

DOC # 0704575
07/06/2007 11:57 AM Deputy: PK

OFFICIAL RECORD

Requested By:
CITY OF RENO

Douglas County - NV
Werner Christen - Recorder

Page: 1 Of 27 Fee: 0.00
BK-0707 PG- 1623 RPTT: 0.00



LOAN AGREEMENT BY AND BETWEEN

**THE REDEVELOPMENT AGENCY OF THE CITY OF RENO
AND
RESORT CONCEPTS, INC.
d/b/c WILD RIVER GRILLE**

**RELATING TO LEASED SPACE OCCUPIED BY
WILD RIVER GRILLE
17 SOUTH VIRGINIA STREET
RENO, NEVADA 89501**

✓ Recording Requested By

James Graham
Redevelopment Agency of the City
of Reno
P. O. Box 1900
Reno, NV 89505

[APN #]: _____

SPACE ABOVE THIS LINE RESERVED FOR
RECORDERS USE

**LOAN AGREEMENT BY AND BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF
RENO
AND
RESORT CONCEPTS, INC.
d/b/c WILD RIVER GRILLE**

**RELATING TO LEASED SPACE OCCUPIED BY
WILD RIVER GRILLE
17 SOUTH VIRGINIA STREET
RENO, NEVADA 89501**



0704575 Page: 2 Of 27 07/06/2007

BK- 0707
PG- 1624

TABLE OF CONTENTS

ARTICLE I. PARTIES

1.1	Parties to the Agreement	2
1.2	Representatives of the Parties and Service of Notices	2
1.3	Status of the Borrower	3

ARTICLE 2. DEFINITIONS

2.1	"Borrower"	3
2.2	"Budget"	3
2.3	"Business"	3
2.4	"Closing of the Loan"	3
2.5	"Hazardous Materials"	4
2.6	"HUD"	4
2.7	"Interest"	4
2.8	"Loan"	4
2.9	"Loan Agreement"	4
2.10	"Loan Documents"	4
2.11	"Note"	4
2.12	"Plans and Specifications"	4
2.13	"Public Benefit"	4
2.14	"Securities Agreement"	5
2.15	"Term"	5

ARTICLE 3. PURPOSE OF AGREEMENT AND LOAN, LOAN TERMS, AND PROMISSORY NOTE

3.1	Loan	5
3.2	Amount of Loan	5
3.3	Public Benefit	5
3.4	Default Rate	6
3.5	Late Charge	6
3.6	Term of Loan	6
3.7	Use of Funds	6
3.8	Collateral	6
3.9	Prepayment of Loan	6
3.10	Repayment of Loan	6

ARTICLE 4. LOAN DISBURSEMENT

4.1	Uses of Disbursements	6
4.2	Conditions Precedent to Disbursement of the Loan Proceeds	6
4.3	Conditions Precedent to Commencement of Construction	7
4.4	Disbursement of Loan Proceeds	8



ARTICLE 5. DEVELOPMENT OF BUSINESS

5.1 Plans and Specifications..... 8
5.2 Financing..... 8
5.3 Construction Bonds 8
5.4 Contracts and Subcontracts 8
5.5 Construction Responsibilities..... 9
5.6 Barriers to the Disabled 9
5.7 Lead-Based Paint and Asbestos Removal 9
5.8 Quality of Work..... 9
5.9 Transfer of Business..... 9
5.10 Encumbrance of Business 9
5.11 Unavoidable Delay in Performance..... 9
5.12 Management Agent 9

ARTICLE 6. HARARDOUS MATERIALS

6.1 Representations and Warranties..... 10
6.2 Notification to the Agency 10
6.3 Use and Operation of the Business 10
6.4 Remedial Actions..... 10
6.5 Right of Contest..... 11
6.6 Environmental Indemnity 11

ARTICLE 7. REPRESENTATIONS AND COVENANTS OF BORROWER

7.1 Representations of the Borrower 11
7.2 Covenants of the Borrower 12

ARTICLE 8. DEFAULT AND REMEDIES

8.1 Events of Default 13
8.2 Notice of Default and Opportunity to Cure 14
8.3 Agency's Remedies 14

ARTICLE 9. REPORTS, RECORDS AND AUDITS

9.1 Reporting Requirements..... 16
9.2 Maintenance of Records..... 16
9.3 Audits and Inspections..... 17
9.4 Validity of Financial Documentation Submissions 17

ARTICLE 10. GENERAL TERMS AND CONDITIONS

10.1 Indemnification and Insurance Requirements 17
10.2 Amendments and Waivers..... 18
10.3 Compliance with Statutes and Regulations..... 19



10.4	Permits and Licenses	19
10.5	Conflict of Interest.....	19
10.6	Political Activity Prohibited.....	19
10.7	Lobbying Prohibited.....	19

ARTICLE 10. GENERAL TERMS AND CONDITIONS (Continued)

10.8	Installation of Financial Assistance Sign	19
10.9	Press Releases	19
10.10	Discrimination Prohibited.....	20
10.11	Nondiscrimination, Equal Employment Practices and Affirmative Action Program	20
10.12	Participation of Minorities, Women and Small Businesses.....	20
10.13	Captions	20
10.14	Effect of Legal Judgment.....	20
10.15	Choice of Law Governing This Agreement.....	20
10.16	Prohibition of Legal Proceedings	20
10.17	Complete Agreement.....	20
10.18	Duplicate Originals and Entire Agreement	21

Signature Page	21
----------------------	----

Exhibit A "Budget"	Attachment
Exhibit B Deeds of Trust.....	Attachment
Exhibit C Guaranty	Attachment
Exhibit D Promissory Note	Attachment
Exhibit E Security Agreement	Attachment



LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Loan Agreement") is made and entered into by and between the Redevelopment Agency of the City of Reno, a public body, corporate and politic (the "Agency"), and, Resort Concepts, Inc. d/b/a Wild River Grille ("Borrower").

