

IN PROCEEDINGS BEFORE

STATE OF NEVADA LABOR COMMISSIONER

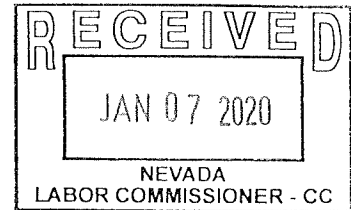
LABORERS INTERNATIONAL UNION OF  
NORTH AMERICA LOCAL 169,

Complainant,

VS.

THE REDEVELOPMENT AGENCY OF THE CITY SPARKS,

Respondent.



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**COMPLAINT**

**COMES NOW** LABORERS INTERNATIONAL UNION OF NORTH AMERICA, LOCAL 169, (hereinafter "Local 169") hereby files this complaint against Respondent alleging violations of Nevada Revised Statutes as set forth below. This complaint is filed in accordance with NAC 338.107 and NAC 607.200.

1. Local 169 is an employee organization as defined within 29 USC 152(5).
2. Complainant Laborers International Union of North America Local 169. Local 169 is located at 570 Reactor Way, Reno, Nevada 89502. Its President is Eloy Jara.
3. Respondent the Redevelopment Agency of the City Sparks (hereinafter "Sparks RDA"), is a Redevelopment Agency formed and operating as provided in NRS Chapter 279. Its mailing address is 431 Prater Way, Sparks NV 89431.
4. This complaint is filed by Local 169 pursuant to Nevada Administrative Code 338.107 and Nevada Administrative Code 607.200 and is brought on behalf of all persons employed to perform construction work for any employer, from the start of the renovation of the existing parking garage and new high-density apartment building, located on C Street in Sparks Nevada, currently referred to as The Deco (hereinafter "The Deco" or "project"), as it alleges violations of NRS Chapter 338 and NRS Chapter 279. The work at issue was performed starting on or after December 4, 2017 to the completion of the project "Absolute Deadline" of March 30, 2021 as stated in the Disposition and Development Agreement (attached as exhibit 1). Complainant reserves the right to amend said claims as discovery continues throughout the process. The names of each person involved or that may be affected is not known by the Complainant at this time.
5. The project referenced above is a redevelopment project subject to the provisions of NRS Chapter 279.

6. Local 169 has obtained a copy of the Disposition and Development Agreement (DDA) between Silverwing Development Partners LLC (SWD), which is the developer and the Redevelopment Agency of the City of Sparks (Sparks RDA) and has reviewed the Respondent's analysis and statement of position regarding the application of Prevailing Wage NRS 338.010 to 338.090 inclusive pursuant to NRS 279.500 and after review of the DDA Local 169 has reason to believe that the Respondent has committed the violations alleged hereinbelow.

7. NRS 279.500 provides that the Sparks RDA must provide in the agreement with the developer that the development project is subject to the provisions of NRS 338.010 to 338.090 inclusive if the Sparks RDA provides property for development at less than fair market value of the property (NRS 279.500 (2) (a)).

8. In Article 2 subsection 2.4 of the DDA the existing four-story parking garage was appraised to have a market value of \$950,000.

9. In Article 2 subsection 2.5 of the DDA, SWD proposed as compensation to the Sparks RDA for the sale of the existing four-story parking garage, to continue to allow public use parking on the first floor of the existing parking garage.

10. The analysis and conclusion stated in Article 2 subsections 2.8 and 2.9 of the DDA, claiming that the future use of property already owned by the Sparks RDA and available for public use prior to the alleged "sale", will exceed the total value of the entire four-story parking garage over time is without merit.

11. The actual appraised fair market value of the subject parking garage property is \$950,000 as agreed to by the Sparks RDA and the developer SWD as stated in Article 2 subsection 2.4 of the DDA.

12. The amount of money paid by SWD to the Sparks RDA to purchase the parking garage was \$0.00.

13. The Sparks RDA provided property for development to SWD for \$0.00 claiming that the public use of the first floor was equal to or greater than the market value of \$950,000 for the entire four-story parking garage.

14. Local 169 has reason to believe that the Sparks RDA sold the existing four-story parking garage for less than fair market value and that the failure of the Sparks RDA to include in the agreement with SWD a provision requiring the payment of prevailing wage and that the provisions of NRS 338.010 to NRS 338.090 inclusive applied to the project constitutes a violation, by the Respondent, of NRS 279.500.

15. NRS 338.020 requires an employer to pay employees on a prevailing wage project the established prevailing wage for each worker that performs work on the project.

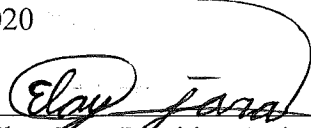
16. Because the Sparks RDA failed to provide in the agreement with SWD pursuant to NRS 279.500 for the payment of prevailing wage the workers on The Deco were not paid the applicable prevailing wage rate for the work performed on the project.

### **RELIEF REQUESTED**

WHEREFORE, Complainant Laborers International Union of North America Local 169, requests the following relief:

1. That the Labor Commissioner conduct an administrative hearing concerning the actions of Respondent the Redevelopment Agency of the City of Sparks in accordance with the provisions of NAC 607, to determine the validity of the allegations made hereinabove; and
2. That the Respondent answer the complaint pursuant to NAC 607.210 or be found in default.
3. That each worker that was or will be employed to perform construction work be made whole according to the findings of the Labor Commissioner; and
4. For such other and further relief as the Labor Commissioner determines just in the premises.

RESPECTFULLY SUBMITTED this 7<sup>th</sup> day of January, 2020

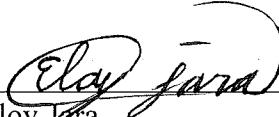
  
\_\_\_\_\_  
Eloy Jara, President Laborers International  
Union of North America, Local 169

### **CERTIFICATION**

I Eloy Jara do hereby certify as follows:

1. That I am the President of Laborers International Union Local 169.
2. That I have been authorized to file this complaint on behalf of Local 169.
3. That the facts stated in the complaint are true to the best of my knowledge and belief.

Dated this 7<sup>th</sup> day of January 2020.

  
\_\_\_\_\_  
Eloy Jara

## **EXHIBIT 1**

Revised 12-4-17

## DISPOSITION AND DEVELOPMENT AGREEMENT

### Article 1. Parties and Definitions

This Agreement is by and between:

**"Agency"** The Redevelopment Agency of the City of Sparks, Nevada  
an agency created under the Community Redevelopment Law  
431 Prater Way  
Sparks, Nevada 89431

**"City"** City of Sparks, Nevada, a municipal corporation  
431 Prater Way  
Sparks, Nevada 89431

**"Developer"** SWD Partners, LLC  
245 E. Liberty St, Suite 215  
Reno, NV 89501

As used in this Agreement, the following words have the following meanings.

**Project Property** is the following parcel of land, as improved with a public parking garage, owned by the Agency:

032-193-23 ? APN 032-193-19, approximately 0.9642± Acres, 955 C Street, Sparks, NV 89431

The location of the Project Property is shown in Exhibit 1 (Location Map – Project Property) to this Agreement.

**Escrow** means the escrow established with First American Title for closing the sale of the Project Property.

**Project** means the Developer's proposed renovation of the existing parking garage and new high-density apartment building, currently referred to as The Deco, that will be developed and constructed on the Project Property in compliance with the Redevelopment Plan and the Sparks Municipal Code.

**Public Parking** means all parking spaces, to number 90+/- (after restriping), on the first level of the parking garage on the Project Property. The first level of the parking garage ends at

the toe of the ramp to the second level of the parking garage. The parking spaces will be available to the general public free-of-charge, 24 hours a day and 7 days a week, subject to any restrictions on their use as may be imposed by the City from time to time.

**Redevelopment Plan** means the Sparks Town Center 2000 Amended Redevelopment Plan, adopted May 8, 2000 by the City of Sparks, Nevada under Ordinance 2071, as most recently amended by the Second Amendment (Victorian Square Development Plan) adopted on February 9, 2015, by Ordinance 2509.

