

**January 5, 2011, Minden Town Board Meeting  
Administrative Agenda, Item Number 5**

DATE: December 23, 2010

Prepared by: Roger Van Alyne  
Town Manager

**SUBJECT:** Introduction and discussion of a proposed interlocal agreement between the Town of Minden and Douglas County for Wholesale Water Service in the South Valley area (Ruhstroth/Fair Grounds). Appearance by Town Manager.

**PREVIOUS ACTION:**

- January 6, 2010: Board approves an interlocal agreement between the Town of Minden and Douglas County for Wholesale Water Service.
- March 3, 2010: Board directs staff to work with Douglas County for possible extension of a water main to the South Valleys area.
- July 7, 2010: Board receives draft of the South Valleys water agreement for review and appoints John Stephans to work with staff.
- September 1, 2010: Board appoints subcommittee of John Stephans, Steve Thaler, and Town Manager to work on agreement and review the proposed rate structure.

**BACKGROUND:** As directed by the Board, Minden staff worked with Douglas County Public Works staff to discuss water service improvements to the South Valleys area. The interlocal agreement approved in January 2010 served as the basis for these discussions.

The proposed interlocal agreement establishes a 'point of delivery' near the intersection of East Valley Road and Amber Way. The Town of Minden will deliver water to this point and Douglas County will accept water to serve their customers.

At the July 7, 2010, Board meeting, the Board appointed John Stephans as Board representative to the South Valley agreement process. The Board expressed the desire have the same rate apply to all water delivered under the various agreements, and asked that staff work with Douglas County to establish a 'year-specific' rate schedule (Exhibit A), rather than a generic rate schedule that could result in the Town charging different rates to different service areas.

At the September 1, 2010, Board meeting, the Board appointed John Stephans, Steve Thaler, and the Town Manager to work on the agreement and further review rate information. This subcommittee reviewed in detail the current rate structure and has determined that this rate structure does not contain a capital component, to be used to increase production capacity (in the form of additional wells) to meet service commitments.

The subcommittee met with the County Manager and Public Works Director to discuss the current rate structure. This effort will continue.

The purpose of this item is to re-introduce the proposed interlocal agreement between the Town of Minden and Douglas County for wholesale water service to the South Valleys area to the Town Board. Please see attached draft interlocal agreement.

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FISCAL IMPACT: None for this month's discussion on this item.

RECOMMENDATION: None.

POSSIBLE MOTION: None.

ACTION TAKEN:    Approved                      Continued                      Denied

Approved with conditions: \_\_\_\_\_

## DRAFT

### INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER SERVICE

This Agreement is made by and between Douglas County (County), a political subdivision of the State of Nevada, and the Town of Minden (Town), an unincorporated town and a political subdivision of the State of Nevada.

#### RECITALS

WHEREAS the County and the Town are public agencies under NRS 277.100; and

WHEREAS NRS 277.180(1) provides that any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which any of the contracting agencies is authorized by law to perform; and

WHEREAS the County and the Town both own and administer water rights and are authorized by the laws of Nevada to construct, improve, maintain, provide capital improvements and related services for and operate water supply and distribution systems capable of supplying public drinking water to federal and state standards; and

WHEREAS the County and the Town have available groundwater capacity, pumping capability, and water rights to meet the existing and reasonably foreseeable future needs of the County's and the Town's water systems and the County and the Town are authorized by the laws of Nevada to purchase from and deliver water to each other; and

WHEREAS the County wants to purchase a supply of groundwater from the Town that meets or exceeds all currently applicable federal and state standards for public drinking water supplies; and

WHEREAS the Town may want to purchase a supply of groundwater from the County that meets or exceeds all currently applicable federal and state standards for public drinking water supplies; and

WHEREAS the Town has defined the area of beneficial use of its water rights as the Carson Valley, and the Nevada State Engineer has authorized the Town to purvey water within the entire Carson Valley; and

WHEREAS the County and the Town by entering into this contract will be able to provide more effective and efficient services to meet the health, comfort, safety, life, welfare, and property needs of the residents and guests of the County and the Town; and

WHEREAS the Town and County have previously entered into an agreement dated April 3, 2008 and subsequent agreement dated January 21, 2010 providing for the interconnection of the Town's and County's North Douglas County water systems, Carson City and Indian Hills General Improvement District, and now the Town and County desire to interconnect and provide water to the County's South Carson Valley water systems, and potentially to other public agencies under NRS 277.100 serving water to the public within the Carson Valley; and

WHEREAS the Project accomplished by this Agreement is referred to as the South Carson Valley Water Line Intertie Project (Project). The Project will serve existing and future County customers in the Ruhenstroth/Fairgrounds water service area as defined in the County Master Plan. The Project may be oversized to provide capacity to other public agencies under NRS 277.100 serving water to the public within the Carson Valley; and

NOW, THEREFORE, the County and the Town, in consideration of the promises and provisions contained in this Contract and other good and valuable consideration, do agree as follows:

**1. Required Approval.** This Agreement will only become effective after it is approved by the governing body of each Party.