WITNESSETH

WHEREAS, the City of Reno ("City") has Community Development Block Grant (CDBG) funds from the United States Department of Housing and Urban Development ("HUD") pursuant to the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §5308 to fund economic development needs of the City; and

WHEREAS, the Redevelopment Agency of the City of Reno, (the "Agency") of the City, has been designated by the City to provide for proper planning, coordination and administration of the City's CDBG funds and projects; and

WHEREAS, the Agency cooperates with private individuals and organizations, other agencies of the City and agencies of other governmental jurisdictions in carrying out certain functions and programs which are its responsibility; and

WHEREAS, the Agency has been designated to receive CDBG funding; and

WHEREAS, the Agency has established a small business revolving loan program with a portion of the CDBG funding; and

WHEREAS, the Borrower desires an installment loan for a commercial business located at 17 South Virginia Street, Reno, Nevada, 89501; and

WHEREAS, the Borrower intends use the funds for renovation and property improvements of the existing commercial real property; and

WHEREAS, the Business meets the requirements of the above described program; and

WHEREAS, the Borrower has applied to the Agency for a loan in the amount of Fifty Thousand Dollars and No Cents (\$50,000.00) to help purchase equipment and provide working capital for the Business; and

WHEREAS, the Agency is willing to lend monies to the Borrower on the terms and conditions set forth herein;



BK- 0707
PG- 1628
0704575 Page: 6 Of 27 07/06/2007

May 25, 2007

NOW, THEREFORE, in consideration of and in reliance upon the foregoing and upon the covenants, agreements, representations and warranties herein contained, the Agency and the Borrower agree as follows:

AGREEMENT

ARTICLE 1. PARTIES

1.1 PARTIES TO THE AGREEMENT. The parties to this Loan Agreement are:

A. The Redevelopment Agency of the City of Reno, a public body, corporate and politic (the "Agency"), having its principal office at One East First Street, Suite 700, Reno, Nevada 89501; and

B. Resort Concepts, Inc. ("Borrower"), d/b/a, Wild River Grille, located at 17 South Virginia Street, Reno, Nevada, 89501.

1.2 REPRESENTATIVES OF THE PARTIES AND SERVICE OF NOTICES. The representatives of the respective parties who are authorized to administer this Loan Agreement and to whom formal notices, demands and communication shall be given are as follows:

A. The representative of the Agency shall be, unless otherwise stated in this Loan Agreement:

James Graham
Redevelopment Project Manager
P.O. Box 1900 (if by U.S. Mail)
Reno, Nevada 89505; or
One East First Street, Suite 700 (if by messenger or other private delivery service)
Reno, Nevada 89501

With copies to:

Jodi Royal-Goodwin
Community Resources Manager
Community Development Department
P.O. Box 1900 (if by U.S. Mail)
Reno, Nevada 89505; or
One East First Street, Suite 700 (if by messenger or other private delivery service)
Reno, Nevada 89501; and

Jonathan D. Shipman
City Attorney
City Attorney's Office
P.O. Box 1900 (if by U.S. Mail)
Reno, Nevada 89505; or



BK- 0707
PG- 1629

May 25, 2007

One East First Street, Third Floor
Reno, Nevada 89501 (if by messenger or other private delivery service)

B. The representative of the Borrower shall be:

Charles A. Shapiro
P.O. Box 11831
188 Meadow Lane
Stateline, NV 89449

C. Formal notices, demands and communications to be given under this Loan Agreement by either party shall be made in writing and may be effected by private delivery service with a delivery receipt or by certified mail, postage prepaid, return receipt requested and shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the item was returned as undeliverable.

D. If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accord with this section, within five (5) Working Days of said change. "Working Day" shall mean days on which the Agency is open for business, not including Saturdays, Sundays or City holidays.

1.3 **STATUS OF THE BORROWER.** The relationship of the Borrower and Agency under this Loan Agreement is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship. Agency neither undertakes nor assumes any responsibility or duty to the Borrower (except as provided for in this Loan Agreement) or any third party with respect to the Business, the Project, the Property, or the Loan.

ARTICLE 2. DEFINITIONS

The following terms have the meanings and content set forth in this section wherever used in this Loan Agreement, attached Exhibits, or documents incorporated into this Loan Agreement by reference.

2.1 **"BORROWER"** means Charles A. Shapiro and Douglas A. Holter, and its authorized representatives, assigns, transferees, or successors-in-interest.

2.2 **"BUDGET"** means that budget for development of the Business attached as Exhibit A, which is incorporated into this Loan Agreement by this reference.

2.3 **"BUSINESS"** means Charles A. Shapiro and Douglas A. Holter as individuals but not limited to their capacity as the owners of Wild River Grille located at 17 South Virginia Street, Reno, Nevada, 89501.

May 25, 2007

2.4 **"CLOSING OF THE LOAN"** means the date that a Securities Agreement and/or a UCC Filing to secure loan collateral is recorded in the Official Records of the County of Washoe, State of Nevada.

2.5 **"DEED OF TRUST"** means that certain Deed of Trust of the same date securing the obligations hereunder attached hereto as Exhibit "B".

2.6 **"GUARANTY"** means that certain Guaranty signed by Charles A. Shapiro, Janet M. Shapiro and Douglas A. Holter, individuals, guarantying the obligations of Borrower hereunder attached hereto as Exhibit "C".

2.7 **"HAZARDOUS MATERIALS"** means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants which are defined, regulated, or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants," or "toxic substances," under federal or state environmental and health and safety laws and regulations, including without limitation petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a commercial Business similar to the type being developed by the Borrower, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and applicable legal standards.

2.8 **"HUD"** means the United States Department of Housing and Urban Development.

2.9 **"INTEREST"** The Note shall bear interest at the rate of four percent (4%) per annum on the principal amount outstanding from the date of disbursement until paid.

2.10 **"LOAN"** means the loan of funds by the Agency to the Borrower as provided in this Loan Agreement and the Note in a principal amount not to exceed Fifty Thousand Dollars and No Cents (\$50,000.00).

2.11 **"LOAN AGREEMENT"** means this Loan Agreement entered into by and between Agency and the Borrower.

2.12 **LOAN DOCUMENTS"** are collectively this Loan Agreement as it may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

2.13 **"NOTE"** means that promissory note evidencing the Loan, attached hereto as "Exhibit D," dated as of the Closing of the Loan, executed by the Borrower in favor of the Agency. The principal balance on the Note shall be Fifty Thousand Dollars and No Cents (\$50,000.00).

2.14 **"PLANS AND SPECIFICATIONS"** means the plans and specifications for the construction of tenant improvements for the Business, if any, as approved by the Agency, as well as any change orders approved by the Agency in writing.

