GENERAL IMPROVEMENT DISTRICT, LESSEE, hereinafter referred to as LCEGID, a district organized pursuant to Chapter 318 of Nevada Revised Statutes.

WITNESSETH:

WHEREAS, the State of Nevada acting under authority of the Tahoe Bond Act Program purchased a parcel of real property situated in a stream environment zone which carries a Tahoe Regional Planning Agency designated land capability status of 1b in Douglas County, Nevada, being Lot 7, Block B, Logan Creek Estates, Unit 1, APN 03-024-05; and

WHEREAS, LCEGID drilled a water well on said State of Nevada property within a public utility easement without the State's knowledge; and

WHEREAS, LCEGID has indicated that it will not be able to provide adequate water supply including adequate fire flows to the homeowners within Logan Creek Estates Subdivision without the water well; and

WHEREAS, LCEGID desires to lease a portion of the State's parcel for a community water well-site and certain other appurtenances; and

WHEREAS, LCEGID understands that the State of Nevada has no land coverage as defined by the Tahoe Regional Planning Agency available for use on the parcel; and

WHEREAS, the Division of State Lands is authorized by NRS 321.003 and NRS 322.050-060 to lease lands for such terms and consideration as the Administrator determines reasonable based upon fair market value.

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NOW THEREFORE, for and in consideration of the rents herein reserved and the covenants, terms and conditions herein contained, LESSOR does by these presents lease unto LESSEE the premises described below.

1. **PREMISES:** The LESSOR hereby leases to the LESSEE a portion of the real property situated in Douglas County, Nevada, APN 03-024-05. Specifically LESSOR agrees to lease to LESSEE an area of APN 03-024-05, approximately 196 sq. ft. or 14' x 14', for the purpose of the siting of a community water well and vault and other necessary equipment to be contained in the vault. See Exhibit A, attached hereto, site plan for well location and by reference made a part hereof.

Commencing at the northwest corner of Lot 7, Block B, Logan Creek Estates as shown on the record map of said subdivision on file in Douglas County, Nevada, filed in the office of the County Recorder, Douglas County, on March 8, 1960, Document No. 15688, thence along the northerly property line, S 70° 15' 00" E, 31.01 feet to the POINT OF BEGINNING, thence continuing along the northerly property line S 70° 15' 00" E., 14.00 feet, thence leaving said property line S 19° 45' 00" W., 14.00 feet, thence N 70° 15' 00" W., 14.00 feet, thence N 19° 45' 00" E., 14.00 feet to the POINT OF BEGINNING.

A parcel of land containing 196 s.f. more or less.

2. **USE OF THE PREMISES:** The Premises will only be used for the purpose of locating one community water well and pre-cast concrete vault for the location of pumps, valves, piping, treatments, and electrical connections, all as more particularly described in Exhibit A, hereto.

3. **TERMS:** The LESSEE shall utilize the described premises for a term of TEN (10) years beginning on the date of final approval by the Board of Examiners and Interim Finance Committee. This Lease may be renewed for three additional terms or adjusted terms. State will notify LESSEE in writing no later than 120 days prior to the end of the term of the expiration date of the lease term. LESSEE will then have the option to renew or terminate the Lease. If the

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Lease is renewed, LESSOR reserves the right to adjust the lease fee upward. The Lease fee may be adjusted by LESSOR every five years including after the first five years of the first term. Adjustment of yearly fee will be reasonably based on fair market value of the premises and the LESSOR's costs of administration and inspection.

4. **CONSIDERATION FOR LEASE:** In consideration for lease, the LESSEE agrees to pay LESSOR \$350 per year. The lease payments will be paid to the LESSOR or its authorized agent on or before the date of final approval and each anniversary thereof.

5. **LEASE AND ASSIGNMENT:** The LESSEE shall not assign this Lease or sublease any portion of the leased premises.

