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Approved 4-18-02

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COOPERATIVE AGREEMENT

This Agreement is entered into as of the date of the last signature set forth below by and between DOUGLAS COUNTY, a political subdivision of the State of Nevada (County), OLIVER PARK GENERAL IMPROVEMENT DISTRICT (OPGID), and FALCON CAPITAL, LLC, a Wyoming limited liability company (Falcon).

RECITALS

- A. Falcon has obtained permits from the Tahoe Regional Planning Agency (TRPA) and the County for development of a project consisting of a time-share condominium and sixty-four (64) affordable rental housing units, demolition and removal of 186 apartment units located along Kahle Drive, Stateline, Nevada, and restoration of the stream environment zone (SEZ) and provision of stormwater drains and stormwater detention basins within Rabe Meadow. The erosion control and SEZ restoration is hereinafter referred to as the Project.
- B. County has previously entered into a Cooperative Agreement with the Nevada Division of State Lands (State) concerning the receipt and disbursement of 1996 Tahoe Bond Act monies for erosion control and SEZ restoration at Lake Tahoe, including to a local governmental entity such as the OPGID.
- C. Falcon and OPGID have previously entered into the Kahle Drive Water Quality Improvement Maintenance Agreement dated February 7, 2000, whereby Falcon agreed to, among other things, design and construct the Project in compliance with applicable permits, codes, and ordinances and to maintain the Project for twenty years.
- D. County and OPGID are authorized by Nevada Revised Statute (NRS) 277.180 to enter into contracts to perform any governmental service, activity, or undertaking which the County or OPGID are allowed to perform by law.
- E. County, OPGID, and Falcon are authorized by NRS 278.0201 through 278.0207 and Douglas County Code, Chapter 20.400, to enter into contracts for the development of real property.
- F. The parties desire to enter into this Agreement, which will provide for the disbursement of bond monies and matching funds to OPGID for the Project.

NOW, THEREFORE, the parties agree as follows:

- 1. OPGID and Falcon are responsible for compliance with all grant conditions and all use of granted funds in accordance with all grant conditions and requirements; except that OPGID shall not be liable for payment of any expenses or repayment or reimbursement of any grant monies or matching funds under the Project Agreement (Project No. 00-018) between the State and the County, including, without limitation, Sections 1, 2, 11, and 14 of the Project Agreement.

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2. OPGID and Falcon are responsible for the design, construction, and construction administration of the Project, for obtaining all permits, and for maintenance of the improvements (including in accordance with any grant requirements); except that OPGID shall not be liable for payment of any expenses thereof, and all such expenses shall be borne by Falcon. The lands upon which the Project will be constructed and which are part of the Project will be conveyed by gift to a public entity which qualifies as a tax-exempt organization under the applicable provisions of the Internal Revenue Code. OPGID has the right of first refusal as to the conveyance of these lands and the Project. If OPGID does not exercise this right, the County then has the right of first refusal as to the conveyance of these lands and the Project.

3. Falcon is responsible for timely repayment of all funds expended on work found to be non-eligible for grant funding. OPGID shall not be liable for repayment of such funds.

4. OPGID and Falcon will comply with all TRPA, federal, state and local laws, regulations or requirements in all of its activities on the site, and Falcon shall be solely responsible for any non-compliance of with any law, regulation or requirement. Falcon will pay the cost of any environmental investigation or remediation discovered during construction of the Project.

5. County will contribute a total of One Hundred Thirty-Five Thousand Seven Hundred Fifty and 00/100 Dollars (\$135,750.00) from the TRPA Water Quality Mitigation Fund to OPGID. The County will also pass through to OPGID Four Hundred Seven Thousand Two Hundred Fifty and 00/100 Dollars (\$407,250.00) in 1996 Tahoe Bond Act Erosion Control Funds for Project Number 00-018, as those funds are made available by the State of Nevada. Such sums shall be used exclusively for payment of Project costs approved by the State and County.

6. County will hold the grant and matching funds for OPGID and will disburse the funds for approved design, construction, and construction administration costs of the Project within a reasonable time after receiving and approving a request for payment and supporting documentation from OPGID and Falcon. Falcon agrees to place appropriate provisions in all design, construction, and construction administration contracts for the Project that will provide for delay caused by this indirect payment system.

7. Administrative costs of up to three percent (3%) of the grant amount may be recovered by County and administrative costs of up to one percent (1%) may be recovered by OPGID from the grant and matching funds. County and OPGID agree that Falcon may recover any portion of the four percent (4%) not recovered by County and OPGID available to Falcon under the terms of the grant.

8. This Agreement shall become effective upon approval by the Douglas County Board of County Commissioners, OPGID, and Falcon.

9. This Agreement constitutes the full and final agreement between the parties and shall not be modified except in writing and signed by the parties.