May 25, 2007

2.15 **"PUBLIC BENEFIT"** means the creation of no fewer than one permanent, full time, or full time equivalent, job for every Thirty-Five Thousand Dollars (\$35,000), or portion thereof, in loan funds, with the added stipulation that at least fifty-one percent (51%) of the newly created jobs must be made available to persons of low or moderate income, as defined by current or amended HUD income guidelines, adjusted for family size. In the case of this Loan Agreement, Public Benefit means the creation of no fewer than one point five (1.5) permanent full time equivalent jobs created within six (6) months of the date of the loan closing, of which, no fewer than one (1) permanent full time equivalent jobs will be made available to low or moderate income persons.

2.16 **"SECURITY AGREEMENT"** means that certain agreement used as security for the Loan by the Borrower as trustor, with the Agency as beneficiary, as well as any amendments to, modifications of, and restatements of said agreement in a form acceptable to the Agency. The terms of the Security Agreement, attached hereto as "Exhibit E," are incorporated into this Loan Agreement by this reference.

2.17 **"TERM"** shall mean the six (6) year term of the Loan as specified in the Note.

ARTICLE 3. PURPOSE OF AGREEMENT AND LOAN, LOAN TERMS, AND PROMISSORY NOTE

3.1 **LOAN.** Agency agrees to provide a loan of funds to the Borrower under the terms and conditions of the Loan Documents.

3.2 **AMOUNT OF LOAN.** On, and subject to, the terms and conditions of the Loan Documents, Agency agrees to make and the Borrower agrees to accept a loan in a total amount not to exceed Fifty Thousand and No/100 Dollars (\$50,000.00) evidenced by the Note.

3.3 **PUBLIC BENEFIT.** The Agency has charged a below market interest rate to the Borrower in exchange for the Borrower's promise to meet certain Public Benefit objectives of the federal government, which is providing the loan funds made available by the Agency. The Borrower shall submit verification documentation of meeting the Public Benefit objectives of the loan within six (6) months of initial opening of the Business. Should the Borrower fail to meet the Public Benefit objectives, including the submission of the proper verification documentation within the prescribed period of time, the Borrower agrees that the Agency may charge the *Default Rate of Interest, which shall be applied to the principal amount outstanding from the date of disbursement (retroactively to the beginning of the loan term) until paid, or until the Borrower can verify with proper documentation that the Public Benefit objectives are being met, whichever is earlier.* In addition, the Agency may, at its discretion, declare this Loan Agreement in default in accordance with Section 8.1.C, at any time it determines the Borrower has failed to meet the Public Benefit objectives. Borrower must accomplish the Public Benefit objective. The Redevelopment Agency may provide an extension to the Borrower up to one year from the date of written notice by the Redevelopment Agency that the Borrower has failed to accomplish the Public Benefit objective. If the Borrower continues to fail to accomplish the Public Benefit



BK- 0707
PG- 1632

May 25, 2007

objective by the end of the one year extension, the remaining loan balance and associated costs must be recalled by the Redevelopment Agency and repaid by the Borrower.

3.4 DEFAULT RATE. The Default Rate of Interest for failing to meet the Public Benefit requirement described in Sections 2.13 and 3.3 above shall be Fifteen Percent (15%) per annum.

3.5 LATE CHARGE. If the Agency has not received the full amount of any monthly payment by the end of the tenth (10th) calendar day after the date it is due, the Borrower will pay a late charge to the Agency in the amount of ten percent (10%) of the overdue payment.

3.6 TERM OF LOAN. Unless sooner due pursuant to the Note, the outstanding principal of the Loan and all accrued interest thereon shall be due and payable on the earliest of (a) six (6) years from the date of loan disbursement, or (b) the date that the Business is sold or refinanced or (c) in Event of Default by the Borrower which has not been cured as provided for in this Loan Agreement.

3.7 USE OF FUNDS. The Borrower shall use the Loan proceeds only for the costs and in the amounts specified in the Budget, as well as any revisions to the Budget as authorized by this Loan Agreement or that are approved in writing by Agency.

3.8 COLLATERAL. As security for the Loan, the Borrower shall execute The Deed of Trust, Guaranty and Security Agreement, all attached hereto as Exhibits.

3.9 PREPAYMENT OF LOAN. In the event the Borrower prepays all or any portion of the Loan, there is no prepayment penalty.

3.10 REPAYMENT OF LOAN.

A. Borrower shall repay the Loan in the time and manner prescribed in the Note.

B. Payments made on the Loan shall be applied first to pay any sums advanced by Agency to cure any breach of this Loan Agreement by the Borrower, current annual interest due, then the cumulative interest owed, and then to reduce the principal amount of the Loan.

C. The Loan and all current and accrued interest thereon shall be due and payable immediately if the Business, or any portion thereof or interest therein, is sold, transferred, assigned or refinanced otherwise than in accordance with this Loan Agreement.

ARTICLE 4. LOAN DISBURSEMENT

4.1 USES OF DISBURSEMENTS. The Loan shall be disbursed for working capital (\$50,000.00) for Resort Concepts, d/b/a Wild River Grille located at 17 South Virginia Street, Reno, NV 89501.



BK- 0707
PG- 1633

May 25, 2007

4.2 CONDITIONS PRECEDENT TO DISBURSEMENT OF THE LOAN PROCEEDS.

The Agency shall not be obligated to make any disbursements of Loan proceeds or take any other action under the Loan Documents unless all of the following conditions are satisfied prior to disbursement.

- A. The Agency shall have funds from which to make the Loan.
- B. The Borrower has executed and delivered the appropriate Loan Documents to evidence and document the Loan.
- C. The Agency has approved the Borrower's ownership entity documentation, including but not limited to, articles of incorporation, partnership agreements, limited liability company documentation; Certificates of Status, business license and resolutions.
- D. The Borrower has delivered to the Agency a certified copy of the business's insurance policy, which policy shall be satisfactory to the Agency to adequately insure the business itself and the Agency's collateral, with loss payable to the Agency and the City of Reno in addition to the Borrower.
- E. The financial condition of the Borrower has not materially and adversely changed since the application for the Loan.
- F. There exists no Event of Default nor any act, failure, omission or condition that would constitute an Event of Default under this Loan Agreement; and
- G. The Borrower has provided such additional information as is reasonably requested by the Agency.

4.3 CONDITIONS PRECEDENT TO THE COMMENCEMENT OF CONSTRUCTION.

If applicable, the Agency has an interest in loan funds that are used for the construction of proposed tenant improvements for the Business since they are crucial to the successful operation of the business. As a result, in addition to the conditions of disbursement in Section 4.2, the Borrower shall meet the following conditions prior to Commencement of Construction on the Business, if applicable.

