



KAREN ELLISON, RECORDER

RECORDED REQUESTED BY and
WHEN RECORDED RETURN TO:
T. Scott Brooke, Esq.
Brooke • Shaw • Zumpft
P.O. Box 2860
Minden, NV 89423

DISTRICT INFRASTRUCTURE FEE AGREEMENT (Beach Club)

This District Infrastructure Fee Agreement (“Agreement”) is made and entered into as of this ^{11th} day of July, 2014, by and between TAHOE SHORES, LLC, a Nevada limited liability company (“TS”) and KINGSBURY GENERAL IMPROVEMENT DISTRICT, a general improvement District operating pursuant to NRS, Chapter 318 (“District”). TS and District may be referred to herein collectively as the “Parties”, or each, individually, as a “Party”.

Recitals

A. TS is the owner in fee of that certain real property located in Douglas County, Nevada, commonly known as the Beach Club Planned Development described more fully on **Exhibit 1** attached hereto (the “**Beach Club Property**”).

B. The Beach Club Property owned by TS includes lakefront real property located at 300 Eugene Drive, Stateline, Douglas County, Nevada (APN 1318-22-002-001) consisting of approximately two acres (“**Lakefront Recreation Parcel**”), including approximately 200 linear feet of beach front along the shores of Lake Tahoe; as well as the contiguous real property (APN 1318-22-002-002, 346 Eugene Drive, Stateline, Douglas County, Nevada) to the east of a lakefront parcel consisting of approximately 17 acres (“**Residential Development Parcels**”) both of which are described on **Exhibit 1** above.

C. Since 1987, District has operated a lakefront water pumping plant and ozone disinfectant facility (the “**Existing Water Treatment Facility**”) upon the southern portion of the Lakefront Recreation Parcel, as more particularly set forth in that certain Agreement Granting New Easement and Extinguishing Existing Easement dated December 24, 1997 (“**District Easement**”), recorded in Douglas County, Official Records, Book 0398, Page 0804, as Document No. 0434033.

D. TS is the successor-in-interest to Tahoe Shores, Ltd., grantor under the above-described District Easement.

E. District is required to comply with the United States Environmental Protection Agency’s Long Term 2 Enhanced Surface Water Treatment Rule (“**LT2**”)

pursuant to C.F.R. Sections 141.700, et seq., which requires District to implement a secondary water treatment protocol to achieve LT2 compliance. District has selected the addition of ultra-violet irradiation to meet its LT2 compliance obligations.

F. The Parties acknowledge that it is in their mutual interests for District to relocate the majority of its Existing Water Treatment Facility, including all above ground buildings, from the Lakefront Recreation Parcel to the rear of the Residential Development Parcels. Such relocation will provide TS, its successors and assigns, the exclusive use and enjoyment of the Lakefront Recreation Parcel, and will eliminate any conflicting and inconsistent uses. The relocation will enhance the use and enjoyment of the recreational lake front opportunities, which in turn will benefit the Residential Development Parcels and provide District with a secure, exclusive water treatment facility site, which will enhance its capacity to provide treated water to TS, its successors and assigns, as well as its service area. Said facility relocation is pursuant to that certain Agreement for Settlement of Litigation, Modification of Easement, and Transfer of Property dated July 15th 2014, which contemplates and is conditioned on this Agreement.

G. The Parties have agreed the creation of a District Infrastructure Fee to be appropriate to certain transfers of interest in the TS Residential Development Parcels, which Fee has been judicially validated by the Court in the Ninth Judicial District of the State of Nevada, Case No. 12-CV0348.

AGREEMENT

NOW THEREFORE, for mutual consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, and the covenants, conditions, restrictions and other promises set forth in this Agreement, the Parties hereby agree as follows:

1. Establishment of District Infrastructure Fee

1.1 TS agrees that in the event TS elects to construct the Tahoe Beach Club Project, or any amended or replacement Residential Project; its Condominium Lots described in Section 1.3 to be developed on the Residential Development Parcels, or any replacement lots thereafter, will be subject to a District Infrastructure Fee as a continuing obligation to contribute to District's costs incurred in connection with the relocation and upgrade of its existing and the new infrastructure to be constructed, and to which the TS Property will be a beneficiary.