**2. Term of Agreement.** This Agreement is to provide a means of delivering and sharing water resources between the Parties. The nature of the Agreement requires that the Parties use their best efforts to maintain the Agreement as long as customers of both entities are dependent on the interconnection of the Parties' water systems. Unless this Agreement is terminated as provided herein, it will run perpetually from its effective date.

**3. The Town's Responsibilities.**

**A. Construction of Water System Improvements.** The Town agrees to develop and construct water supply wells, storage tanks, distribution lines, and all necessary appurtenant facilities, including pumping and telemetry controls for the Town water distribution system, to deliver wholesale water to the County at the place described in D. Point of Delivery, below.

**B. Town Ownership of Water System Improvements.** The Town's service area shall include all areas within the Town boundary and all areas provided contract water service. Including water infrastructure already installed and maintained by the Town, the Town will own and maintain all water system infrastructure within its service area.

**C. Water Treatment Fund.** Pursuant to the January 21, 2010 INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER, the Town will create a fund which will be established for treatment of Town water in the Project. The

money in such fund will be for treatment costs associated with such water. The money for such purposes will be held in trust by the Town and will consist of revenue collected by the Town from the sale of wholesale water to the County. The Town Water Treatment Fund will be a specially designated reserve account within the Town's Water Enterprise Fund for the sole purpose to fund such water treatment improvements.

#### **D. Point of Delivery.**

(1) The "point of delivery" will be at the intersection of Amber Way and East Valley Road. It is the point at which the Town will deliver and the County will receive, and the County will deliver and the Town will receive the water pursuant to this Agreement.

(2) Nothing in this Agreement is intended to limit or prevent the annexation of additional geographic areas to the Town in accordance with applicable State law and County ordinances.

#### **E. Water Rights.**

(1) The Town, upon written authorization by the County, will produce and file all documents necessary to convey the County water rights to the Town and change the water rights to the Town water system. Documents to be prepared by the Town shall include deeds of conveyance, Reports of Conveyance and Abstracts of Title, applications and supporting maps to change water rights from the County to the Town water distribution system, and documents to be filed with the NDWR in compliance with the conditions of approved permits including Proofs of Completion, Proofs of Beneficial Use, and Applications for Extension of Time. The Town shall ensure that copies of all correspondence and documents related to these water rights dedicated by the County to the Town and filed by the Town with NDWR are provided to the County, and that the County remains an addressee of all NDWR notices and correspondence. The Town shall have full responsibility allowed by NRS for ensuring that such dedicated water rights are maintained in good standing.

(2) In the event that the County temporarily utilizes more water from the Town, on an annual basis, than the water rights transferred to and held by the Town for the benefit of the County, the Town will charge the County an annual fee per excess acre-foot utilized of 0.25% of the current water right sale price as set by the Town of Minden Board. This additional water usage may not be utilized for future development or growth.

### **4. County's Responsibilities.**

**A. Construction of Water System Improvements.** The County will construct a pipeline and all appurtenant facilities, including metering, pumping and telemetry controls for the water transmission system from the point of delivery established in Section 3.D.

**B. County Ownership of Water System Improvements.** In addition to its existing water system infrastructure, the County will own and maintain the improvements identified and contemplated to be constructed under the Project with the exception of those facilities within the Town service area or agreed to be the Town's responsibility.

**C. Water Purchase and Delivery.** The County agrees to purchase water from the Town at a wholesale rate structure described in the attached Exhibit "A," and deliver the water to its customers, as adjusted from time to time in accordance with this Agreement. The County will pay the Town a monthly wholesale service rate per thousand gallons as set out in Paragraph 5.B. for water delivered from the Town to the County. Monthly payment to the Town will begin with the first water delivered.