- A. The Agency has approved the Plans and Specifications in its reasonable discretion for the applicable Parcel.
- B. The Borrower has delivered a construction contract reasonably satisfactory to the Agency which shall provide that the costs of construction shall be less than or equal to the estimated costs of construction as set forth in the Business Plan, submitted by the Borrower to the Agency as part of the required documentation for this Loan.
- C. The Borrower has delivered copies of all permits, licenses, and approvals required to begin construction of the applicable Business or portion thereof.



May 25, 2007

D. The Borrower has provided such additional information as is reasonably requested by the Agency.

4.4 DISBURSEMENT OF LOAN PROCEEDS.

A. The Agency must approve all requests for payment prior to disbursement of Loan proceeds. Disbursement of funds shall be jointly authorized by the Borrower and the Agency. Loan proceeds may only be used for the renovation and property improvements of the existing commercial real property. Each disbursement shall be in accordance with the Budget and shall be properly supported by invoices, vouchers or other documentation evidencing an expenditure and/or encumbrance of funds. Acceptability of the submitted documentation shall be at the sole discretion of the Agency. Changes in individual items comprising the Budget shall require the written request of the Borrower and the written consent of the Agency. However, the Agency's obligations shall in no event exceed the Loan amount specified in this Loan Agreement. Any costs above this amount necessary for the completion of the Business shall be the sole responsibility of the Borrower.

B. The Borrower further agrees that loan proceeds shall be disbursed in the name of the Borrower and the name of the vendor to be named at a later date.

ARTICLE 5. DEVELOPMENT OF BUSINESS

5.1 PLANS AND SPECIFICATIONS. Before commencement of construction, if any, the Borrower shall submit to the Agency for its review and approval the final Plans and Specifications for the Business. The Borrower shall develop the Business in substantial conformance with the Plans and Specifications and any modifications thereto approved by the Agency.

5.2 FINANCING. The Borrower shall promptly inform the Agency in writing of any changes in the amount, terms, and/or sources of financing or funding for the construction of the Business, if any.

5.3 CONSTRUCTION BONDS. To the extent a lender, as a condition of a bank loan, requires the Borrower or its contractor to procure and deliver labor and material (payment) bonds and performance bonds for the Business, said bonds shall name the Agency as a co-obligee.

5.4 CONTRACTS AND SUBCONTRACTS. All construction work and professional services for the Business shall be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of Nevada and the City of Reno.

All costs incurred in construction and operation of the Business shall be the responsibility and obligation solely of the Borrower.

May 25, 2007

5.5 CONSTRUCTION RESPONSIBILITIES. The Borrower shall be solely responsible for all aspects of the Borrower's conduct in connection with the Business, including, but not limited to, the quality and suitability of the Plans and Specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers, if any.

5.6 BARRIERS TO THE DISABLED. The Business shall be developed and maintained to comply with all applicable federal, state, and local requirements for access for disabled persons.

5.7 LEAD-BASED PAINT AND ASBESTOS REMOVAL. The Borrower and its contractors and subcontractors shall not use lead-based paint or asbestos in the construction, if any, or maintenance of the Business and shall comply with all applicable laws and regulations.

5.8 QUALITY OF WORK. The Borrower shall construct the Business in conformance with the City's construction standards and shall employ building materials of a quality suitable for the requirements of the Business. The Borrower shall develop the Business in full conformance with applicable local, state, and federal statutes, regulations, and building and housing codes.

5.9 TRANSFER OF BUSINESS. The Borrower has not made or created, and shall not, make or permit any sale, assignment, conveyance, sublease or other transfer of this Loan Agreement, the Business, or any part thereof, including the sale or transfer of any general partnership interest, without the prior written consent of the Agency.

5.10 ENCUMBRANCE OF BUSINESS. Except as otherwise provided in this Loan Agreement, the Borrower shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Business, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Business, except with the prior written consent of the Agency. The Borrower shall notify the Agency in writing in advance of any financing secured by any securities agreement or other similar lien instrument that it proposes to enter into with respect to the Business, and of any encumbrance or lien that has been created on or attached to the Business whether by voluntary act of the Borrower or otherwise.

5.11 UNAVOIDABLE DELAY IN PERFORMANCE. The time for performance of the provisions of this Loan Agreement by either party shall be extended for a period equal to the period of any delay directly affecting the Business or this Loan Agreement which is caused by: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; quarantine restrictions; or freight embargoes or other events beyond the reasonable control of the party claiming the delay. An extension of time for any of the above-specified causes will be deemed granted only if written notice by the party claiming such extension is sent to the other party within five (5) calendar days from the commencement of the cause, and such extension of time is either accepted by the other party in writing, or is not rejected in writing by the other party within ten calendar days of receipt of the notice.

5.12 MANAGEMENT AGENT. The Borrower shall submit for the Agency's reasonable approval the identity of any proposed Management Agent. The Borrower shall also

May 25, 2007

submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for the Agency to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, the Agency shall approve the proposed Management Agent by notifying the Borrower in writing. The Borrower may not replace a Management Agent without the prior written approval of the Agency.

ARTICLE 6. HAZARDOUS MATERIALS

6.1 REPRESENTATIONS AND WARRANTIES. After reasonable investigation and inquiry, the Borrower hereby represents and warrants to the best of its knowledge, as of the date of this Loan Agreement, that (a) the Business is not and has not been a site for the use, generation, manufacture, transportation, storage, or disposal of Hazardous Materials in violation of Federal or State law; (b) the Business is in compliance with all applicable environmental and health and safety laws, regulations, ordinances, administrative decisions, common law decisions (whether federal, state, or local) with respect to Hazardous Materials, including those relating to soil and groundwater conditions ("Hazardous Materials Laws"); (c) there are no claims or actions pending or threatened with respect to the Business by any governmental entity or agency or any other person relating to Hazardous Materials; and (d) there has been no release or threatened release of any Hazardous Materials on, under, or near the Business (including in the soil, surface water, or groundwater under the Property) or any other occurrences or conditions on the Business or on any other real property that could cause the property or any part thereof to be classified as a "hazardous waste property" or as a "border zone property" under any law or regulations.