**Victorian Square** means the land so designated in the Redevelopment Plan generally located in downtown Sparks bounded by Fifteenth Street on the west, D Street and Victorian Plaza Circle on the north, Victorian Plaza Circle/Eleventh Street on the east and Victorian Avenue on the south.

## **Article 2. Recitals**

**2.1** The Project Property is located within the Town Center Redevelopment Area and the Downtown/Victorian Square Mixed-Use (zoning) district. Pursuant to the Redevelopment Plan, the City and Agency have caused to be developed in Victorian Square a 14-screen stadium theater complex, a 700-space public parking structure, a public plaza, the Fountainhouse at Victorian Square residential project, and the Fountainhouse and The Bridges mixed-use projects. The City and Agency desire, pursuant to the Redevelopment Plan, to continue furthering the revitalization of downtown Sparks by promoting residential development near Victorian Square.

**2.2** On August 28, 2017, the City Council directed City staff to proceed with negotiating and preparing, for future consideration by the City Council and Redevelopment Agency, a Disposition and Development Agreement with Developer for the sale and redevelopment of the Project Property for a project, currently referred to as The Deco, consisting of an apartment building to be constructed around and over the existing parking garage.

**2.3** The Sparks City Council approved the transfer of the Project Property to the Agency on October 23, 2017. The Grant, Bargain and Sale Deed providing for transfer from the City to the Agency was recorded on October 30, 2017, as Instrument No. 4757917. The transfer was for the express purpose of providing the Agency greater flexibility to structure an agreement for the prospective sale of the Project Property to the developer for redevelopment purposes.

**2.4** An appraisal of the Project Property determined it has a market value of \$950,000. The effective date of the appraisal, prepared by Reese Perkins, MAI, SRA, is May 8, 2017. Mr. Perkins provided an updated analysis dated November 7, 2017 which maintains the same value (\$950,000) for the Project Property as in the original appraisal report. (Exhibit 2. Appraisal and

Update Analysis)

**2.5** The Developer proposed, as compensation to the Agency for sale of the Project Property, to provide the entirety of the first level of the parking garage (90+/- parking spaces) on the Project Property for long-term use as Public Parking. Developer will bear all costs associated with the development of the project including costs associated with obtaining construction financing and designing, building, and leasing or selling the Project and the maintenance of the dedicated Public Parking.

**2.6** A supplemental cost-benefit analysis, also prepared by Reese Perkins, , dated May 25, 2017 and updated on November 7, 2017, calculates the value of the public's right to use the Public Parking. The analysis concludes that the right to use the Public Parking, as proposed, results in a public benefit of \$60,000 per year (i.e., \$600 per space per year). This equates to \$54,000 a year for the 90+/- parking spaces that the Developer and City staff estimate will be available on the first level after restriping. (Exhibit 3. Supplemental Analysis)

**2.7** The appraisal of the Project Property and the supplemental cost-benefit analysis prepared by Reese Perkins were analyzed by a second appraiser, William G. Kimmel, who opined, in a review dated November 8, 2017, that the appraisal and supplemental analysis are reasonable and well supported. (Exhibit 4. Review of Appraisal Report)

**2.8** As provided for in this Agreement, the 90+/- parking spaces on the first level of the parking garage will remain Public Parking for a minimum of fifty (50) years. The cost-benefit analysis establishes that the value of the public benefit of the public's right to use the Public Parking would equal or exceed the \$950,000 value of the Project Property before the expiration of the public's right to use the Public Parking. As a result, the Project is exempt from the prevailing wage requirements of NRS 279.500.

**2.9** The City commissioned a downtown parking analysis, prepared by Traffic Works LLC, for a study area comprised of: Victorian Square; the two blocks directly east of Victorian Square bordered by C Street, Victorian Avenue and the Pyramid Highway, wherein the Project Property is located; and an Agency-owned parking lot adjacent to the western boundary of Victorian Square. The parking analysis documented the existing and planned parking supply in the study area including all on-street parking, public parking lots, and public parking garages. Parking demand was calculated for each parcel in the study area using nationally accepted Institute of Transportation Engineers (ITE) parking generation rates and hourly demand during the peak days of the week (Friday and Saturday). The hourly demand takes into consideration time-of-day usage for each land use type. With the addition of the Project, the number of (existing and planned) parking spaces in the study area is projected to exceed the number of parking spaces needed for future peak demand by approximately 18 percent, which is sufficient to provide for the efficient usage of the study area's parking supply. (Exhibit 5. Parking Analysis)

**2.10** Pursuant to NRS 279.472 and 279.630(3), the Agency is authorized to sell property without conducting a public bidding process if the City holds a public hearing in conformance with the provisions of the statutes. A public hearing, noticed (refer to Exhibit 6) in accordance with the requirements of NRS 279.472, was held on the date this Agreement was approved by the City Council. Satisfaction of the NRS 279.472 requirements also satisfies the requirements of NRS 279.630(3).

NOW THEREFORE, for good and valuable consideration consisting of the mutual covenants, burdens, and benefits contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### **Article 3. Project Description**

#### **3.1 Modification of Parcel Boundaries; Location Map; Airspace Easements**

3.1.1 Project Property Parcel Boundary Modifications. The City agrees to consider any request by Developer to modify the boundaries of the parcel on which the Project Property is located pursuant to the abandonment provisions in NRS 278.480 or any other method provided for by law.

3.1.2. Location Map. A map showing the location of the Project Property is attached hereto as Exhibit 1.

3.1.3. Airspace Easements. The City agrees to grant to Developer any airspace easements over the public right-of-way that are required to provide for the proposed podium above the existing garage and residential balconies shown on the conceptual architectural elevations attached hereto as Exhibit 7, except that the City shall have the right to deny any airspace easement that, in the sole determination of the City, obstructs the free flow of pedestrian and vehicular traffic on a city street or will result in an unreasonable risk of danger to public health or safety.

#### **3.2 Use of Project Property**

3.2.1 Subject to all the terms and conditions of this Agreement, Developer agrees to build the Project as follows:

A. Project will provide a minimum of 175 apartment units and a maximum of 212 apartment units plus administrative offices, maintenance facility, lobby, clubhouse/gym, and swimming pool. The existing parking garage will be structurally updated as necessary to meet the requirements of Title 15 (Building and Construction) of the Sparks Municipal Code to provide support for a podium and the apartment units above the podium. The Public Parking



will be restriped with double stripping on either side of each space at either 8 and 8.5 foot intervals, as determined by the City Engineer, on diagonal spaces and 9 foot intervals on spaces that are perpendicular to the drive aisle. All parking for residents of the Project will be located on levels 2 to 4 of the parking garage and will be provided at a minimum ratio of 1.5 parking spaces per apartment unit. Private resident parking will be restriped at 8 foot intervals on diagonal spaces and 9 foot intervals on spaces that are perpendicular to the drive aisle. Developer shall take preventative measures to direct tenants to use assigned parking areas rather than the Public Parking, which is intended for use by non-residents. Public and private parking will be separated by a security gate and screen. The existing garage elevators will be removed and updated such that any occupants are fully visible from the exterior of the building. The garage structure will be sealed, painted and its elevator modified to conform to the architecture of the entire development. Developer shall make all efforts required to maintain the Public Parking area(s) suitable for public use as a public parking facility. Developer shall coordinate with the City on all full or partial temporary closures of the Public Parking as necessary for maintenance purposes.

B. The design of the buildings will be in substantial conformance with the conceptual architectural elevations attached hereto as Exhibit 7 and with the development standards of Title 20 (Zoning Code) of the Sparks Municipal Code. The City will allow ADA van accessible parking spaces, the number to be determined in conformance with the Sparks Municipal Code, to be included along C Street in front of the Project Property.

C. Maintenance of the Public Parking shall include, but not be limited to, horizontal surface cleaning/repair/upkeep (sweeping, litter control/removal, crack repair, parking curbs, striping, etc.), storm water drainage, signage, vertical surface repair (cleaning, painting, graffiti removal within 24 hours), lighting maintenance/upkeep, and security systems.