1.2 **Property Obligated.** In the event TS elects to construct the Tahoe Beach Club Project, TS intends to subdivide the Residential Development Parcels into one hundred forty-three (143) residential airspace condominium lots (the "**Condominium Lots**") intended to be sold to third parties and a remainder parcel to be owned by a property owner's association (the "**Association**") to which all condominium lots will belong. Each Condominium Lot created by TS shall be subject to the Infrastructure Fee and the requirement for payment of the Infrastructure Fee upon transfer of title thereof following its acquisition from TS. Any amendment to the Tahoe

Beach Club Project or any replacement Residential Project therefor shall be similarly subject to said Infrastructure Fee.

1.3 Exceptions to Infrastructure Fee. The Infrastructure Fee shall not be applicable to transfers of title in and to a Condominium Lot by TS to third party transferees, but rather shall only be imposed on the subsequent resale of the Condominium Lot by such third parties and their successors. The Infrastructure Fee also shall not be applicable to the parcels commonly owned or owned by the property owner's association. The Infrastructure Fee shall not be applicable to Condominium Lot transfers after the acquisition from TS which are from a parent to a child, or from a spouse to a spouse or transfers otherwise exempt from real estate transfer taxes pursuant to NRS 375.090. The Infrastructure Fee shall not be applicable to any rental or lease of an interest which is for less than a ten (10) year term.

1.4 Applicability of Infrastructure Fee. The Infrastructure Fee shall be a covenant running with the land, and shall apply to each condominium lot and to each owner of any interest thereof, except as otherwise provided in Section 1.3, above..

1.5 Term of Infrastructure Fee. The term of this Agreement and the obligation for payment of the Infrastructure Fee shall be forty (40) years. Such term is based on the expected life of the basic infrastructure being added to the District's new Water Treatment Facility to be constructed.

2. Acknowledgment of Infrastructure Benefit. District represents that it will use the Infrastructure Fees to offset its costs of relocating and reconstructing upgraded new water treatment facility improvements to replace the existing Water Treatment Facility on the Lakefront Recreational Parcel. Such relocation to a new water treatment facility to be constructed on a parcel at the southwest corner of the Residential Development Parcels will provide service to the improvements constructed or installed on each of the Residential Development Parcels on the Beach Club Property. The Parties concur that the removal and relocation of District's existing improvements will enhance the value of and provide significant benefit to each Condominium Lot. Each owner who acquires a Condominium Lot by such acquisition agrees to and acknowledges the statements made in this Section by acceptance of a deed therefor.

3. District Infrastructure Fee.

3.1 Amount. The Infrastructure Fee shall be Two Thousand Seven Hundred Fifty Dollars (\$2,750.00) for each Condominium Lot, adjusted upwards annually on the anniversary date of this Agreement, by the increase reflected in the U.S. Department of Labor Statistics Consumer Price Index for All Urban Consumers, S.F. - Oakland, California (All Items), 1982=100, or in the absence thereof, a reasonable substitute for such index. Such escalation shall be according to a formula providing for the multiplication of the last year's charge by a fraction, of which the numerator is the most recently published index, and the denominator the index for the month exactly twelve (12) months prior to the numerator index.

3.2 When Due and Paid. The Infrastructure Fee shall be paid to District

each time any interest in a Condominium Lot is transferred (subject to the exceptions specified in Section 1.3, above). Such payment shall be made on or before the closing or effective date of the transfer, through any escrow established for said transfer, and as a condition to recordation of any transfer deeds.

3.3 Late Charges. The Infrastructure Fee shall be considered late if not paid within five (5) business days after the closing or effective date of the transfer. A late fee of one percent (1.0%) of the Infrastructure Fee shall apply thereafter for each day such payment is late, up to a maximum of ten percent (10%) of the Infrastructure Fee.

3.4 Covenant to Pay and Creation of Lien. Each owner, by acceptance of a deed to a Condominium Lot or other conveyance creating in such owner the interest required to be deemed an owner of a Condominium Lot, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the Infrastructure Fee to District, if applicable. Such fee, together with interest thereon, late charges, attorneys' fees, court costs, and other costs of collection thereof, as hereinafter provided, shall be a lien and charge upon the Condominium Lot the transfer of which gives rise to the Infrastructure Fee.