6.2 NOTIFICATION TO THE AGENCY. The Borrower shall promptly notify the Agency in writing of: (a) the discovery of any concentration or amount of Hazardous Materials on or under the Business requiring notice to be given to any governmental entity or agency under Hazardous Materials Laws; (b) any knowledge by the Borrower (after verification of the veracity of such knowledge to the Borrower's reasonable satisfaction) that the Property does not comply with any Hazardous Materials Laws; (c) the receipt by the Borrower of written notice of any Hazardous Materials claims; and (d) the discovery by the Borrower of any occurrence or condition on the Property or on any real property located within 2,000 feet of the Property that could cause the Property or any part thereof to be designated as a "hazardous waste property" or as a "border zone property" under any law or regulations.

6.3 USE AND OPERATION OF BUSINESS. Neither the Borrower, nor any agent, employee, or contractor of the Borrower, nor any authorized user of the Business shall use the Business or allow the Business to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. The Borrower shall comply and cause the Business to comply with Hazardous Materials Laws.

6.4 REMEDIAL ACTIONS. If the Borrower has actual knowledge of the presence of any Hazardous Materials on or under the Business, the Borrower shall take, at no cost or expense to the Agency, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal or other remedial action, if any, required by any Hazardous Materials Laws

May 25, 2007

or by any orders or requests of any governmental entity or agency or any judgment, consent decree, settlement or compromise with respect to any Hazardous Materials claims. The foregoing, however, shall be subject to the Borrower's right of contest below.

6.5 RIGHT OF CONTEST. *The Borrower may contest in good faith any claim, demand, levy or assessment under Hazardous Materials Laws if: (a) the contest is based on a material question of law or fact raised by the Borrower in good faith, (b) the Borrower promptly commences and thereafter diligently pursues the contest, (c) the contest will not materially impair the taking of any remedial action with respect to such claim, demand, levy or assessment, and (d) if requested by the Agency, the Borrower deposits with the Agency any funds or other forms of assurance the Agency in good faith from time to time determines appropriate to protect the Agency from the consequences of the contest being unsuccessful and any remedial action then reasonably necessary. No Event of Default shall be deemed to exist with respect to any claim, demand, levy or attachment being contested by the Borrower under the conditions of this section.*

6.6 ENVIRONMENTAL INDEMNITY. *The Borrower shall defend, indemnify, and hold the Agency free and harmless against any claims, demands, administrative actions, litigation, liabilities, losses, damages, response costs, and penalties, including all costs of legal proceedings and reasonable attorney's fees, that the Agency may directly or indirectly sustain or suffer as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this Loan Agreement with respect to Hazardous Materials, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not the Borrower knew of same) of any Hazardous Materials occurring prior to or during the Borrower's use or occupancy of the Business.*

ARTICLE 7. REPRESENTATIONS AND COVENANTS OF BORROWER

7.1 REPRESENTATIONS OF THE BORROWER.

A. *The execution, delivery and performance of the Note and this Loan Agreement by the Borrower have been duly authorized by the Borrower. This Loan Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms. The execution and delivery of this Loan Agreement, the Note and other loan documents and consummation of the transactions herein contemplated, will not conflict with, or result in a breach of, any of the terms, provisions or conditions of any indenture, contract, instrument or agreement, including any partnership agreement, to which the Borrower or any of its officers is a party. No approval, consent or authorization of any governmental authority is necessary for the execution, delivery or performance by the Borrower of this Loan Agreement or of any of the terms or conditions.*

B. *To the best of the Borrower's knowledge, the Borrower is in compliance with all applicable statutes, laws, regulations and executive orders of the United States of America and all states, foreign countries, other governmental bodies and agencies having jurisdiction over its business or properties, including (without limitation) all tax laws and the Borrower has not received notice of any violation of such statutes, laws regulations or orders*

May 25, 2007

which have not been remedied prior to the date of this Loan Agreement. The Borrower possesses all licenses, trade names, trademarks, and permits as are required for the conduct of its business without conflict with the rights of others.

C. There is not pending or, to the best of the Borrower's knowledge, threatened against the Borrower, or any of its officers, any actions, suits, proceedings or investigations at law or in equity or before or by any Federal, state, municipal or governmental department, commission, board, bureau, agency or instrumentality which, if determined adversely, would be likely to have a materially adverse effect on the business or properties of the Borrower.

D. Each and every financial statement, document and record delivered by the Borrower to the Agency in connection with this Loan Agreement and the proposed transaction hereunder is a true and complete copy of said financial statement, document or record, and fairly and accurately reflects the information it purports to portray as of its date. *There has been no change in the condition, financial or otherwise, of the Borrower as shown in the financial statements submitted to the Agency, except changes in the ordinary course of business, none of which, individually or in the aggregate, has been materially adverse.*

7.2 **COVENANTS OF THE BORROWER.** The Borrower covenants and agrees that, from the date hereof, until payment in full on the Note and the interest thereon; that it will:

- A. Pay the principal and interest on the Note according to its terms.
- B. Pay any other amounts that may be due or become due and owing to the Agency under or pursuant to the terms of this Loan Agreement or the Note.
- C. Execute and deliver all instruments, and perform such acts, as the Agency may reasonably deem necessary to confirm and secure to the Agency all rights and remedies conferred upon the Agency by the terms of this Loan Agreement and by the Note.
- D. Give notice to the Agency of any event that constitutes an Event of Default as set forth in this Loan Agreement or that would, with notice or lapse of time or both, constitute an Event of Default under this Loan Agreement. Notice shall specify the nature of such Event of Default.
- E. Not enter into any agreement or other commitment the performance of which would constitute a breach of any of the covenants contained in this Loan Agreement.
- F. Use the Loan proceeds only for the purposes stated in this Loan Agreement and for no other purpose or purposes.
- G. Observe all applicable federal statutes and regulations as well as Agency resolutions and regulations and City ordinances as further defined and set forth in this Loan Agreement.
- H. Not violate any laws, ordinances, governmental rules regulations to which it is subject and not fail to obtain any licenses, permits, franchises or other governmental



BK- 0707
PG- 1639

May 25, 2007

authorization necessary to conduct its business, which violation or failure to obtain might have a material adverse effect on the business, prospects, profits or condition (financial or otherwise) of the Borrower.

I. Submit to the Agency, a completed "Job Creation Certification" form, supplied by the Agency, within six (6) months of the closing date of the Loan.