### 3.3 Project Schedule

The parties shall begin and complete their respective obligations in accordance with the following schedule. Failure to begin or complete any obligation in accordance with the schedule shall be a breach hereunder, subject to the default, notice, and right to cure provisions of Section 7.3. Subject to excusable delay or force majeure (as defined in Section 7.3), if Developer fails to complete construction of the Project by the "Absolute Deadline" specified in this section, a default shall have occurred hereunder.

#	Event	Time Frame/Deadline
1	Early Termination Date (Section 7.2.1)	October 31, 2018
2	Absolute Deadline	March 30, 2021

3	Close sale of Escrow for Project Property	Per Section 4.3.1 of this Agreement.
5	Completion of construction with issuance of certificate of occupancy for the apartment building	30 months after the start of construction on renovation of the parking garage is commenced.

### **3.4 Expenses**

Unless otherwise specifically provided for herein, all expenses associated with Developer's acquisition and development of the Project shall be paid by the party that incurred them without expectation of reimbursement or cost sharing.

### **3.5 Involvement in other Victorian Square Project Plans**

The City and the Agency agree to discuss plans for the development of other property within or near Victorian Square with Developer to coordinate with plans of Developer where such coordination is practicable and in the best interests of City and Agency.

### **3.6 Regional Road Impact Fees**

The Project is subject to the requirements, due to the building permits to be issued for the Project, of the Washoe County Regional Transportation Commission (RTC) Regional Road Impact Fee (the "RRIF") program. The City agrees to provide documentation, to the extent it is reasonably available to the City, regarding previous land uses on the Project Property as necessary to calculate any applicable reductions in the RRIF impact fees the Developer will be responsible for resulting from the change in the use of the Project Property. The documentation will be provided to the RRIF Administrator so they can determine the net increase in the traffic impacts of the new uses as compared to previous uses on the Project Property in accordance with the RTC's "General Administrative Manual, 5<sup>th</sup> Edition" for the RRIF system.

### **3.7 Sewer Connection Fees**

The Developer shall be responsible for the payment of sewer connection fees to the City. The City agrees to provide documentation, to the extent it is reasonably available to the City, regarding previous land uses and plumbing fixture counts on the Project Property as necessary to calculate applicable reductions in the sewer connection fees the Developer will be responsible for as a result of the Project. The documentation will be provided to the City's Building Official so that they can determine the net increase in the sewer capacity required by the new residential and commercial uses as compared to previous uses on the Project Property.

## **Article 4. Sale of Project Property to Developer**

### **4.1 Property Description**

4.1.1 Agreement. Agency (as "Seller" in this Article) agrees to sell and Developer (as "Buyer" in this Article) agrees to purchase the following described property subject to the following terms and conditions.

4.1.2 Project Property. Seller shall sell the Project Property and the improvements currently located thereon, as described in Article 1 of this Agreement and identified in Exhibit 1 (Project Map),

Together with: Seller's interest in all tenements, hereditaments and appurtenances (belonging or in any manner appertaining) including all easements, reversions, remainders, issues, franchises, leases, rents, profits, mineral rights, royalties, minerals, oil and gas rights and profits, geothermal rights (whether or not appurtenant); i) water rights, applications and permits to appropriate any of the public waters, all certificates of appropriation, adjudicated or unadjudicated water rights, and applications or permits to change the place of diversion, manner of use or place of use of water appurtenant to the land, and water service agreements or credits thereunder;

But excluding: (ii) infrastructure improvements including sewer lines, storm drain facilities, utility facilities, sidewalks and street improvements.

4.1.3 Personal Property. No personal property is included in the sale.

### **4.2 Compensation, Escrow and Allocation of Costs**

4.2.1 Compensation. Seller agrees to convey and Buyer agrees to acquire the Project Property. As compensation for the Project Property, the Buyer shall provide the City use of the entire first level (90+/- parking spaces) of the parking garage (i.e., the Public Parking) for a period of fifty (50) years for use by the general public, subject to any temporary limits imposed by the City. The public's right to use the Public Parking shall be secured by a deed restriction running in favor of the City and recorded against the title to the Project Property at close of escrow. Maintenance shall be the Developer's responsibility and at their expense.

4.2.2 Escrow and Allocation of Closing Costs. The parties have established an escrow ("Escrow") with First American Title, 3080 Vista Boulevard, Suite 106, Sparks, Nevada 89436, Attention: Cheri Yarbrough ("Escrow Agent"). Closing costs shall be allocated as provided in Section 4.7.1.

4.2.3 Financing. Buyer intends to borrow funds and obtain equity capital for construction of the Project and shall diligently pursue financing. Buyer shall immediately inform Seller if Buyer determines or is informed that financing will not be available for Buyer to close escrow as specified in 4.3.1.

#### 4.3 Timing, Settlement and Closing

4.3.1 Time Frames and Deadlines. The parties agree to accomplish the following actions within the following time frames and deadlines.

#	Event	Time Frame/Deadline
1	Escrow Opens	Within 5 business days after this Agreement is approved by all parties.
2	Property condition Due Diligence Deadline	Thirty (30) days after this Agreement is approved by the Agency or five (5) days after developer is satisfied with the Phase I/II being conducted on the site and that no further assessment or remediation is necessary, whichever occurs later.
3	Title Due Diligence Deadline	10 calendar days after title report and ALTA survey have been delivered to Buyer.
4	Preclosing and Settlement Deadline	5 business days after Buyer and Seller are satisfied as to the conditions precedent under Sections 4.5 and 4.6, respectively, but not later than the Early Termination Date specified in Section 3.3.
5	Closing Deadline for escrow	1 business day after #5 completed.
7	Delivery of possession	Not later than 5 p.m. on day of closing.

4.3.2 Preclosing and Settlement. Not later than close of business of Escrow Agent on the Preclosing and Settlement Deadline:

A. Buyer and Seller shall have duly executed and delivered to each other or to escrow all the documents listed in the Escrow Instructions or otherwise required or contemplated by this Agreement.

B. Taxes and assessments shall have been prorated and settlement statements shall have been prepared and approved by the parties.

C. Seller shall have delivered all documents or agreements required by the title insurer to insure title and title insurer shall be irrevocably committed to issue or cause to be issued the title insurance required herein.

**4.3.3 Closing. On the Closing Deadline:**

A. Not later than 10:00 a.m., PST, Buyer and Seller shall have delivered into escrow all funds necessary to close the sale;

B. The Escrow Agent shall have caused the documents to be recorded as identified in the Escrow Instructions; and

C. All sums shall have been provided by wire transfer or draft of Escrow Agent.

**4.3.4 Delays in Escrow.** Provided that Buyer and Seller shall have accomplished all that has been required of them as indicated above, a delay in the settlement or closing caused by Escrow Agent or factors beyond the control of Escrow Agent shall not be considered as a default by Buyer or Seller.

**4.4 Due Diligence, Inspections, Buyer's Right to Rescind**

**4.4.1 Seller's Representations and Warranties.** Seller's representations and warranties stated in Section 4.8 are hereby made and shall be reaffirmed at closing.

**4.4.2 Delivery of Documents, Due Diligence, Objections or Rescission of Buyer.**

A. Buyer shall promptly arrange for all inspections called for in this Agreement, and Seller shall reasonably cooperate in scheduling and conducting them.

B. Buyer has already begun due diligence and shall have until the Property Condition and Title Due Diligence Deadlines specified in 4.3.1 above to inspect all documents and the Property and complete its due diligence investigation and either rescind this Agreement or raise any objections as to the documents or condition of the Property. If Buyer

fails to rescind or raise objections by the Due Diligence Deadlines, Buyer is deemed to have accepted the documents and condition of the Property.

C. Buyer agrees to promptly object to any document or condition of the Property as it learns of the defect, and to give Seller a reasonable time to correct the defect.

#### 4.4.3 Title Report, Title Insurance

A. Seller has ordered title reports for delivery to Buyer.

B. At closing, Seller must obtain an ALTA Owner's Policy of Title Insurance in the amount of the appraised value of the property (\$950,000.00), showing title to the Project Property vested in Buyer, subject only to those exceptions to title approved by Buyer.