6. **ORDINANCES AND STATUTES:** The LESSEE shall comply with all ordinances, statutes, and regulations now in force or which may hereinafter be put into force pertaining to the premises or use of the premises by LESSEE.

7. **MAINTENANCE AND REPAIR:** LESSEE agrees to notify LESSOR ten days in advance of maintenance work. Emergency repairs are allowed under this Lease, however, the Division of State Lands is to be notified of such emergency work within 3 working days of commencement of work. LESSEE agrees that no wheeled or heavy equipment will be allowed on the real property at any time other than during a temporary construction permit period. LESSEE will maintain the premises and mitigate observed environmental problems including, but not limited to, leakage from the vault and erosion around the well-site.

8. **DESTRUCTION OF REAL PROPERTY:** If said real property is altered by LESSEE in any way other than that allowed for the water well and 6-foot by 6-foot concrete vault, as shown on Exhibit A, this Lease shall immediately terminate.

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9. **TEMPORARY CONSTRUCTION PERMIT:** LESSEE shall apply for a temporary construction permit prior to any construction or reconstruction at the well-site. LESSOR will provide LESSEE with a temporary construction permit with such terms and conditions to protect the parcel from environmental damage, for installation of the vault and appurtenances, and for future maintenance work.

10. **BREACH OR DEFAULT:** In the event of any failure by the LESSEE to keep and comply with any of the terms, covenants or provisions of this Lease or any breach by LESSEE, LESSEE shall have FIVE (5) days from the receipt of written notice of such default or breach within which to remove or cure said default or breach. In the event of breach or default of LESSEE, which is not removed or cured within the time limits set forth above, LESSOR may, at LESSOR'S sole option, consider the Lease forfeited and terminated and may re-enter and take possession of the property, plug the well, pursuant to NAC 534.420-427, and remove all property therefrom with prior notification to LESSEE so that arrangements concerning the removed property can be made. In the event of such forfeiture and termination of this Lease, LESSOR shall not prorate or rebate any rental payment.

11. **INDEMNIFICATION:** LESSEE, its successors and assigns, agrees to indemnify, defend and hold harmless the State of Nevada and its officers, employees, or agents from and against any and all liability for personal injuries, property damage, or for loss of life or property resulting from, or in any way connected with the condition or use of the premises for the purposes covered herein including the installation and removal of well and appurtenances or plugging of the well, and related activities, including any hazard, deficiency, defect or other matter, known or unknown.

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12. **PROPERTY DAMAGE:** LESSEE, its successors and assigns, agrees to repair and clean up the premises in the event of environmental damage as a result of operation of the well-site, maintenance or related activities, whether by LESSEE or its agents or contractors.

13. **INSURANCE:** LESSEE shall, at LESSEE's sole expense, procure, maintain and keep in force for the duration of the Lease the following insurance conforming to the minimum requirements set forth herein. Broad Form Comprehensive General Liability Insurance including personal injury. Public Liability shall be not less than \$1,000,000 and property damage not less than \$150,000. By endorsement to LESSEE's general liability insurance policy, the State of Nevada, Divisions of State Lands, its officers, employees, agents, shall be named as additional insureds for the negligent acts or omissions of LESSEE, its employees, agents, or contractors upon or in the leasehold. An Additional Insured endorsement **must** be submitted to the State by attachment to the Certificate of Insurance. LESSEE's liability insurance shall be primary with the expense of any deductible or self-insured amount borne by LESSEE. The policy shall contain a 30-day written notice of cancellation, waiver of subrogation and separation of insureds clauses. Said policy shall have option for the State to obtain the policy at LESSEE's expense should LESSEE fail to maintain the policy.

14. **QUIET ENJOYMENT:** The LESSOR agrees to defend the title of the Leased premises and also agrees that LESSEE shall peaceably and quietly hold, enjoy and occupy the Leased premises for a duration of this Lease without any hindrance, interruption, injection or molestation by LESSOR or other person or persons.