J. Maintain adequate insurance, with a company acceptable to the Agency (any major carrier is acceptable), on the Business itself and the collateral which is the subject of this Loan Agreement. The Borrower shall maintain insurance in such amounts and against such risks as is customary and necessary to protect all property securing the Agency's loan. Said insurance shall be maintained during the entire term of this loan. The Agency and the City of Reno shall be named as the Loss Payable, Loss Payee, Lien Holder or Mortgagee, whichever designation affords the greatest degree of protection for the Agency. Such insurance shall not be subject to cancellation, reduction, or non-renewal without thirty (30) days prior written notification (as provided in this Agreement) to the Agency.

K. Pay all indebtedness and obligations promptly in accordance with normal terms and promptly pay and discharge or cause to be paid and discharged all taxes, assessments, and governmental charges or levies imposed upon it or upon its income and profits or upon any of its property, real, personal or mixed, or upon any part thereof respectively, before the same shall become in default.

L. Except as otherwise provided in this Loan Agreement, the Borrower shall not engage in any financing or any other transaction creating any security interest or other encumbrance on or attached to the Business, except with the prior written consent of the Agency.

M. Borrower understand, and agrees not to use any portion of loan provide to repay existing debits incurred prior to April 30, 2007.

N. Borrower understand, and agrees to set up a separate business checking account to track revenue and expeditor of the business

O. Borrower agrees to contribute at least \$5,000.00 in equity cash toward the establishment expansion of the business prior to closing the loan

ARTICLE 8. DEFAULT AND REMEDIES

8.1 **EVENTS OF DEFAULT.** The occurrence of any of the following events shall constitute an "Event of Default" under this Loan Agreement:

A. Payment of any installment of principal or interest on the Note not paid when due and such payment remains unpaid for ten (10) days.

May 25, 2007

B. The Borrower fails to pay when due, or declared due to the obligations secured under this Loan Agreement.

C. The Borrower fails to meet or comply with the Public Benefit objectives or requirements of Sections 2.13, 3.3 or 7.2.1.

D. The Borrower fails to perform or comply with any terms, conditions, or covenants as provided in this Loan Agreement or in any instruments securing or related to this Loan Agreement.

E. If any representation or warranty made by the Borrower in this Loan Agreement shall prove to be untrue in any material respect, or if any report, financial statement or financial schedule or other instrument delivered under or pursuant to this Loan Agreement or the transactions contemplated herein, to the Agency or any other holder of the Note shall prove to be untrue in any material respect as of the date as of which made.

F. A court enters a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoints a receiver, liquidator, assignee, custodian, trustee, sequester (or similar official) of the Borrower or for any substantial part of its property, or orders the winding up or liquidation of its affairs and such decree or order remains unstaid and in effect for a period of sixty (60) consecutive days.

G. The occurrence of the Borrower's becoming insolvent or bankrupt, or ceasing, being unable, or admitting in writing its inability to pay its debts as they mature, or making a general assignment for the benefit of, or entering into any composition or arrangement with creditors.

I. The abandonment, sale or encumbrance to or of any of the collateral securing payment of the Note, or the making of any levy, seizure or attachment thereof or thereon which levy, seizure or attachment is not removed or dismissed within (60) days from its creation.

J. The Borrower violates the transfer provisions in Section 5.9.

8.2 NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For all Events of Default, other than any Monetary Events of Default specified in Section 8.1.A. and the actions specified in Section 8.1.E. and 8.1.F., the Agency shall give written notice to the Borrower of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Default, (b) the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days from the date of receipt of the notice or the date the notice was refused, by which such action to cure must be taken, or if a cure is not possible within thirty (30) days, to begin such cure and diligently prosecute such to completion which shall, in any event, not exceed ninety (90) days from the date of receipt of the notice to cure. The Agency has the sole discretion to determine whatever additional reasonable time is needed to cure beyond ninety (90) days.

May 25, 2007

8.3 AGENCY'S REMEDIES. Upon the happening of an Event of Default by the Borrower and a failure to cure said Event of Default within the time specified in Section 8.2 above, the Agency's obligation to disburse Loan proceeds shall terminate, and the Agency may also, in addition to other rights and remedies permitted by the Loan Documents or applicable law, proceed with any or all of the following remedies in any order or combination the Agency may choose in its sole discretion:

A. Terminate this Loan Agreement, in which event the entire principal amount outstanding and all accrued interest under the Note, as well as any other monies advanced to the Borrower by the Agency under the Loan Documents, shall immediately become due and payable at the option of the Agency;

B. Bring an action in equitable relief (1) seeking the specific performance by the Borrower of the terms and conditions of the Loan Documents, and/or (2) enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief;

C. Accelerate the Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the Note, as well as any other monies advanced to the Borrower by the Agency under the Loan Documents;

D. Subject to the rights of any senior lender and the property owner, enter the Property and take any actions necessary in its judgment to complete construction of the Business, including without limitation (1) making changes in the Plans and Specifications or other work or materials with respect to the Business, (2) entering into, modifying, or terminating any contractual arrangements (subject to the Agency's right at any time to discontinue work without liability), and (3) taking any remedial actions with respect to Hazardous Materials that the Agency deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy;

E. Seek appointment from a court of competent jurisdiction of a receiver with the authority to complete construction as needed to preserve the Agency's interest in seeing the Business developed in a timely manner (including the authority to take any remedial actions with respect to Hazardous Materials that the Agency or the receiver deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy);

F. Disburse from Loan proceeds any amount necessary to cure any monetary default;

G. Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provision in the Note;

H. With respect to defaults under Hazardous Materials provisions herein, pursue the rights and remedies permitted under any federal or state law; or

I. Pursue any other remedy allowed at law or in equity.

J. If the Borrower shall at any time default in making any payment of principal or interest on the Note, the Borrower shall to the full extent permitted by law, pay to the



BK- 0707
PG- 1642

May 25, 2007

Agency or other holder of the Note, in addition to any other amounts that may be due from the Borrower to such holder, an amount equal to the costs and expenses of collection or enforcement incurred by such holder, including reasonable attorney's fees incurred by such holder in such collection, if any.

Nothing in this section is intended or shall be construed as precluding the Agency from proceeding with a non-judicial foreclosure under the power of sale contained in the Note in the Event of Default by the Borrower.

ARTICLE 9. REPORTS, RECORDS AND AUDITS

9.1 REPORTING REQUIREMENTS.

A. At such times and in such forms as the Agency may require, there shall be furnished to the Agency such statements, records, reports, data and information as the Agency may reasonably request pertaining to matters covered by this Loan Agreement.