C. Buyer shall have until the Title Due Diligence Deadline specified in 4.3.1 to review the Commitment and the Survey and raise objections. Seller shall have ten days to cure objections, and Buyer shall have 10 days to review the cure. If, within the 10-day period for review of any cure, Buyer is not satisfied with the state of title to the Project Parcel, Buyer may rescind this Agreement.

4.4.4 Environmental Investigations. Buyer has completed a Phase I Environmental Site Assessment Report, and may conduct further investigations.

4.4.5 Appraisals. Seller has furnished to Buyer a copy of an appraisal of the Project Property. The appraisal has an effective date of May 8, 2017. The appraiser has provided an updated analysis dated November 7, 2017 which maintains the same value as in the original appraisal report. The Seller has also furnished to Buyer a review of the appraisal from a second appraiser.

#### 4.5 Buyer's Conditions Precedent; Right to Rescind

4.5.1 Buyer's obligation to purchase the Project Property is subject to the satisfaction, or waiver by Buyer, of the following conditions precedent, in Buyer's discretion. In the event that any of the conditions fails, Buyer may rescind this Agreement.

A. Financing. Buyer shall have obtained acquisition and construction financing at rates sufficient to yield a rate of return on the Project acceptable to Buyer.

B. No Rescission. Buyer shall not have rescinded this Agreement as authorized in this Agreement.

C. Entitlements. Buyer shall be satisfied about the land use entitlements for the Project.

D. Suitability of Project Property. Buyer is satisfied, in its sole discretion, that the Project Property is suitable for Buyer's intended purpose, provided, however, that Buyer shall have only until the "Property Condition Due Diligence Deadline" specified in Section 4.3.1 above to exercise such discretion.

E. Warranties and Representations; Default. Seller's representations and warranties contained in this Agreement shall be true and correct in all material respects. If a representation or warranty cannot be made, or it is subsequently determined to be breached, or if Seller is otherwise in default hereunder, Buyer may rescind this Agreement based on such Seller default at any time before the Settlement Deadline and seek to recover its damages incurred in reliance on this Agreement if such rescission is a result of Seller's default; but otherwise must bring an action for damages alone for any such Seller default occurring after such deadline.

F. Title. Buyer shall be satisfied with the status of title to the Project Property, provided that Buyer shall have until the "Title Due Diligence Deadline" specified in Section 4.3.1 above.

G. Seller Compliance. Seller shall have complied with each and every covenant, undertaking and agreement to be kept or performed by Seller as provided in this Agreement.

#### **4.6 Seller's Conditions Precedent; Right to Rescind.**

4.6.1 Seller's obligation to sell the Project Property is subject to the satisfaction, or waiver by Seller, of the following conditions precedent. In the event that a condition fails, Seller may rescind this Agreement.

A. Buyer Compliance. Buyer shall have complied with each and every covenant, undertaking, and agreement to be kept or performed by Buyer as of the closing as provided in this Agreement; and all warranties and representations of Buyer under this Agreement shall be materially true and correct.

B. Buyer Financing. Buyer shall have provided a financing commitment sufficient to finance the construction of the Project, reasonably satisfactory to Seller.

C. Land Use Entitlement. Buyer shall have submitted an application for, and obtained City approval of, an Administrative Review (as defined in Section 20.05.007 of the

Sparks Municipal Code) for the Project.

D. Temporary Parking. Developer shall obtain and provide 90+/- temporary parking spaces available for free use of the general public for the entirety of the period when parking for the public is unavailable in the Project Property. The parking spaces shall be: (a) spaces that are currently not designated as generally available to the public; (b) located within one quarter (1/4) mile of the Project Property; and, (c) designated as temporary public parking with appropriate signage. Developer shall provide the City written documentation satisfactory, in the City's sole discretion, of the public's right to use the temporary parking provided, however, that the owner of the temporary parking may limit its use during the Rib Cook-Off, Hot August Nights, and Star Spangled Sparks special events.

#### **4.7 Escrow and Closing**

4.7.1 Opening Escrow. Within five (5) business days of the approval of this Agreement by all parties, an escrow shall be opened with First American Title, 3080 Vista Boulevard, Suite 106, Sparks, Nevada 89436, Attention: Cheri Yarbrough ("Escrow Agent") by the depositing by Buyer and Seller of a fully executed copy of this Agreement with Escrow Holder. Escrow Agent shall notify the parties of the date of such receipt, such date herein referred to as the date for "Opening Escrow".

##### **4.7.2 Escrow Costs.**

A. Proration and Credits. Real property taxes shall be prorated between Buyer and Seller as of the Close of Escrow based on the latest available tax information. The pro ration shall be based on a 30-day month and a 360-day year.

B. Seller's Costs.

- (i) One-half (1/2) of the escrow fee;
- (ii) The premium for Owner's Policy of Title Insurance;
- (iii) The cost of preparing, acknowledging and recording the Grant Deed; and
- (iv) The cost of any of Seller's other obligations under this Agreement.

C. Buyer's Costs.

- (a) One-half (1/2) of escrow fee;
- (b) The cost of documentary transfer taxes in connection with the recordation of the Grant Deed; and
- (c) The cost of any of Buyer's other obligations of this Agreement.

4.7.3 Broker's Commissions. Seller and Buyer each represent and warrant to each



other that (except as disclosed to each of the parties in writing) no broker, agent or finder, licensed or otherwise, has been engaged by it, respectively, in connection with the transaction contemplated by this Agreement and that all negotiations relative to these instructions and this transaction have been carried out by such party directly with the other party without the intervention of any person in such a manner as to give rise to any valid claim against either of the parties for a broker's commission, finder's fee or other like payment. Each of the parties shall indemnify and defend the other party and hold it harmless from any and all losses, damage, liability or expense, including costs and reasonable attorney's fees, which the other party may incur or sustain by reason of or in connection with any misrepresentation or breach of warranty by the indemnifying party with respect to the foregoing.

4.7.4 Close of Escrow. The "Close of Escrow" or "Closing Date" shall mean the date on which Buyers and Sellers obligations, as set forth below, for closing have been met.

A. Buyer's Obligations. Before the closing date for the Escrow, Buyer shall:

(i) A fully executed and notarized deed running in favor of the City restricting use of the first level of the parking garage for the purpose of parking for the general public (the "Deed Restriction"), acceptable to Seller, which complies with the Laws of the State of Nevada,

(ii) Deposit with Escrow Agent all other sums and documents required by Escrow Agent to pay the costs of escrow and carry out the close of escrow.

Seller's Obligations. On or before the Closing Date, Seller shall deliver to Escrow Agent all of the following:

(i) A fully executed and notarized grant, bargain and sale deed conveying the Project Property to Buyer (the "Grant Deed"), acceptable to Buyer, which complies with the Laws of the State of Nevada,

(ii) All other documents and sums required by Escrow Agent to pay the costs of escrow and carry out the close of escrow.

4.7.5 Other Conditions to Close Escrow. The Close of Escrow shall not take place unless and until Buyer's receipt of the Policy of Title Insurance.

4.7.6 Closing Procedure. Upon receipt of all funds and instrument described in this section, and upon satisfaction or waiver of all contingencies and conditions set forth in this Agreement, the Escrow Agent shall:

A. Record the Grant Deeds in the Official Records of Washoe County;

B. Record the Deed Restriction in the Official Records of Washoe County;  
and

C. Deliver to Buyer the document evidencing Seller's exemption from tax withholding under Internal Revenue Code Section 1445, as set forth in Section 5.11; and

4.7.7 Escrow Instructions. This Agreement shall constitute the escrow instructions of Buyer and Seller.

4.7.8 Additional Escrow Instructions. If Escrow Agent requires further instructions respecting its duties and obligations, the parties shall execute such instructions, provided that they do not change any of the substantive terms of this Agreement. If a conflict arises between such additional escrow instructions and this Agreement, the provisions of this Agreement shall prevail, unless otherwise expressly stated in such additional escrow instructions.