15. **TERMINATION:** Should LESSEE cease use of or abandon the well, then this lease terminates and the leasehold reverts to State. LESSEE will then plug the well in accordance with

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procedures required in NRS 534 and NAC 534.420-427 for plugging of domestic water wells.

LESSEE will remove the vault and appurtenances and restore the site to prior condition.

16. **ENTRY AND INSPECTION:** The LESSEE shall permit the LESSOR or LESSOR'S agent to enter upon the premise at any time for the purpose of inspecting the same.

17. **ATTORNEY FEES:** In the event that any lawsuit should be brought for enforcement of the terms and conditions of this lease agreement whether before or after termination of the leasehold, the prevailing party shall be entitled to all costs incurred in connection with such action including a reasonable attorney fee.

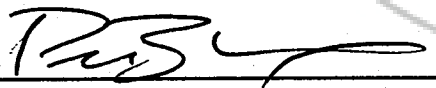
18. **EFFECTIVE DATE:** This Lease shall not become effective unless and until approval of the State Board of Examiners and Interim Finance Committee has been secured as required by NRS 322.007.

The foregoing constitutes the entire agreement between the parties and may be modified only in writing signed by both parties.

IN WITNESS WHEREOF, the parties hereto have subscribed this Lease on the day and year first above written.

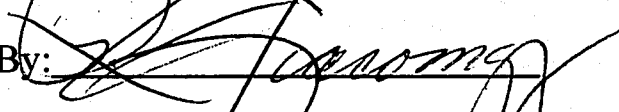
LESSOR:

**STATE OF NEVADA
Division of State Lands**

By: 
PAMELA B. WILCOX
Administrator and Ex-Officio
State Land Registrar

LESSEE:

**LOGAN CREEK GENERAL
IMPROVEMENT DISTRICT**

By: 
President JACK GIACOMAZI
Title

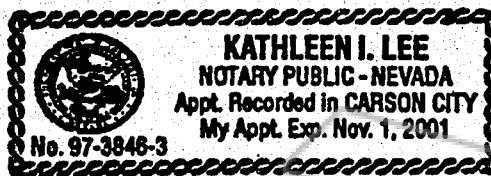
STATE OF NEVADA)

SS.

CITY OF CARSON)

On October 12th, 1999, personally appeared before me, a Notary Public, PAMELA B. WILCOX, Administrator and Ex-Officio State Land Registrar, Division of State Lands, who acknowledged that she executed the above instrument.

Kathleen I. Lee
NOTARY PUBLIC



APPROVED as to Form:

FRANKIE SUE DEL PAPA
Attorney General

By: George H. Taylor
GEORGE TAYLOR
Deputy Attorney General

APPROVED:

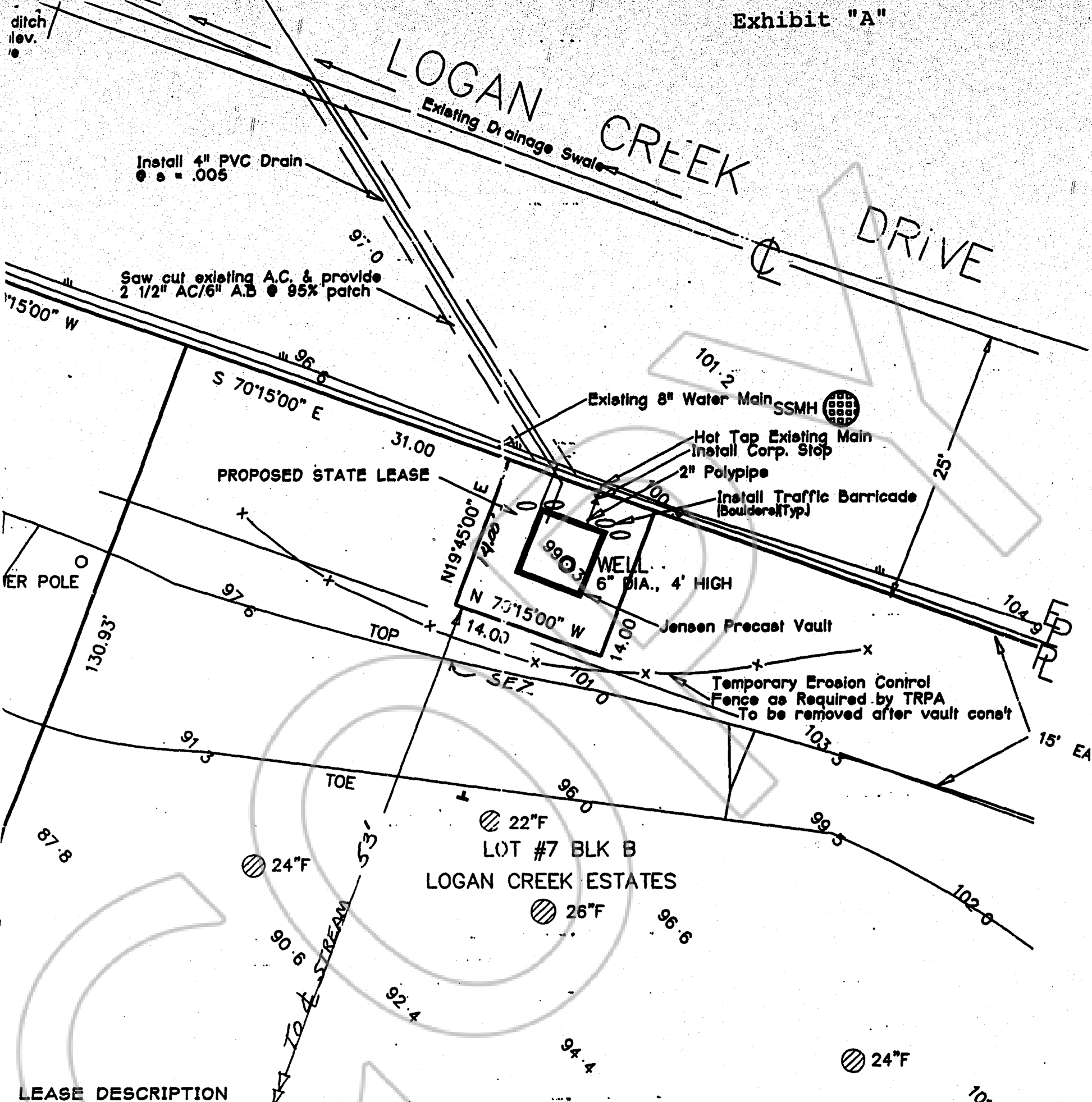
STATE BOARD OF EXAMINERS

By: [Signature]
Date: Feb. 2, 2000

APPROVED:

INTERIM FINANCE COMMITTEE

By: [Signature]
Date: 2/2/00



LEASE DESCRIPTION

Commencing at the northwest corner of Lot 7, Block B, Logan Creek Estates as shown on the record map of said subdivision on file in Douglas County, Nevada, filed in the office of the County Recorder, Douglas County, on March 8, 1960, Document No. 15688, thence along the northerly property line, S 70° 15' 00" E, 31.01 feet to the POINT OF BEGINNING, thence continuing along the northerly property line S 70° 15' 00" E., 14.00 feet, thence leaving said property line S 19° 45' 00" W., 14.00 feet, thence N 70° 15' 00" W., 14.00 feet, thence N 19° 45' 00" E., 14.00 feet to the POINT OF BEGINNING.

A parcel of land containing 196 s.f. more or less.

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REQUESTED BY

Thomas Hall

IN OFFICIAL RECORDS OF DOUGLAS CO., NEVADA

2000 MAR 16 AM 10:12

LINDA SLATER
RECORDER

\$14.00 PAID K2 DEPUTY