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10. This Agreement may not be assigned except by writing signed by both parties and shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

11. Each respective party agrees to indemnify and hold harmless the other party, to the extent provided by law, including, but not limited to, Chapter 41 of the NRS, from and against any liability arising out of the performance of the Agreement proximately caused by any act or omission of its own officers, agents and employees.

12. The laws of the State of Nevada shall be applied in interpreting and construing the Agreement.

13. The illegality or invalidity of any provision or portion of this Agreement shall not affect the validity of the remainder of the Agreement. The recitals shall be an integral part of this Agreement.

14. All written notices under this Agreement shall be delivered to the following officials at the addresses stated:

Community Development Director
P.O. Box 218
Minden, NV 89423

Oliver Park General Improvement District
Attn: President, Board of Trustees
c/o Patterson, Rush and Company
P.O. Box 12487
Zephyr Cove, NV 89448

Falcon Capital, LLC
Attn: Randy Lane
P.O. Box 456
Zephyr Cove, NV 89448

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

OLIVER PARK GENERAL
IMPROVEMENT DISTRICT

APPROVED AS TO FORM:

By: [Signature]
Print Name: JAY E. RECENZANE
Title: CHAIR OPGID BOARD OF TRUSTEES
Dated: 6 MAY 2002

By: [Signature]
Print Name: Deborah A. Palmer
Title: Attorney for OPGID
Dated: May 6, 2002

[Additional Signature Page(s) Follows]

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FALCON CAPITAL, LLC

By: [Signature]
Print Name: G. RANNEY LANE
Title: MANAGING MEMBER
Dated: 5-10-02

APPROVED AS TO FORM:

By: [Signature]
Print Name: Michael J. McLaughlin
Title: Attorney for Falcon
Dated: 5/16/02

DOUGLAS COUNTY

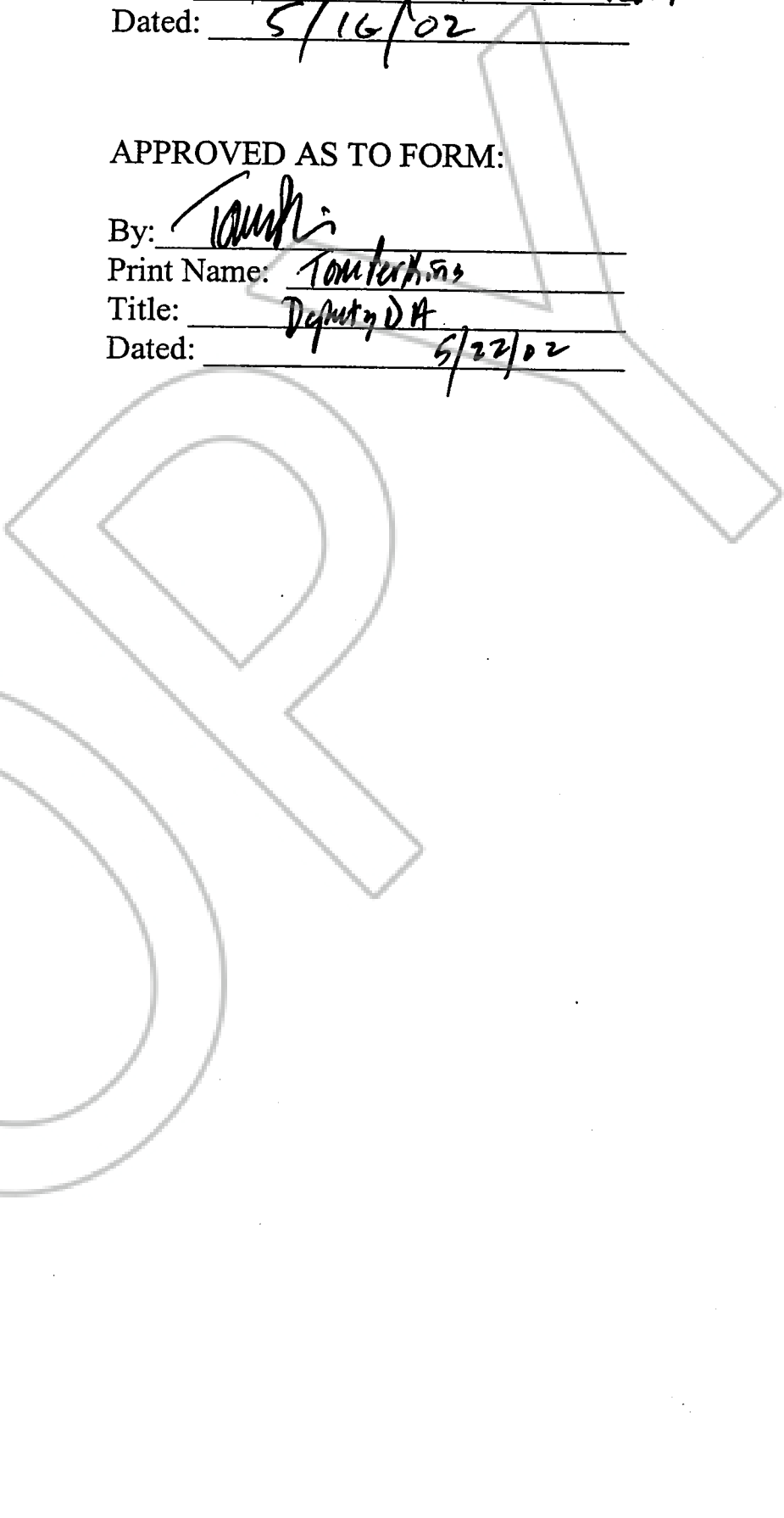
By: [Signature]
Print Name: DAVID H. HIRER
Title: CHAIR
Dated: JUNE 6, '02