4.7.9 Escrow Agent's General Provision. Escrow Agent is hereby instructed to attach as Exhibit 3 to this Agreement a copy of Escrow Agent's standard printed escrow instructions, which are hereby incorporated into this Agreement in their entirety. In the event of any inconsistency between this Agreement and Exhibit 3, this Agreement shall govern the rights and obligations of Seller and Buyer.

#### **4.8 Seller's Warranties and Representations**

4.8.1 Seller hereby represents and warrants to Buyer that the following statements are true and correct as of the date of this Agreement, and shall be true and correct as of the Close of Escrow, and the truth and accuracy of such statements shall constitute a condition to all of Buyer's obligations under this Agreement:

A. The sale of the Project Property has been authorized by appropriate action of Seller;

B. The person(s) who have executed this Agreement and other instruments required under this agreement on behalf of Seller have been, or will be, duly authorized to execute the same on Seller's behalf and no other persons are required to execute this Agreement on behalf of Seller;

C. The entering into and consummation of this Agreement by Seller will not constitute or result in Seller's default under any other contract by which Seller or the Project Property are bound;

D. To the best of Seller's knowledge, there are no other agreements, leases or contracts affecting the Project Property that cannot be canceled upon 30-day notice.

E. Seller shall furnish a grant deed and Policy of Title Insurance showing good and marketable title in fee to the Project Property free and clear of all liens and encumbrances.

F. No lawsuits, administrative proceedings or violations pending or threatened exist in relationship to the Project Property.

G. The execution, delivery and performance of this Agreement does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any governmental authority or any third party. Seller knows of no reason why all the consents, approvals and authorizations necessary for the consummation of the transactions contemplated by this Agreement will not be received.

H. Except as otherwise indicated in any Environmental Assessment reports obtained by Buyer or otherwise disclosed to Buyer below, Seller has, during the time that Seller has been in possession of the Project Property complied with all Environmental Laws and has not released any Hazardous Substances on the Project Property.

#### **4.9 Buyer's Warranties and Representations**

4.9.1 Buyer hereby represents and warrants to Seller that the following statements are true and correct as of the date of this Agreement, and shall be true and correct as of the Close of Escrow, and the truth and accuracy of such statements shall constitute a condition to all of Seller's obligations under this Agreement;

A. The Purchase of the Project Property will be authorized by appropriate action of Buyer.

B. The person(s) who have executed this Agreement and other instruments required under this Agreement on behalf of Buyer have been, or will be, duly authorized to execute the same.

C. Buyer has formed a special purpose entity in the form of a limited liability company or a limited liability partnership under the laws of Nevada to own the Property ("Company"). Buyer shall assign its position in the escrow to said Company. Buyer warrants that it will maintain a majority of the management interest in the Company.

#### **4.10 Environmental Indemnification.**

To the fullest extent permitted by law, Seller shall indemnify, hold harmless and defend

Indemnified Parties from and against all liability caused in whole or in part by the release of Hazardous Substances on the Project Property which existed on the date of closing, regardless of whether or not the release or discharge of the Hazardous Substance was caused by Seller. Indemnified parties include Buyer, its officers, employees, agents and contractors, successors and assigns. Liability includes all fines and penalties, clean-up costs, claims, actions, damages, losses, judgments, injuries, costs and expenses, including but not limited to attorney's fees and costs, including those related to bodily injury, sickness, disease or death or to injury to destruction of tangible property.

## **Article 5. Construction**

### **5.1 Construction of Project Improvements by Developer**

#### **5.1.1 Construction Standards**

A. All improvements shall be constructed in compliance and substantial conformance with the Redevelopment Plan, the building and development standards in Titles 15 (Buildings and Construction) and 20 (Zoning Code) of the Sparks Municipal Code, and the approved Administrative Review application for the Project.

B. All improvements will be constructed in accordance with applicable law, including City ordinances and codes, Washoe County ordinances and codes, state statutes and regulations, and federal statutes and regulations, including, but not limited to the Americans with Disabilities Act, to the extent applicable.

C. All construction shall be completed free from the release of hazardous substances as defined in NRS 40.504 and 40.505. In the event that Developer suffers or allows a release of Hazardous Materials, it shall indemnify City as provided in Section 6.3.

#### **5.1.2 Prevailing Wages**

Compliance Not Required. The compensation specified in Section 4.2 for the Project Property represents the fair market value for the property, as established by appraisals commissioned by the City and therefore construction of the project is not subject to the prevailing wage requirements of NRS 279.500.

#### **5.1.3 Employment Practices**

In connection with the performance of work under this agreement with respect to the Project, Developer shall not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, sexual orientation or age,

including, without limitation, with regard to employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including, without limitation, apprenticeship.

#### 5.1.4 Safety and Coordination of Construction Activities

A. All construction activities shall be performed in a manner that is safe to construction workers and persons who are near the construction activities. Developer shall use construction barriers, signs, and devices reasonably calculated to protect people in or near the construction zone.

B. Upon Developer's applications for encroachment and building permits, respectively, City will consider closure of the east bound lane of C Street between 9<sup>th</sup> Street and 10 Street for the Developer's use as a construction staging area and, within the staging area, the installation of a foundation for a construction crane.

C. Developer shall coordinate construction activities with existing property owners to minimize, to the extent practical, the impact of construction on special events and normal business operations. City staff shall assist in coordinating construction activities.

D. Use of the Project Property, including the Public Parking, by the general public prior to completion of construction shall only be permitted: (i) in accordance with Chapter 33: Safeguards During Construction of the 2012 International Building Code (Exhibit 8); and (ii) subject to the approval of the City's Fire Marshall, Building Official and City Engineer.

5.1.5 Developer shall coordinate with the City Manager (or designee) construction operations during special events including, without limitation, the Rib Cook-Off, Hot August Nights, Star Spangled Sparks, Hometown Christmas, and 39 North Market Place.

#### 5.1.6 Progress Reports and Meetings

Developer shall meet and confer with City at least once each month to report on construction progress and compliance with this Agreement.

#### 5.1.7 Access to Construction Site

Developer shall allow officers and employees of City reasonable access to the construction site to perform inspections to determine compliance with this Agreement.

#### 5.1.8 Public Works Projects

A. An efficient coordination of construction between Developer and City may require that City leaves portions of any streets, sidewalks, public plazas and utilities it is rehabilitating incomplete and for Developer to finish as it connects utilities and completes its construction of improvements to be tied into the streets adjacent to the Project Property. In such event, unless City is advised that competitive bidding for the completion of such work is required, City and Developer shall enter into a separate contract for the completion of such work; provided, however, that to the extent Developer is delayed in the prosecution of its work as a result of the time incurred to conduct such competitive bidding process, such time of delay shall be deemed an Excusable Delay.

B. All public works construction (projects which are to be dedicated to the City), shall be completed in accordance with the standards and specifications in the Orange Book. "Orange Book" means the 2012 edition of the "Standard Specifications Book for Public Works Construction" sponsored and distributed by the Regional Transportation Commission in conjunction with City and other governmental entities. Further, public works construction shall be completed in a diligent and workmanlike manner of good quality free from faults and defects to the approval of the City Engineer.

### Article 6. Insurance and Indemnifications

#### 6.1 Industrial Insurance.

6.1.1 It is understood and agreed that there shall be no worker's compensation or industrial insurance coverage provided by City or Agency for Developer or any employee, contractor or subcontractor of Developer. Developer warrants, represents and agrees that all officers, employees, contractors and subcontractors who perform any duties or activities in furtherance of this agreement (including traveling to Nevada and performing any duties in Nevada) are covered by workman's compensation or industrial insurance in at least the minimum amount and coverage required by Nevada law, and Developer further agrees to hold City harmless and indemnify them against all liability in the event that an employee, contractor, and subcontractor is injured or becomes ill on the job for which insurance is unavailable.

6.1.2 If Developer is self-funded for Industrial Insurance, Developer shall so notify City and Agency in writing prior to the signing of this Agreement, and shall provide a certificate of self-insurance from the State of Nevada Insurance Division together with proof of financial strength satisfactory to City.