(1) For water in excess of the total amount of water rights conveyed to the Town from the County, to be pumped to the County water systems, the County will be required to convey to the Town water rights or purchase water rights from the Town for the estimated water usage of each respective entity. In the event that the County dedicates additional water rights to the Town for delivery to the County water system, the Town agrees to produce and deliver the additional water upon completion of the conveyance and when change of the additional rights has been approved by the State of Nevada Division of Water Resources (NDWR).

(2) The County will reimburse the Town for the rates, fees or charges and direct expenses incurred to manage the water rights as provided for in Section 3.E of this Agreement.

(3) In the event that other water purveyors connect to the Project, the County will share measurements of the water used by the other agencies that may ultimately connect to and obtain water via the Project, to facilitate implementation of similar penalty provisions that will be contained in any mandatory Town agreements with the other potential agencies, in the Town's billings in accordance therewith.

(4) The rate, fee or charge set by the County for its customers will be based on the wholesale rate charge by the Town plus an additional charge to cover system depreciation and operations and maintenance costs to deliver water through the County water system.

(5) The County reserves the right to assign and collect rates, fees or charges for any Douglas County water rights conveyed to the Town for future development within the County's service areas.

## **5. Mutual Responsibilities.**

**A. Water Quality.** The quality of water delivered by the Town to the County and the County to the Town under this Agreement must meet or exceed all current and future applicable federal and state standards for public drinking water supplies.

**B. Methodology for Calculating Rates.** The County and the Town agree that the methodology for charging for the cost for wholesale water delivered through this Agreement is based on all the items necessary including, but not limited to, operation

and maintenance costs for pumps, wells, well houses, motors, pipelines, tanks, and water treatment, if any. The methodology for calculating rates, charges or fees will also include, but not be limited to, replacement/depreciation costs for all such infrastructure and attendant power and labor.

(1) The rates, charges or fees will be based on the following:

(a) A prorated share (based on annual water delivery rates to the County and the total annual Town pumping rate) of the prior year's actual system expenditures in the Town's operating statement of expenses pertinent to its water system "Services & Supplies" category.

(b) A prorated share (based on annual water delivery rates to the County and the total annual Town pumping rate) of the cost of salaries and benefits directly related to the Project.

(c) A prorated share (based on annual water delivery rates to the County and the total annual Town pumping rate) of the depreciation/replacement costs of system components/infrastructure.

(d) An increment per thousand gallons for future treatment.

(e) An increment per thousand gallons as a service charge to be dedicated to the Town's Water Enterprise Fund.

(f) Less 100% of all pass-through charges.

(2) Based on this methodology the cost to deliver water to the County from the Town, or from the County to the Town, has been initially determined to be as shown in Exhibit "A" to begin upon completion of the Project and water delivery begins. The 10-year ramp-up in rates, charges or fees is subject to change in the event that power costs and operation and maintenance costs increase sufficiently over the 10-year period that the current rates, charges or fees no longer cover the required expenses.

(3) Wholesale rates shall be reviewed by the Parties annually (as defined by Paragraph F, Annual meetings, below), based upon the annual water production and delivery from the Town to the County and its customers, and the annual operation and maintenance costs of the Town. In the event water is delivered from the County to the Town, then such rates will also take into effect the annual water production and delivery to the Town and its customers, and the annual operation and maintenance costs of the County. Regardless of the foregoing, in the event of an emergency, as defined at NRS 414.0345 or NRS 455.090<sup>1</sup>, the wholesale rates of water need not be reviewed and either Party may make use of available water to perform any function of emergency management without cost.

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<sup>1</sup>NRS 414.0345 defines "emergency" as follows: "An occurrence or threatened occurrence for which, in the determination of the governor, the assistance of state agencies is needed to supplement the efforts and capabilities of political subdivisions to save lives, protect property and protect the health and safety of persons in this state, or to avert the threat of damage to property or injury to or the death of persons in this state." Also, NRS 455.090 states: "'Emergency' means a sudden, unexpected occurrence that involves clear and imminent danger and requires immediate action to prevent or mitigate loss of life or damage to health, property or essential public services."

(4) In the event that water treatment becomes necessary due to degradation in Minden's water quality or due to new water quality standards, the Parties will work together to develop the best solution. Any treatment costs will be first offset by the monies held in the Town's Water Treatment Fund which is supported by all purchasers of water from the Town. The net difference in costs shall be established by the Parties as a treatment component of the wholesale rate and the Parties will use that net difference in cost to set the necessary rate, charge or fee increases to pay for such treatment.