APPROVED AS TO FORM:

By: [Signature]
Print Name: Tom Perkins
Title: Deputy DA
Dated: 5/22/02

ATTEST:

[Signature]
Douglas County Clerk



REIMBURSEMENT AND INDEMNITY AGREEMENT

This Agreement is entered into as of the date of the last signature set forth below by and between FALCON CAPITAL, LLC, a Wyoming limited-liability company (Falcon), and OLIVER PARK GENERAL IMPROVEMENT DISTRICT (OPGID).

RECITALS

A. Douglas County (County) has previously entered into an agreement with the Nevada Division of State Lands concerning the receipt and disbursement of 1996 Tahoe Bond Act monies for erosion control and stream environment zone (SEZ) restoration at Lake Tahoe, including to a local governmental entity such as the OPGID.

B. OPGID and Falcon have entered into a cooperative agreement (Cooperative Agreement) with the County to provide for the disbursement of bond monies and matching funds to OPGID for the Kahle Drive Water Quality Improvement Project (Project), the terms of which are incorporated as though fully set forth herein.

C. Falcon and OPGID entered into the Kahle Drive Water Quality Improvement Maintenance Agreement on February 7, 2000, whereby Falcon agreed to, among other things, design and construct the Project and restore the SEZ in compliance with applicable permits, codes, and ordinances and to maintain the Project for twenty years, all at its sole expense.

D. The parties enter into this Agreement to provide for payment to Falcon of bond monies and matching funds received by OPGID from the County and to provide indemnity to OPGID for the obligations undertaken by or potentially imposed upon OPGID pursuant to the Cooperative Agreement.

NOW, THEREFORE, the parties agree as follows:

1. OPGID will pay to Falcon all bond monies and matching funds paid by the County to OPGID under the Cooperative Agreement, as those funds are received by OPGID, excluding administrative costs recoverable by OPGID pursuant to paragraph 7 of the Cooperative Agreement.

2. Falcon assumes responsibility for all financial and other obligations of OPGID under the Cooperative Agreement. Falcon shall indemnify, defend, and hold OPGID harmless from and against any claims, demands, damages, liabilities, losses and other obligations and responsibilities arising out of the performance of the Cooperative Agreement proximately caused by any act or omission of Falcon and its agents, including, without limitation, its officers, employees, contractors, and materialmen.

3. This Agreement constitutes the full and final agreement between the parties as to the matter set forth herein and shall not be modified except in writing and signed by both parties.

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4. This Agreement may not be assigned except by writing signed by both parties and shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

5. The laws of Nevada shall govern the interpretation and enforcement of this Agreement. The parties agree that the Ninth Judicial District Court of the State of Nevada will be the forum of any litigation arising as a result of this Agreement. The parties agree that, prior to initiating any litigation, and upon ten (10) days written notice, the parties shall mediate any dispute regarding the interpretation, performance or enforcement of this Agreement pursuant to the rules of the American Arbitration Association or such other means of arbitration as agreed by the parties in writing.

6. The illegality or invalidity of any provision or portion of this Agreement shall not affect the validity of the remainder of the agreement. The recitals shall be an integral part of this Agreement.

7. All written notices under this Agreement shall be delivered to the following officials at the addresses stated:

Falcon Capital, LLC
Attn: Randy Lane
P.O. Box 456
Zephyr Cove, NV 89448

Oliver Park General Improvement District
Attn: President, Board of Trustees
c/o Patterson, Rush and Company
P.O. Box 12487
Zephyr Cove, NV 89448

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

FALCON CAPITAL, LLC

OLIVER PARK GENERAL
IMPROVEMENT DISTRICT

By: *Randy Lane*
Randy Lane, Managing Member

By: *Jay Recanzone*
Jay Recanzone, Chairman

Dated: 5-10-2002

Dated: 5 May 2002

COPY

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

2002 JUN 12 AM 11:58

LINDA SLATER
RECORDER

\$ 2000.00 PAID 2 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: June 11, 2002
B. Reed Clerk of the 4th Judicial District Court
of the State of Nevada, in and for the County of Douglas.

By Carolyn Miller Deputy

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