## **6.2 General Liability Insurance**

6.2.1 After Developer acquires and for so long as Developer owns an interest in the Project Property, Developer agrees to obtain Commercial General Liability insurance covering the Project Property in the amount of at least \$2,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, the general aggregate limit shall be increased to equal twice the required occurrence limit or revised to apply separately to each project or location.

6.2.2 The insurance coverage shall be in Insurance Services Office Commercial General Liability Coverage "occurrence" form CG0001 01/96 or Insurance Service Office Comprehensive General Liability form GL0002 Ed 01/73 with the Broad Form Comprehensive General Liability Endorsement GL0404.

6.2.3 The City and Agency and their officers, agents, employees, and volunteers are to be included as additional insureds until such time as Certificates of Occupancy are issued by the City's Building Official for all structures as respects damages and defense arising from (i) activities performed by or on behalf of Developer including the insured's general supervision of Developer; (ii) premises owned, occupied, or used by Developer, or automobiles owned, leased, hired, or borrowed by the Developer. The coverage shall contain no special limitations on the scope of protection afforded to City and Agency and their officers, employees, or volunteers.

6.2.4 The Developer's insurance coverage shall be primary insurance as respects City and Agency and their officers, agents, employees, and volunteers. Any insurance or self-insurance maintained by City and Agency and their officers, employees, or volunteers shall be excess of Developer's insurance and shall not contribute with it in any way.

6.2.5 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City and Agency and their officers, agents, employees, or volunteers.

6.2.6 Developer's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

## **6.3 Indemnifications**

6.3.1 By Developer. To the fullest extent permitted by law, Developer shall indemnify, hold harmless and defend the indemnified parties from and against all liability to the extent caused by the negligent act or omission or willful misconduct of Developer or a related party in the performance of its obligations hereunder. "Indemnified parties" includes, without limitation, the other parties to this Agreement.

6.3.2 By City. To the fullest extent provided by law, and subject to the conditions, limitations and immunities contained in NRS 41.0305 through NRS 41.039, as amended from time to time, City shall indemnify, hold harmless and defend the indemnified parties from and against all liability to the extent caused by the negligent act or omission or willful misconduct of the City or a related party in the performance of its obligations hereunder. "Indemnified parties" includes Developer and its related parties. This indemnification by the City does not apply to any legislative or administrative discretionary acts or decisions in connection with the exercise of police powers or regulatory powers over land use planning and public works projects.

6.3.3 By Agency. To the fullest extent provided by law, and subject to the conditions, limitations and immunities contained in NRS 41.0305 through NRS 41.039, as amended from time to time, Agency shall indemnify, hold harmless and defend the indemnified parties from and against all liability to the extent caused by the negligent act or omission or willful misconduct of the Agency or a related party in the performance of its obligations hereunder. "Indemnified parties" includes Developer and its related parties. This indemnification by the Agency does not apply to any legislative or administrative discretionary acts or decisions in connection with the exercise of police powers or regulatory powers over land use planning and public works projects.

6.3.4 Definitions. "Liability" means all third party claims, actions, damages, losses, judgments, injuries, costs and expenses, including but not limited to attorneys' fees and costs, including those related to bodily injury, sickness, disease or death or to injury to or destruction of tangible property (including the loss of use resulting therefrom) and other economic damages. A "related party" includes all officers, employees, agents, contractors and subcontractors of the party who are acting within the scope of their assigned and lawful duties, as well as anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.

6.3.5 Limitations and Conditions. The current laws of Nevada limiting liability due to comparative or contributory negligence shall apply. The obligations of each indemnifying party hereunder shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this section. The indemnification shall not be diminished or limited in any way to the total limits of insurance required in this contract or otherwise available to the indemnifying party. If the liability is asserted by an employee of an indemnifying party, the indemnification herein is not limited to damages, compensation or benefits payable by or for the indemnifying party under worker's compensation acts, disability benefit acts or other employee benefit acts. Each indemnifying party shall be permitted to participate, if it chooses, in the defense of any action claiming liability, even if the indemnified party is indemnified hereunder. Either party may set



off any of its rights under this subsection against any consideration it provides under this agreement. The obligations to indemnify and save harmless herein survive the expiration or termination of this Agreement with respect to any act or omission which occurred before expiration or early termination.

## **Article 7. Term, Early Termination, Default and Remedies**

### **7.1 Scheduled Term**

Unless earlier terminated as specified below, this Agreement shall terminate upon the issuance of a certificate of occupancy for the last building constructed hereunder, except for such terms and provisions, including the deed restriction to secure the public's right to use the Public Parking, which expressly survive such termination.

### **7.2 Early Termination.**

#### **7.2.1 Automatic Early Termination**

This Agreement automatically terminates on the Early Termination Date specified in Section 3.3 unless construction has started on the Project and Developer has demonstrated the financial capacity to complete construction.

#### **7.2.2 Rescission**

A. This Agreement may be rescinded by either party only as specifically provided herein.

B. In the event of early termination by reason of rescission, each party shall be released and discharged from any further liabilities and obligations under this Agreement except those stated in Section 7.3.

#### **7.2.3 Early Termination Due to Default**

A. As provided in Section 7.5, this Agreement may be terminated by reason of the default of a party.

### **7.3 Default, Notice and Right to Cure.**

#### **7.3.1 Excuse Due to Force Majeure; Other Party Delay.**

A. Force Majeure.

i. Except as provided elsewhere herein, if a "force majeure" makes performance of an obligation or cure of a breach or default impossible, such performance or cure is excused for the duration of the force majeure provided that the obligated party (i) within a reasonable time after the commencement of the force majeure notifies the other party of the nature of the force majeure, when it commenced, why it makes performance or cure impossible, and the expected duration (if known), and (ii) agrees to and does in fact diligently pursue remediation of the effects of the force majeure, and (iii) agrees to notify the other party immediately when it becomes possible to commence efforts to cure the default.

ii. A "force majeure" is defined as (a) without the fault of and beyond the reasonable control of the obligated party, a war; insurrection; riot; flood; earthquake; fire; casualty; act of God; act of a public enemy; quarantine restriction or other effect of epidemic or disease; freight embargo; weather-caused delay; lack of transportation attributable to any of these; (b) regional or national shortages of labor or materials which severely impair the ability of all similarly situated contractors to build projects of the type contemplated by this Agreement and cannot be remedied by purchasing at a commercially reasonable increased price; or (c) labor strikes, boycotts or picketing (unless the labor action is taken because of an alleged violation of the prevailing wage provisions in this Agreement, if any); (d) provided, however, that if the breach or default is the failure to pay money, the force majeure must actually prevent access to or payment from a bank account or payment mechanism, such as during a banking holiday, moratorium, or sabotage of wire or automated transfer systems.

iii. A force majeure does not include general economic or market conditions, or the financial condition of a party even if they are influenced by any of the foregoing. A force majeure is deemed to cease for purposes of this Agreement and a party is deemed to be in breach of an obligation or cure when it becomes possible for the obligated party to commence to perform the obligation or cure.

#### B. Excusable Delay Due to Delay by Other Party

i. In all instances hereunder where the timely performance by one party (the "Relying Party") is dependent upon the act, response or performance of the other party, then the performance of the Relying Party shall be excused to the extent and duration of the delay or tardiness in the act, response or performance of the other party, and shall be deemed an "Excusable Delay." Where a party is obligated to make a judgment, decision or determination (such as an approval of an entitlement, property condition, waiver, or the like) a delay in making that decision may give rise to an Excusable Delay, but, once made, an adverse decision by that party does not give rise to an Excusable Delay.

### 7.3.2 Default.

Subject to Section 7.3.1, a default occurs when (i) a party, without legal or contractual excuse, repudiates, breaches or fails to perform any obligation, term or provision in this Agreement, including a failure to perform any requirement in accordance with the schedule in Section 3.3; (ii) subject to force majeure and Excusable Delay, an event required to occur does not occur by the time required; (iii) any representation of a material fact expressed herein was materially false at the time it was made, or, if a continuing representation, becomes materially false as a result of a subsequent event or occurrence; (iv) any warranty made herein is breached at the time made or, if a continuing warranty, is breached as a result of a subsequent event or occurrence; (v) Developer defaults under any deed of trust encumbering the Project Property beyond applicable cure periods or the holder of any lien on the Project Property commences foreclosure or other proceedings to enforce the lien; or (vi) any event otherwise described in this Agreement as a breach or default.