3.4 Mandatory Notice. Every owner must notify District within twenty (20) days of the execution of a contract to transfer any interest in a Condominium Lot. Such notice shall include the name of the transferor and transferee; an identification of the Condominium Lot being transferred; the proposed closing or effective date; the name, address and phone number of the escrow holder for the transfer; and the name of the escrow officer. If any of the information set forth above is not available when the notice is originally sent to District, the owner shall notify District as soon as such information becomes available. In addition, each owner shall accurately update District if any of such information provided shall change on or prior to the closing or effective date of the transfer.

3.5 Escrow Demand. District is authorized to place a demand for payment of the Infrastructure Fee in the escrow (if any) for each transfer of a Condominium Lot. The demand shall state (a) the amount of the Infrastructure Fee that is due, and (b) that the Infrastructure Fee is due on or before close of the escrow for the transfer. The transferor and transferee shall execute any and all documents reasonably requested by escrow holder to effectuate such payment on or before the close of escrow.

3.6 Infrastructure Fee Payor. The obligation to pay the Infrastructure Fee in each transfer is a joint and several obligation of the transferor and the transferee in each transaction and not an obligation of any other owner of a Condominium Lot subject to this Agreement not the obligation of the Association. The transferor and transferee in each transaction may, as a matter between themselves, allocate the obligation to pay the Infrastructure Fee in any manner they so choose. If the transferor and transferee fail to pay the Infrastructure Fee, District may take all actions authorized at law or equity, or otherwise set forth within this Agreement, to collect the Infrastructure Fee from the transferor and/or transferee, or either of them.

4. Binding Effect. TS and District hereby declare that the Condominium Lots will be held, leased, transferred, encumbered, used, occupied and improved subject to the reservations, rights, covenants, conditions and equitable servitudes contained in this Agreement.. The reservations, rights, covenants, conditions and equitable servitudes set forth in this Agreement will (1) run with and burden the Condominium Lots for forty (40) years (being the expected life of the new facilities) and will be binding upon all Persons having or acquiring any interest in the Condominium Lots or any part thereof, their heirs, successors and assigns; (2) inure to the benefit of every portion of the Condominium Lots and any interest therein; (3) inure to the benefit of and be binding upon TS and District, and their respective successors-in-interest, each owner and each owner's successors-in-interest; and (4) may be enforced by TS, District, and each owner. The Parties hereby acknowledge and agree that the obligation to pay an Infrastructure Fee upon the transfer of any of the Condominium Lots is an obligation imposed by TS on each Condominium Lot as set forth in this Agreement and all owners taking title are subject to said obligation.

5. Mortgages.

5.1 Rights of Beneficiaries. Nothing in this Agreement nor any amendment to or breach of this Agreement defeats or renders invalid the rights of the beneficiary under any recorded mortgage or deed of trust encumbering any Condominium Lot made in good faith and for value, provided that after the foreclosure or a transfer in lieu of foreclosure of any such mortgage or deed of trust, such Condominium Lot will remain subject to this Agreement.

5.2 Effect of Foreclosure. No foreclosure of a mortgage or deed of trust on a Condominium Lot or a transfer in lieu of foreclosure shall impair or otherwise affect District's right to pursue payment or collection of any Infrastructure Fee due in connection with the transfer of that Condominium Lot from the transferor or a transferee obligated to pay it. No foreclosure or transfer in lieu thereof shall relieve such Condominium Lot or the owner thereof from liability for any Infrastructure Fee(s) thereafter becoming due or from the lien therefor. Payment of such fees is required for construction of service provided by the District.

5.3 Estoppel Certificate. Within twenty (20) days of the receipt of a written request of any owner of a Condominium Lot for which no Infrastructure Fee is due and owing and as to which Condominium Lot District holds no lien, District shall deliver to such owner an executed estoppel certificate certifying that no Infrastructure Fee is due and owing for such Condominium Lot and that District holds no lien against such Condominium Lot.

6. Enforcement.

6.1 Remedies. District shall be entitled to any and all rights and remedies available at law or equity in order to collect the Infrastructure Fees owed it, including but not limited to, specific performance and rights of lien.

6.2 Small Claims Court. Any dispute arising under this Agreement which is within the jurisdiction of a small claims court shall be resolved by a small claims court proceeding. Either Party may submit the dispute to such court.

6.3 Attorneys' Fees. The prevailing party in any dispute arising under the Agreement shall be entitled to recover its attorneys' fees and court costs from the other party.