**C. New Development.** Where new development within the County's Master Plan service area is approved by the County and the applicant is required to construct a new water supply in order to serve the development, or the Town finds it necessary to develop additional water supply to meet the need of the applicant, the County must condition approval of such developer's application to meet the requirements of the Town and County for water supply development.

**D. Service Area Expansion.** Any extension of service to areas outside of the Ruhenstroth/Fairgrounds water service area, or to other public agencies will be subject to separate agreements between the Town, County and the requesting party.

**E. Billing.** With respect to water deliveries by the Town to the County or by the County to the Town through this Agreement, meters (placed at the point of delivery) will be read by the Town, and the Town will bill purchasers of its water monthly. The County will remit to the Town payments received from County's users within 30 days of the date of the Town's billing.

**F. Annual Meetings.** The costs to deliver water (set forth in Paragraph 5.B) will be evaluated for appropriateness by the staffs of each Party in November of every year, with approval by the respective boards in December of every year, if needed. If a cost difference in the operations, maintenance, depreciation, or treatment aspects of the rate is determined appropriate by the staffs of the Town and the County, a proposed revised rate, fee or charge will be presented to the governing boards of both Parties for public notice, hearing, and approval or modification. The Parties agree to ensure that the rates, fees or charges accurately reflect the actual costs to the respective Parties for operations, maintenance, depreciation, and treatment. The Town and the County will hold an annual joint board meeting if requested by either Party to discuss, and where necessary amend, in writing, this Agreement.

**G. Plans.** Either Party has the right to inspect any and all plan(s) pertinent to the Project contemplated by this Agreement. Each Party will provide the other with complete information about the infrastructure of their respective water systems. Furthermore, each Party will share with the other its water testing results to ensure water provided hereunder meets Federal, State and local requirements. Such documentation is restricted and should be treated in accordance with NRS 239C.090 and NRS 239C.220.

**6. Limited Liability; Indemnification.** Each Party agrees to indemnify and hold harmless the other Party, to the extent provided by law, including, but not limited to, NRS chapter 41, from and against any liability arising out of the performance of this Agreement proximately caused by any act or omission of its officers, agents, and employees. The Parties will not waive and intend to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both Parties does not include punitive damages.

**7. Ownership of Facilities.** Each entity maintains ownership of its own facilities and no transfer of ownership is implied as part of this Agreement.

**8. Reasonable Care.** Each Party must exercise reasonable care in the performance of its obligations and rights under this Agreement to ensure that the other Party's facilities and operations are not impaired or damaged.

**9. Protection of a Party's Separate Facilities.** If any occurrence or condition during operation or maintenance of the interconnection of the water systems threatens the physical integrity or operational capability of a Party's separate facilities, upon notification to the other Party the affected Party may stop operation or maintenance of the interconnection or take any action that the affected Party determines to be necessary to protect its own separate facilities. Any Party may remove part of the interconnection, if required, for emergency repair of its separate facilities, provided that such affected interconnection facilities are restored to operation as soon as possible by the removing Party.

**10. Severability.** If any provision contained in this Agreement is held to be unenforceable by a court of law or equity, this Agreement will be construed as if the provision did not exist and the non-enforceability of the provision will not be held to render any other provision or provisions of this Agreement unenforceable.

**11. Termination.** This Agreement deals with water resources and the provision of utility service by two separate and distinct retail and wholesale community water utility systems. As such, the public interest is not served by the termination of this Agreement by one of the Parties to this Agreement absent an opportunity to resolve the alleged breach or have its position on the alleged breach submitted to dispute resolution as set forth in Paragraph 17.

This Agreement may be terminated only by the mutual consent and agreement of the Parties or order by a court of competent jurisdiction. If a Party is in breach of a portion of this Agreement, then the Party alleging the breach must provide written notice to the other Party specifying the nature of the violation and allowing 30 days for the Party in breach to correct the violation. If the breach is not corrected within the 30-day period, then the matter must be submitted to dispute resolution as set forth in Paragraph 17.

**12. Nevada Law; Venue.** The laws of the State of Nevada apply in interpreting and construing this Agreement. The Parties agree that venue in any judicial action concerning this Agreement will be in a northern Nevada court having jurisdiction.

**13. Notices.** All written notices under this Agreement must be delivered to the following officials at the addresses set forth below:

County Manager, Douglas County  
P.O. Box 218  
Minden, NV 89423

Town Manager, Town of Minden  
1604 Esmeralda, Suite 201  
Minden, NV 89423

Changes may be made in the names and addresses of the persons to whom notices are to be given pursuant to this paragraph.