### 7.3.3 Notice and Right to Cure.

A. Unless otherwise specified in this Agreement, in the event of a default, the non-defaulting party shall provide written notice of such default and the specific action required to cure such default, and the defaulting party shall have thirty (30) days from the date that the notice is deemed given to cure the default; provided, however, that if the nature of such default is such that it cannot reasonably be cured within such 30-day period, then the defaulting party shall not be deemed in default if and so long as such party commences and diligently continues to pursue the cure of such default within such 30-day period, and continuously pursues such cure thereafter to completion, but in no event beyond the Absolute Deadline unless otherwise agreed.

B. City further agrees for the benefit of any third party lender who holds a deed of trust on the Project Property to provide written notice of default to such lender, and if Developer fails to cure the default as above provided, to give such lender another 30-day period to cure the default, PROVIDED THAT such lender requests such notice and opportunity to cure and reciprocates and agrees to notify City of any default under its deed of trust or lien and afford City a similar opportunity to cure.

## 7.4 Remedies.

### 7.4.1 Remedies Available to All Parties

If the event of a default is suffered or caused by any party and not cured within the period of time specified, the non-defaulting party may, subject to any specific provision regarding remedies herein, (i) suspend any counter-performance due hereunder until the

default is cured; (ii) terminate this Agreement under Section 7.2.3; (iii) pursue any other remedy specifically provided in this Agreement, and/or (iv) bring an action for damages or equitable relief.

#### **7.4.2 Remedies Cumulative; Waivers**

All remedies stated in this Agreement are cumulative with each other and with any remedy afforded in law or equity. The election of any remedy does not constitute a waiver of any other remedy.

#### **7.5 Waivers**

Any forbearance, inaction, or failure to promptly pursue any remedy (whether intentional or negligent) shall not be deemed a waiver of any default or remedy. Waivers must be expressed in writing signed by the waiving party, and a waiver of a default is limited to the specific default identified in the written waiver and does not constitute a course of dealing or implication that similar defaults will be waived in the future.

### **Article 8. General Provisions**

#### **8.1 Representations and Warranties of Agency**

Agency represents and warrants:

8.1.1 That the Agency is duly created and validly existing as a corporate and body politic under the Community Redevelopment Law of Nevada (Nevada Revised Statutes Chapter 279).

8.1.2 That Agency has the power and authority under the Community Redevelopment Law to enter into and carry out the provisions of this Agreement.

8.1.3 That (i) entering into this Agreement does not violate any contract, court order, administrative order or other undertaking, or any law, ordinance, rule or regulation to which Agency is subject or bound; (ii) Agency has complete authority to enter into this Agreement without obtaining any court order or permission or agreement of another party; (iii) to Agency's actual knowledge, there are no suits, other proceedings or investigations pending or threatened against Agency that Agency reasonably believes would prevent Agency from performing its duties and obligations hereunder or would have a material adverse effect on the financial condition of the Agency or the Project Property.

8.1.4 That any information that Agency has delivered to Developer, either directly or

through Agency's agents, is materially accurate and complete, and Agency has disclosed all material facts concerning the financing and development of the Project.

8.1.5 That all contracts, deeds, and documents delivered to Escrow Agent or Developer have been duly authorized, executed, and delivered by Agency; are binding obligations of Agency; and the undertakings therein would not violate any contract, court order, administrative order or other undertaking by Agency, or any law, ordinance, rule or regulation to which Agency is subject or bound.

## **8.2 Representations and Warranties of Developer**

Developer warrants, represents and agrees:

8.2.1 That Developer is duly and validly organized and existing in good standing as a Nevada limited liability company, and has all requisite company power and authority to enter into and perform its obligations under this Agreement; and that all necessary actions have been taken under Developer's Organizational Documents (Articles of Incorporation, By-Laws, etc.) to authorize entering into this Agreement.

8.2.2 That (i) entering into this Agreement does not violate any contract, court order, administrative order or other undertaking; (ii) Developer has complete authority to enter into this Agreement without obtaining any court order or permission or agreement of another party; (iii) to Developer's actual knowledge, there are no suits, other proceedings or investigations pending or threatened against Developer that Developer reasonably believes would prevent Developer from performing its duties and obligations hereunder or would have a material adverse effect on the financial condition of the Developer.

8.2.3 That a senior responsible and knowledgeable officer or employee of Developer will at all times be involved in day to day pursuit of the Project.

8.2.4 That any information that Developer has delivered to City, either directly or through Developer's agents, is materially accurate, and Developer has disclosed all material facts concerning the financing and development of the Project.

8.2.5 That all contracts, deeds, and documents delivered to Escrow Agent, and City, have been duly authorized, executed, and delivered by Developer; are binding obligations of Developer; and the undertakings therein would not violate any contract, court order, administrative order or other undertaking by Developer.

8.2.6 That except as otherwise disclosed to City, Developer has not been convicted of or had a civil judgment entered against it of fraud, misrepresentation, embezzlement, theft,

obtaining money under false pretenses, violations of disclosure requirements required by federal or state securities laws, or violation of any law designed to protect the environment. This is a continuing warranty and representation throughout the term of this Agreement.

### **8.3 General Covenants of All Parties.**

Each party covenants to the others as follows.

#### **8.3.1 Ongoing Disclosures**

A. To promptly notify the other parties of any facts that would cause any of the representations contained in the Agreement to be materially untrue during the term of this Agreement.

B. To promptly notify the other parties of any facts or circumstance that would impair the obligated parties' ability to perform its obligations hereunder.

8.3.2 Inspection of Books and Records. To allow the audit or inspection of the books and records of the party upon a reasonable request that (i) specifies the reason and purpose of the audit and how it relates to verification of performance under this Agreement, (ii) agrees to limit the scope of the audit or request to matters relevant to this Agreement, (iii) asks for a reasonable audit or inspection schedule, (iii) agrees to pay for the audit and inspection and all costs incurred by the other party in responding.

8.3.3 Compliance With Law. To comply with all applicable ordinances, statutes, regulations and other laws with respect to its general operations and the performance of all obligations and duties under this Agreement

### **8.4 No Conflicts of Interest**

Developer represents and agrees that as of the date hereof, and continuously throughout the term of this Agreement, that except as specifically disclosed to and approved in writing by the City Council or Agency, no elected official, employee, officer, member of the City, no consultant who is providing consulting to the City or Agency with respect to the Project, and no person related (within the second degree of consanguinity) to any such person: (i) now is or will be permitted to become a member, partner, shareholder or investor of Developer; or (ii) now has or will be permitted to have any contractual relationship with Developer (except if jointly employed by City or Agency and Developer); (iii) now has or ever will have any direct or indirect interest in this Agreement; (iv) now has or will be permitted to own or have any interest, direct or indirect, in the Project or any property in or adjacent to the Project, other than acquisition of a personal residence; (v) has not been paid or given, and will not be paid or

given any money or other consideration in connection with any expectations or activities leading to or involving this Agreement or the Project, except travel expenses incurred in visiting Developer's other projects or projects similar to the projects being contemplated in this Agreement.

#### **8.5 Assignment and Delegation**

Except as otherwise specifically provided elsewhere in this Agreement, no party may assign any right or delegate any obligation under this Agreement without the written consent of all the other parties obtained in advance of the assignment or delegation. Consent is subject to the sole and absolute discretion of the consenting party. Notwithstanding the foregoing, Developer may assign all rights and delegate all duties under this Agreement to an Affiliate. For purposes hereof, "Affiliate" shall be defined as any entity which controls, is controlled by, or which is under common control with Developer.

#### **8.6 Binding Effect; No Third Party Beneficiary**

This Agreement shall be binding on and runs to the benefit of the parties, their respective successors and any assignees or delegates if the assignment or delegation is permitted. Unless otherwise specifically identified in this Agreement, there are no third party beneficiaries intended by this Agreement and no third parties have any standing to enforce any of the provisions of this Agreement.