6.4 Enforcement by Lien. There is hereby created a claim of lien, with power of sale, on each and every Condominium Lot to secure prompt and faithful performance of each owner's obligations under this Agreement for the payment to District of the Infrastructure Fees, together with interest thereon at the maximum legal rate per annum from the date of delinquency, and all late charges and costs of collection which may be paid or incurred by the District in connection therewith, including reasonable attorneys' fees. At any time after the delinquency, District may elect to file and record in the Office of the Douglas County Recorder a notice default and claim of lien against the Condominium Lot of the defaulting owner. Such notice of default and claim of lien shall be executed and acknowledged by any officer of District and shall contain substantially the information required by Nevada Revised Statutes Section 108.226.2

7. Miscellaneous.

7.1 Authority. Each individual signatory hereto represents and warrants that he or she is duly authorized to sign this Agreement and is personally bound, or if signing on behalf of another, is authorized to do so and that the other is bound.

7.2 Assignment. District may, by written assignment, assign all, or any portion of, its rights and delegate all, or any portion of, its duties and obligations under this Agreement to any entity that is exempt from federal taxation pursuant to Internal Revenue Code that assumes such duties and obligations of District.

7.3 Disclaimers. Nothing herein (a) creates any right or remedy for the benefit of any person not a party hereto, or (b) creates a fiduciary relationship, an agency, or partnership.

7.4 Construction. Whenever the context of this Agreement requires, the singular shall include the plural and the masculine shall include the feminine and/or the neuter. Where the heading in each subsection is the word being defined, article and section headings are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

7.5 Notices. All notices required or allowed shall be in writing and shall be sent to the addresses shown beside the signatures of the Parties, below. A Party may change its address for notice by giving notice to the other Party. Notice may be delivered by personal delivery, facsimile transmission during normal business hours of the recipient, a reputable overnight delivery service, or U.S. Mail sent certified with return receipt requested. Notices are

effective on the earlier of the date received, the date of the delivery receipt, or the third day after postmarked, as applicable. Each owner who transfers a Condominium Lot shall send the name and mailing address of the transferee to District.

7.6 **Time.** Time is of the essence of all provisions hereof where time is a factor.

7.7 **Waiver.** No right or remedy will be waived unless the waiver is in writing and signed by the Party claimed to have made the waiver. One waiver will not be interpreted as a continuing waiver.

7.8 **Incorporation of Recitals.** The Recitals set forth above are incorporated herein by this reference.

7.9 **Severability.** Invalidation of any portion of provision of this Agreement by Judgment or court order shall in no way affect any other portions or provisions, which shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this District Infrastructure Fee Agreement effective as of the date first set forth above.

Address: "DISTRICT"

KINGSBURY GENERAL IMPROVEMENT DISTRICT,
a general improvement District operating pursuant to NRS,
Chapter 318

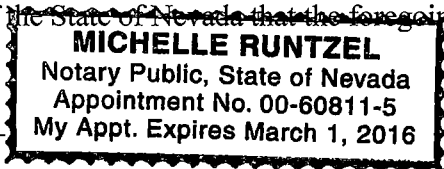
By: *Cameron McKay*
CAMERON MCKAY
General Manager

STATE OF NEVADA)
 : ss.
COUNTY OF DOUGLAS)

On 7/15, 2014, before me, Michelle Runtzel, a Notary Public, personally appeared CAMERON MCKAY, and proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person executed the instrument.

I certify under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct.

Michelle Runtzel
Notary Public



TAHOE SHORES, LLC,
a Nevada limited liability company

By: SOUTH SHORE TAHOE LLC
a Nevada limited liability company
Its Managing Member

By: KBM ENTERPRISES, LLC
a Nevada limited liability company
Its Managing Member

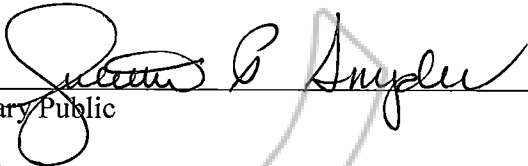
By: International Production, LLC
a Nevada limited liability company
Its Managing Member

By: 
ROBERT MECAY
Managing Member

ACKNOWLEDGEMENT

STATE OF NEVADA)
 :SS.
COUNTY OF DOUGLAS)

On July 11, 2014, before me, Juliette P Snyder, a Notary Public, personally appeared ROBERT MECAY, and proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person executed the instrument.


Notary Public