**14. Entire Agreement; Amendment.** This Agreement constitutes the full and final agreement between the Parties. This Agreement may not be amended or assigned except by an agreement in writing signed by both Parties, as approved by their boards, and it shall be binding upon and inure to the benefit of the Parties' respective successors and assigns.

**15. Further Cooperation Between the Parties.** Each Party agrees that the County and the Town will further investigate the feasibility of connecting water systems in other locations in the Carson Valley area with the water system, including system operational issues and cost implications.

**16. Force Majeure.** Neither Party shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder due to protests, strikes, legal impossibility, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, emergencies or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event, the intervening cause must not be through the fault of the Party asserting such an excuse, and the excused Party is obligated to promptly perform in accordance with the terms of this Agreement after the intervening cause ceases. In the event of an emergency, as defined at NRS 414.0345 or NRS 455.090, either Party may make use of available water to perform any function of emergency management.

**17. Dispute Resolution.** The Parties agree to first meet and confer to resolve any dispute. If such meet and confer does not resolve the dispute, the Parties agree to mediate before a department of the Ninth Judicial District Court of the State of Nevada in and for the County of Douglas, selected by a flip of the coin, any dispute between them that cannot be resolved by negotiations between the Parties. The Parties may also agree to another independent mediator. The fee, rate or charge of the mediator

will be shared equally by the Parties, who will otherwise be responsible for their own attorney's fees and costs. If mediation is unsuccessful, litigation may proceed before a department of the Ninth Judicial Court of the State of Nevada in and for the County of Douglas that was not involved in the mediation process and attorney's fees and costs will be awarded to the prevailing party at the discretion of the Court.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Douglas County Board of Commissioners

Town of Minden

By: \_\_\_\_\_  
Michael A. Olson, Chairman  
Douglas County Commission

By: \_\_\_\_\_  
Robert S. Hadfield, Chairman  
Minden Town Board

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
District Attorney

By: \_\_\_\_\_  
Town Counsel

Attest:

Attest:

By: \_\_\_\_\_  
Theodore Thran  
County Clerk

By: \_\_\_\_\_  
Town Manager

**January 5, 2011, Minden Town Board Meeting  
Administrative Agenda, Item Number 6**

DATE: December 23, 2010

Prepared by: Roger Van Alyne  
Town Manager

SUBJECT: Introduction and discussion of a proposed interlocal agreement for support services between the Town of Minden and Douglas County. Appearance by Town Manager.

PREVIOUS ACTION:

- June 4, 1997: Board approved an interlocal agreement for support services (Agreement) with Douglas County (unanimous).

BACKGROUND: In June 1997, the Town Board approved the Agreement with Douglas County. The Agreement had a five year term with one automatic renewal, ultimately expiring in 2007. Douglas County wishes to renew the Agreement as written.

This Agreement was informally presented to the Board during the Workshop on December 18, 2010, and another copy is included with this agenda item.

The purpose of this item is to formally introduce the Agreement to the Board, and begin discussion for the next iteration of an interlocal agreement for support services between Douglas County and the Town of Minden.

FISCAL IMPACT: None for this month's discussion on this item.

RECOMMENDATION: None.

POSSIBLE MOTION: None.

ACTION TAKEN:    Approved                      Continued                      Denied

Approved with conditions: \_\_\_\_\_

'97 AUG 13 A9:34

**INTERLOCAL CONTRACT**

This Agreement is made by and between Douglas County (County), a political subdivision of the State of Nevada, and the Town of Minden (Town), an unincorporated town organized under the provisions of NRS 269.500-.652.

BARBARA REED  
BY *[Signature]* DEPUTY

**RECITALS**

WHEREAS, NRS 277.100(1) defines a public agency eligible to enter into an interlocal contract to include counties and unincorporated towns, and the County and the Town are therefore public agencies under NRS 277.100; and

WHEREAS, NRS 277.180(1) provides that any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which any of the contracting agencies is authorized by law to perform; and

WHEREAS, each party is authorized by the laws of Nevada to perform or undertake the function of hiring employees and performing services; and

WHEREAS, by entering into this contract the County and the Town will be able to provide more effective and efficient services;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. The term of this agreement shall commence upon approval of this agreement by the governing boards of both parties and shall continue for a period of five years, unless sooner terminated in accordance with ¶ 4 or unless renewed in accordance with

¶ 5.

