

**AGREEMENT TO PAY FOR IMPROVEMENTS**

This Agreement to Pay for Improvements (this “Agreement”) is made by and between KINGSBURY GENERAL IMPROVEMENT DISTRICT (the “DISTRICT”), a governmental entity, and PONDEROSA PARK OWNERS ASSOCIATION, (the “ASSOCIATION”), a Nevada nonprofit cooperative corporation.

, and surface repairs associated with the new installations

RECITALS:

WHEREAS, the DISTRICT and the ASSOCIATION have negotiated that certain Agreement to Install and Take Ownership of Improvements of even date herewith, a draft of which is hereby incorporated and attached hereto as Exhibit “A” (the “Installation Agreement”). The Installation Agreement would require the DISTRICT to install new water lines, a fire hydrant, and individual water meters throughout the property ~~and appropriately patch any roads under which water lines are installed~~ (the “Project”) governed by the ASSOCIATION in exchange for ownership of said infrastructure;

s, services,

WHEREAS, the DISTRICT ~~has been approved~~ <sup>will apply</sup> for funding to pay for the installation of the aforementioned infrastructure from the Nevada Drinking Water State Revolving Loan Fund ~~as evidenced by that certain Loan Contract No. \_\_\_\_\_ dated \_\_\_\_\_~~ <sup>and anticipates obtaining</sup> (the “SRF Contract”), a copy of which is hereby incorporated and attached hereto as Exhibit “B”; and

engineering and

WHEREAS, the DISTRICT will receive progress payments from the State of Nevada to reimburse the DISTRICT for expenses incurred in the performance of its duties under the SRF Contract for completion of the Project; and

anticipated

WHEREAS, the DISTRICT has agreed to execute the Installation Agreement in consideration for the ASSOCIATION’s unconditional promise to reimburse the DISTRICT for all costs incurred thereby on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing Recitals, the parties mutually agree as follows:

1. Approval Required. This Agreement shall become effective only upon approval by the governing bodies of both the DISTRICT and the ASSOCIATION at duly noticed meetings thereof, respectively.

2. Reimbursement of the DISTRICT’s Expenses. In consideration for the DISTRICT’s agreement to execute the Installation Agreement, the ASSOCIATION agrees to reimburse in full the DISTRICT’s expenses associated therewith, including without limitation all attorneys’ fees, time spent by the DISTRICT’s employees in preparing and submitting applications to the Nevada Department of Conservation and Natural Resources, Division of Environmental Protection and in administering and overseeing the project, engineering fees, all costs exceeding the amount of the funding obtained for said project as the same is described in the SRF Contract,

based upon the preliminary estimate provided by the Associations Engineer (dated 8/2019)

\$1,000,000 is anticipated to be

and any other costs incurred by the DISTRICT in connection with this project, whether or not said costs are foreseeable or expected as provided in Paragraph 3.

3. State Revolving Loan Funding. The DISTRICT, ~~as evidenced by the SRF Contract,~~ <sup>will seek</sup> ~~has obtained~~ <sup>estimated</sup> funding from the Nevada Drinking Water State Revolving Loan Fund in an amount ~~of not to exceed \$ 1,150,000~~, which ~~amount has been~~ approved for principal forgiveness. The ASSOCIATION specifically acknowledges and agrees that it will bear responsibility to reimburse the DISTRICT for all amounts spent in excess of funding received through the Nevada Drinking Water Revolving Loan Fund. The ASSOCIATION further acknowledges and agrees that this Agreement to reimburse the DISTRICT is binding regardless of the status and existence of the SRF Contract, including the possibility that the SRF Contract is terminated or breached by the Division of Environmental Protection for any reason, except that the ASSOCIATION shall not be responsible for reimbursing the DISTRICT for expenses incurred, but not reimbursed by the Division of Environmental Protection because of any failure of the DISTRICT to adhere to its obligations under the SRF Contract.

4. Reimbursement Payments. The ASSOCIATION agrees to reimburse the DISTRICT for all amounts due hereunder as follows:

- a. If the total amount of the reimbursement owed to the DISTRICT is less than or equal to \$10,000, payment of the same shall be due in full without interest thereon within thirty days of receipt of an invoice from the DISTRICT. The DISTRICT shall send the aforementioned invoice as soon as practicable after the completion of the project contemplated hereby.
- b. If the total amount of the reimbursement owed to the DISTRICT exceeds \$10,000 but is less than or equal to \$25,000, the ASSOCIATION shall reimburse the DISTRICT at 3% interest fully amortized over 3 years.
- c. If the total amount of the reimbursement owed to the DISTRICT exceeds \$25,000 but is less than or equal to \$100,000, the ASSOCIATION shall reimburse the DISTRICT at 3% interest fully amortized over 10 years.
- d. If the total amount of the reimbursement owed to the DISTRICT exceeds \$100,000, the ASSOCIATION shall reimburse the DISTRICT at 3% interest fully amortized over 20 years.

5. Termination. The ASSOCIATION may terminate both this Agreement and the Installation Agreement together at any time for any or no reason. The ASSOCIATION shall not have the power to terminate this Agreement or the Installation Agreement separately. Notwithstanding any termination of this Agreement and the Installation Agreement, this Agreement shall survive to the extent that the DISTRICT has incurred any expenses associated with this Project. The ASSOCIATION shall promptly notify the DISTRICT of the cancellation after which the DISTRICT shall cease working on the Project contemplated by the Installation Agreement and the ASSOCIATION shall reimburse the DISTRICT for all expenses incurred by the DISTRICT up to and including the date of the notice of termination and any costs incidental to the termination. Such costs shall be paid immediately by the ASSOCIATION, in the event of

termination, in equal installments over twelve months upon presentation by the DISTRICT of monthly invoices.

6. Governing Law. This Agreement shall be construed and interpreted according to the laws of the state of Nevada.

7. Indemnity. The ASSOCIATION agrees to indemnify and save and hold the DISTRICT, its agents, and employees harmless from any and all claims, causes of action, or liability arising from the performance of this Agreement by the DISTRICT, its agents or employees. . The DISTRICT agrees to indemnify and save and hold the ASSOCIATION, its agents, and employees harmless from any and all claims, causes of action, or liabilities arising from the performance of this Agreement by the ASSOCIATION, its agent or employees.

8. Entire Agreement. This Agreement constitutes the entire agreement between the parties and may only be modified by a written amendment signed by the parties.

9. Notice. Any notice shall be given in writing to the following addresses, which addresses may be changed from time by written notice to the other party:

If to the DISTRICT:

Cameron McKay  
Kingsbury GID  
255 Kingsbury Grade Rd  
Stateline, NV 89449

If to the ASSOCIATION:

Ponderosa Park Owners Association  
c/o FirstService Residential  
639 Isbell Rd Suite 280  
Reno, NV 89509

Hand delivered notices are deemed received upon delivery. A properly addressed notice sent via US Postal Service first class mail, postage prepaid, is deemed delivered within 72 hours of mailing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and intend to be legally bound thereby this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

KINGSBURY GENERAL  
IMPROVEMENT DISTRICT

PONDEROSA PARK  
OWNERS ASSOCIATION

By: \_\_\_\_\_  
CAMERON MCKAY, General Manager

By: \_\_\_\_\_  
STEVE EDMUNDSON, President