B. If any payment of principal and interest on the Note becomes overdue for more than 14 days, or if any two payments of principal and interest are paid late, consecutive or not and by any amount of lateness, during any calendar year, the Borrower will provide its last annual and most recent financial and accounting statements to the Agency for review. If, after review of said financial and accounting statements, it appears the Business may need some business advice, the Agency may require, and the Borrower hereby agrees, that the Borrower attend, at the Borrower's sole expense, any business counseling services the Agency may deem necessary that may be offered by the University of Nevada-Reno Small Business Development Center, or other similar low-cost or non profit organization. If said services are required by the Agency, the Borrower also may be required, at the discretion of the Agency, to provide financial and accounting statements to the Agency on a semi-annual basis thereafter during the remaining term of this Loan Agreement, or until such time as the Agency no longer deems it necessary.

C. Subject to the requirements of Section 9.1.B above, the Borrower shall supply to the Agency all financial statements of the Borrower and operating statements of the Business as may be requested by the Agency.

D. Sixty (60) days prior to end of each calendar year, the Borrower shall submit to the Agency, for Agency's review, a proposed operating budget for the Business for the following calendar year. The proposed operating budget shall include scheduled payments to be made into operating and replacement reserve accounts, as well as debt service payments under this Loan Agreement and Note, as well as any other debt service payments owed by the Borrower.

9.2 MAINTENANCE OF RECORDS.

May 25, 2007

A. Records, in their original form, shall be maintained in accordance with the requirements prescribed by HUD and the Agency with respect to all matters covered by this Loan Agreement. Such records shall be retained for a period of six (6) years after termination of this Loan Agreement and all other pending matters are closed. "Pending matters" include, but are not limited to, an audit, litigation, or other actions involving records. The Agency may, at its discretion, require the Borrower to deliver copies of all records relating to matters covered by this Loan Agreement.

B. Records in their original form pertaining to matters covered by this Loan Agreement shall at all times be retained within the Reno area unless authorization to remove them is granted in writing by the Agency.

9.3 AUDITS AND INSPECTIONS.

A. At any time during normal business hours and as often as HUD, the U.S. Comptroller General, or the Agency may deem necessary, the Borrower shall make available to the Agency for examination, all of its records with respect to all matters covered by this Loan Agreement. The Agency, City, HUD, and the U.S. Comptroller General shall have the authority to audit, examine and make excerpts or transcripts from records, including all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Loan Agreement.

B. The Agency shall have the authority to make physical inspections and to require such physical safeguarding device as locks, alarms, safes, fire extinguisher, sprinkler system, etc., to safeguard property and/or equipment funded or secured by this Loan Agreement.

9.4 **VALIDITY OF FINANCIAL DOCUMENTATION SUBMISSIONS.** Financial reports required to be prepared and submitted by this Borrower to the Agency shall be accurate and correct in all material respects.

ARTICLE 10. GENERAL TERMS AND CONDITIONS

10.1 INDEMNIFICATION AND INSURANCE REQUIREMENTS.

A. Indemnification. Except for the sole negligence or willful misconduct of Agency or City, the Borrower undertakes and agrees to defend, indemnify and hold harmless the Agency, City and any and all of the Agency's and City's Boards, officers, agents, employees, assigns, and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including the Borrower's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this Loan Agreement on the part of the Borrower or sub-contractor of any tier.

B. Insurance.



May 25, 2007

(a) General Conditions. The Borrower agrees at all times to maintain the property provided as security for this Loan in such condition and repair that the Agency's security will be adequately protected. The Borrower also agrees to maintain during the term of the Loan adequate hazard insurance policies covering fire and extended coverage and such other hazards as may be deemed appropriate in amounts and form sufficient to prevent the Borrower from becoming a co-insurer and issued by companies satisfactory to the Agency with acceptable loss payee clauses in favor of the Agency and the City of Reno. The Borrower further agrees, if at any time during the life of the Loan, the Borrower's Business is declared to be within a flood hazard area, to purchase Federal Flood Insurance if available. Such insurance shall be in amount equal to the lesser of: I) the insurance value of the property; or II) the maximum limit of coverage available.

If the Business is not located in a flood hazard area at the time of the loan closing, the Borrower will provide satisfactory evidence thereof.

(b) Insurance Requirements. All insurance required hereunder shall conform to Agency requirements established by charter, ordinance or policy and shall be filed with the Agency for its review.

(c) Licensed Nevada Carrier or Broker. Such insurance shall be obtained from the brokers or carriers authorized to transact insurance business in Nevada.

(d) 30-Day Notice. With respect to the interests of Agency, such insurance shall not be canceled, or materially reduced in coverage or limits except after thirty (30) days written notice has been given to the Agency in accordance with the requirements of Section 1.2 of this Loan Agreement.

(e) Prior Approval. Evidence of insurance shall be submitted to and approved by the Agency prior to delivery and installation at the Business of any collateral secured by the Agency to ensure repayment under this Loan Agreement.

(f) Acceptable Evidence. An endorsement form with original signature(s) from the Borrower's insurance carrier, or agent, showing the Agency and City as additional insureds on all business insurance, but in any event, in an amount that is at least adequate to replace all Furniture, Fixtures and Equipment, not just those items secured as collateral, that are purchased with Loan funds subject to this Loan Agreement and Note, along with a certified copy of the insurance policy.

(g) Updates. The Agency reserves the right at any time during the term of this Loan Agreement to change the amounts and types of insurance required hereunder by giving the Borrower ninety (90) days advance written notice of such change. If such change should result in substantial additional cost to the Borrower, the Agency agrees to negotiate additional compensation proportional to the increased benefit to the Agency.



May 25, 2007

(h) **Failure to Procure Insurance.** Within the foregoing constraints, the Borrower's failure to procure or maintain required insurance during the entire term of this Loan Agreement shall constitute a material breach of this Loan Agreement under which the Agency may immediately suspend or terminate this Loan Agreement or, at its discretion procure or renew such insurance to protect the Agency's interests and pay any and all premiums in connection therewith, and recover all monies so paid from the Borrower.

10.2 AMENDMENTS AND WAIVERS. This Loan Agreement may not be changed or amended orally, and no waiver under this Loan Agreement may be oral, but any change or amendment to this Agreement or any waiver under this Agreement must be in writing and signed by the party or parties against whom such change, amendment, or waiver is sought to be enforced.