2. Numerous County offices and departments, including but not limited to the following, may currently provide direct or indirect services to the Town:

Assessor's Office	Comptroller's Office
County Commissioners	County Manager's Officer
County Clerk's Office	District Attorney's Office
Human Resources	Information Systems
Facilities Operations	Purchasing

As other departments are identified in the County Cost Identification and Recovery Plan as either providing or not providing direct or indirect services to the Town, they shall be deemed to be added or subtracted from this noninclusive listing.

3. The County will, in accord with its Cost Identification and Recovery Plan, identify and account for the costs of providing services to the Town from the County department identified expressly and by implication in ¶ 2 of this agreement. However, the parties to this agreement recognize and agree that the Town services provided by state statute and county code are of benefit to the County and are comparable in value to the County services provided to the Town. Among the Town services provided are drainage, solid waste disposal, parks, streets, and water distribution. As another example, the Town extensively participates in the Development Review Committee and assists in the examination of applications that could lead to proposed development in the Town. Therefore, the parties agree that no payment for the cost of the indirect and direct services provided by the County in accord with the Cost Identification and Recovery Plan will be required.

4. Either party, without cause, may terminate this contract upon one hundred

twenty days written notice to the other party. The notice of termination may provide for termination of some or all of the office or department services provided to the Town. If only some of the office or department services are to be terminated, the other party may elect to provide notice of termination of any or all remaining services provided to the Town.

In addition, the notice of termination may provide for termination of some or all of the services provided by a particular office or department. If only some of the services provided by a particular office or department are to be terminated, the other party may elect to provide notice of termination of any or all remaining services provided by the particular office or department.

5. This contract shall automatically be extended for an additional five year term on the same terms and conditions of this Agreement unless either party, at least thirty days prior to the expiration of the initial five year term, notifies the other party in writing of its decision to not renew the contract for an additional five year term.

6. With respect to the provision of Human Resources services, the parties agree that the provision of such services is dependent upon the Town substantially adopting and complying with the County Personnel Ordinance, Personnel Policies and Procedures, compensation and benefits plan, and accompanying lawful and reasonable practices and interpretations of the County Human Resources Department. The parties also agree that under current law Town employees are not eligible to participate in County bargaining units, and that the County will administer a pay plan incorporating Town staff and employee jobs.

7. The County Manager is expressly delegated the authority by the Board of County Commissioners to implement, administer, renew, and terminate this contract on behalf of the County. Notwithstanding such delegation, the Town may request the Board of County Commissioners to review and modify any decision made by the County Manager pursuant to this delegation of authority.

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

9. The laws of the State of Nevada shall be applied in interpreting and construing this agreement.

10. The illegality or invalidity of any provision or portion of this agreement shall not affect the validity of the remainder of the agreement.

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

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

County Manager  
Post Office Box 218  
Minden, Nevada 89423

Town of Minden  
Post Office Box 205  
Minden, Nevada 89423

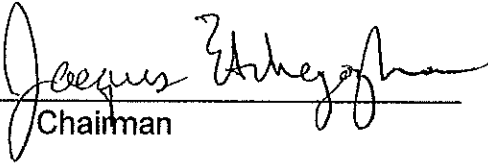
13. This agreement may not be assigned except by an agreement in writing

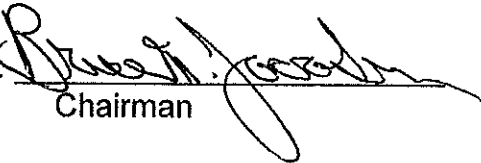
signed by both parties and shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed as of the day and year first above written.

DOUGLAS COUNTY BOARD  
OF COUNTY COMMISSIONERS

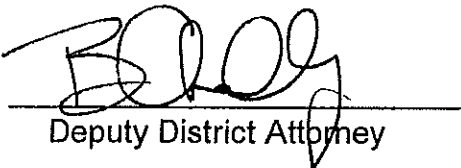
TOWN OF MINDEN

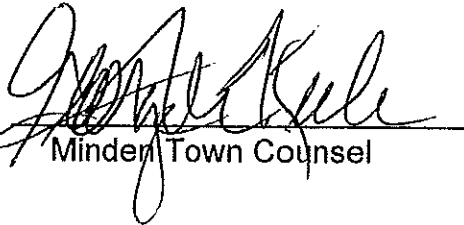
By:   
Chairman

By:   
Chairman

Approved as to form:

Approved as to form:

By:   
Deputy District Attorney

By:   
Minden Town Counsel