#### **8.7 Standards for Approvals**

8.7.1 Unless otherwise specified (such as with the words "sole discretion") wherever this Agreement requires the approval of a party, or any of a party's officers, agents or employees, such approval shall not be unreasonably withheld, delayed or conditioned.

8.7.2 The City Council for the City of Sparks and the governing board of the Redevelopment Agency of the City of Sparks are public bodies whose decisions are legislative functions subject to public hearings and input, and, except as otherwise provided herein, they shall have sole and absolute discretion to approve or disapprove any matter submitted to them provided, however, that their decisions are not procured by fraud or bribery, or are arbitrary, capricious or an abuse of discretion. Whether or not a decision is arbitrary or capricious or an abuse of discretion shall be determined using the standards in Nevada for judicial review of such decisions.

#### **8.8 Notices; When Deemed Sufficiently Given**

8.8.1 Unless otherwise provided herein, formal notices, demands and communications

between the parties must be in writing and must be sent to the addresses stated in Article 1 above, or to any address or number subsequently communicated to the sending party in writing.

8.8.2 Formal notices may not be sent by regular mail. Other communications sent by regular mail shall be deemed received three business days after deposited in the U.S. mail, postage prepaid and correctly addressed.

8.8.3 If notice is sent by registered or certified mail to the correct address, postage prepaid, it will be deemed sufficiently given when actually received by the addressee or three business days after it is received by the U.S. Post Office as indicated on the receipt, whichever is earlier.

8.8.4 If notice is sent by courier, or overnight delivery service (e.g., Federal Express, UPS Overnight, U.S. Postal Priority Mail), it will be deemed sufficiently given when delivered to the address as indicated in the records of the courier or service.

8.8.5 If notice is sent by telefax to the addresses stated in Article 1, it will be deemed delivered upon confirmed transmission and receipt thereof, provided a copy of such notice is immediately delivered in the manner provided in Section 8.8.4.

8.8.6 Formal notices may not be sent by email. Other communications sent by email to the addresses stated in Article 1 (or other addresses provided in writing) shall be sent with a request for acknowledgement of receipt and are deemed to have been received when acknowledgement has been received.

## **8.9 Further Acts and Assurances; Estoppel Certificates**

8.9.1 Each party agrees to do such further acts and things and to execute and deliver to the other such additional certificates, documents and instruments as the other may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm unto the other party its rights, powers, and remedies hereunder.

8.9.2 Upon request, each party agrees to provide estoppel certificates or other documents indicating the status of this Agreement and whether or not the other party is in default.

## **8.10 Attorney's Fees and Costs**

If any party hereto institutes any action or proceeding (including arbitration, if authorized) against the other or others arising out of or relating to this Agreement, attorney's



fees and costs may be awarded to the prevailing party, as determined by or otherwise allocated at the discretion of the Court (or arbitrator).

#### **8.11 Timing Provisions**

Time is of the essence in the performance of this Agreement. Unless otherwise specified, the term "days" means calendar days. If a deadline falls on a weekend, holiday or day when the recipient of performance is not open for business, then performance is due on the first business day of the recipient thereafter. Unless otherwise specified, performance is due by the later of 5 p.m. local time or close of business of the recipient on the day it is due.

#### **8.12 Applicable Law; Jurisdiction and Venue.**

The laws of the State of Nevada, without regard to conflicts of law principles, shall govern the interpretation and enforcement of this Agreement. The parties specifically agree that NRS Chapter 279 applies to this Agreement. All actions brought to enforce this Agreement shall be brought in either the United States District Court for District of Northern Nevada, or the Second Judicial District Court for the State of Nevada.

#### **8.13 Non-liability of Individual Officers or Employees of Parties**

8.13.1 No official or employee of City or Agency shall be personally liable to Developer or any successor in interest, in the event of any default or breach by the City or Agency, or for any amount which may become due to Developer or its successor, or as a result of any representation (except any representation regarding the authority to execute this Agreement), warranty or obligation under the terms of this Agreement.

8.13.2 No member, official or employee of Developer shall be personally liable to the City or Agency, or any successor in interest, in the event of any default or breach by Developer, or for any amount which may become due to City or Agency or their successors, or as a result of any representation (except any representation regarding the authority to execute this Agreement), warranty or obligation under the terms of this Agreement.

#### **8.14 Severability; No Merger With Deed**

8.14.1 Each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law, taking into account permissible waivers or provisions which may be upon agreement of the parties. If any term or provision of this Agreement or the application thereof shall be deemed by a court of competent jurisdiction to be in violation of law or public policy, then it shall be deemed modified, ipso facto, to bring it within the limits of validity or enforceability, but if it cannot be so modified, then it shall be excised from this Agreement. In

any event, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected.

8.14.2 To prevent windfall or unintended consideration, if any term or provision of this Agreement is deemed invalid or unenforceable or enforceable only to a limited extent, the parties agree to negotiate in good faith to adjust any counter-performance, condition, or corresponding consideration.

8.14.3 This Agreement does not merge with any deed or other conveyance of any portion of the Project Property.

## **8.15 Construction of Agreement**

8.15.1 Titles and headlines of this agreement are intended for editorial convenience and are not to be construed as a part of this agreement.

8.15.2 The word "include" or "including" is not intended as a limitation and shall be construed to include the words "but not limited to."

8.15.3 Any reference to the masculine genders includes, where appropriate in the context, the feminine gender. Any term in the singular includes, where appropriate in the context, the plural.

8.15.4 The parties hereto were each advised by counsel in drafting and negotiating this agreement, and both parties contributed to its contents. No presumptions against or in favor of either party are appropriate based on who drafted this Agreement or any provision herein.

## **8.16 Modifications and Amendments**

The parties contemplate that Project parameters will change as the project is designed, marketing and leasing of the residential units is initiated, financing opportunities are evaluated and pursued, and physical needs are established. Therefore, it is expected that this Agreement will be amended from time to time. However, this Agreement may be modified or amended only in writing signed by an authorized agent of the party to be bound by the modification or amendment.

## **8.17 Authority to Execute and Implement**

8.17.1 Each person who signs this Agreement below warrants and represents that he or she has the legal capacity to enter into this agreement and if signing in a representative capacity, has the actual authority to bind the principal for which he or she signs and that his or

her signature has the effect of binding the principal.

8.17.2 The City Manager for the City and the Chief Administrative Officer for the Agency shall have the authority to negotiate and execute all escrow instructions, approvals or disapprovals of performance, all schedules and extensions, all waivers, all modifications and amendments to this Agreement, and take all remedial actions authorized by this Agreement, EXCEPT: any contract or expense not otherwise provided in this agreement that binds the City or Agency to pay more than \$50,000.

#### **8.18 Entire Agreement; Attachments; Counterparts**

8.18.1 This Agreement (together with attachments and documents incorporated by reference) integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

8.18.2 All attachments hereto and/or referred to in this Agreement are incorporated herein as though set forth in full.

8.18.3 This Agreement may be executed in counterparts and is deemed duly executed when original signature pages of all parties are executed and delivered.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed on the dates indicated below.

**Developer**

SWD Partners, LLC

By \_\_\_\_\_ Date \_\_\_\_\_  
J Carter Witt III, Manager

Attest:

By \_\_\_\_\_ Date \_\_\_\_\_

**Agency**

Redevelopment Agency of the City of Sparks, Nevada

By \_\_\_\_\_ Date \_\_\_\_\_  
Charlene Bybee, Chair

Attest:

By \_\_\_\_\_ Date \_\_\_\_\_  
Teresa M. Gardner, Agency Clerk

**City**

City of Sparks, Nevada

By \_\_\_\_\_ Date \_\_\_\_\_  
Geno R. Martini, Mayor

**Attest:**

By \_\_\_\_\_ Date \_\_\_\_\_  
Teresa Gardner, City Clerk

Approved as to Form and Legality

By \_\_\_\_\_ By \_\_\_\_\_  
Agency Attorney City Attorney