10.3 COMPLIANCE WITH STATUTES AND REGULATIONS. The Borrower warrants and certifies that in the performance of this Loan Agreement, it shall comply with all applicable statutes, rules, regulations and orders of the United States, the State of Nevada, Washoe County, the Agency and the City, including laws and regulations pertaining to labor, wages, hours, and other conditions of employment and the City's anti-discrimination provisions and Affirmative Action Plan which by this reference is incorporated herein. The Borrower further warrants and certifies that it shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Loan Agreement, and Davis Bacon wage rates, as applicable.

10.4 PERMITS AND LICENSES.

A. The Borrower shall obtain all permits and licenses necessary to the performance of this Loan Agreement. The Borrower shall pay all normal fees for permits, licenses, inspections or any other certification or service required in the performance of this Loan Agreement.

B. The Borrower represents that it has obtained and presently holds any and all business licenses required to do business in the City of Reno and the State of Nevada. The Borrower shall maintain, or obtain as necessary, all such licenses and shall not allow any such license to be revoked or suspended.

10.5 CONFLICT OF INTEREST. The Borrower (and the Borrower's officers, directors, agents, contractors and subcontractors) shall comply with the conflict of interest provisions of the Code of Federal Regulations, Title 24, Section 92.356 applicable to the Borrower.

10.6 POLITICAL ACTIVITY PROHIBITED. None of the funds, materials, property or services provided directly or indirectly under this Loan Agreement shall be used for any partisan political activity, or to further the election or defeat of any candidate for public office.

10.7 LOBBYING PROHIBITED. None of the funds provided under this Loan Agreement shall be used for any purpose designed to support or defeat any pending legislation or administrative regulation.

May 25, 2007

10.8 INSTALLATION OF FINANCIAL ASSISTANCE SIGN. The Borrower shall install, or allow to be installed, for public display upon the Business premises a sign, to be furnished by the Agency, identifying the Borrower as receiving financial assistance from the Agency.

10.9 PRESS RELEASES. In all communications with the press, television, radio or any other means of communicating with the general community, the Borrower shall make specific reference to the Agency as the sponsoring agency of the Business.

10.10 DISCRIMINATION PROHIBITED. No person shall on the ground of race, religion, ancestry, color, national origin, sex, sexual preference, age, or physical handicap, be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this program/project. For purposes of this Section, Title 24 Code of Federal Regulations Section 570.601(b) defines specific discriminatory actions which are prohibited and corrective action which shall be taken in situations as defined therein.

10.11 NONDISCRIMINATION, EQUAL EMPLOYMENT PRACTICES, AND AFFIRMATIVE ACTION PROGRAM. The Borrower shall comply with the nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of Nevada, and the City. In performing this Loan Agreement, the Borrower shall not discriminate in its employment practices against any employee, or applicant for employment because of such person's race, religion, ancestry, color, national origin, sex, sexual preference, age, or physical handicap. The Borrower shall also comply with all rules, regulations, and policies of the City relating to nondiscrimination and affirmative action, including the filing of all forms required by the City or Agency. Any subcontract entered into by the Borrower relating to this Loan Agreement, to the extent allowed under this Agreement, shall be subject to the provisions of this paragraph.

10.12 PARTICIPATION OF MINORITIES, WOMEN AND SMALL BUSINESSES. To the fullest extent possible in the administration of this Loan Agreement, the Borrower agrees to provide opportunities for minorities, women and small businesses to participate in procurements under this Loan Agreement.

10.13 CAPTIONS. The section headings appearing herein shall not be deemed to govern, limit, modify or in any way affect the scope, meaning or intent of these conditions.

10.14 EFFECT OF LEGAL JUDGEMENT. Should any covenant, condition or provision herein contained be held to be invalid by final judgment in any court of competent jurisdiction, the invalidity of such covenant, condition or provision shall not in any way affect any other covenant, condition or provision herein contained.

10.15 CHOICE OF LAW GOVERNING THIS AGREEMENT. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.

10.16 PROHIBITION OF LEGAL PROCEEDINGS. The Borrower is prohibited from using funds realized as a result of this Loan Agreement for the purpose of instituting legal proceedings against the Agency, City, or their official representatives.



BK- 0707
PG- 1647

May 25, 2007

10.17 **COMPLETE AGREEMENT.** This Loan Agreement contains the full and complete Loan Agreement between the Borrower and the Agency. No verbal agreement or conversation with any officer or employee of either party shall affect or modify any of the terms and conditions of this Loan Agreement.

10.18 **DUPLICATE ORIGINALS AND ENTIRE AGREEMENT.** This Loan Agreement is executed in two (2) duplicate originals, each of which is deemed to be an original. This Loan Agreement and exhibits constitute the entire understanding and agreement of the parties.

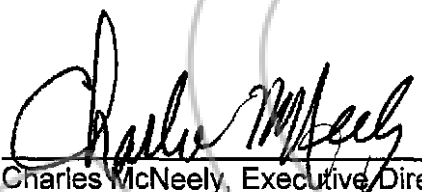
IN WITNESS WHEREOF, the Agency and the Borrower have caused this Loan Agreement to be executed by their duly authorized representatives.

APPROVED AS TO FORM AND LEGALITY:
Agency Counsel

By: 
Jonathan D. Shipman, Deputy City Attorney

THE REDEVELOPMENT AGENCY OF THE CITY OF RENO:

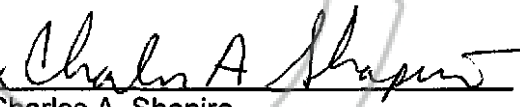
ATTEST:

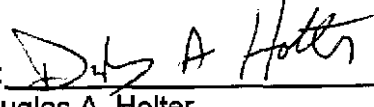
By: 
Charles McNeely, Executive Director

By: 
Agency Secretary

DATE: 5/3/07, 2007

BORROWER:

By: 
Charles A. Shapiro
Principal
Resort Concepts, Inc., d/b/a Wild River Grille

By: 
Douglas A. Holter
Principal
Resort Concepts, Inc. d/b/a Wild River Grille

City Business License Number: A 102889 - General Business License

IRS Tax ID Number: 30-0340156 Q-100061 - Liquor license

**EXHIBIT A
BUDGET**

Working Capital:

\$ 50,000.00

Total Loan Amount:

\$ 50,000.00

CORP