

INTERLOCAL COOPERATIVE AGREEMENT

This Interlocal Cooperative Agreement ("Agreement") is entered into by and between the Nevada Commission for the Reconstruction of the V&T Railway ("Commission") and the Board of County Commissioners of Storey County, Nevada ("Storey County") on this 24th day of May, 2010, notwithstanding a later date of execution of this Agreement.

WITNESSETH

WHEREAS, Storey County is a duly created County of the State of Nevada which is authorized and empowered by Chapters 244 and 277 NRS to enter into an interlocal cooperative agreement with another public entity; and

WHEREAS, the Commission, duly created by Chapter 566 Statutes of Nevada, 1993, is authorized and empowered to do all things necessary to establish and maintain a railway which as closely as possible reconstructs the historic Virginia & Truckee Railroad; and

WHEREAS, the Commission and Storey County may contract with each other pursuant to the provisions of NRS 277.180 to perform any activity or undertaking which either entity is authorized by law to perform; and

WHEREAS, NRS 277.057 authorizes public entities such as the Commission and Storey County to enter into cooperative agreements for the preservation, protection, restoration and enhancement of unique and irreplaceable sites of historical significance. Both the Commission and Storey County have determined that the reconstruction of the V&T Railway between Carson City and Virginia City is unique, irreplaceable and is historically significant; and

WHEREAS, by Ordinance 144 adopted by Storey County in 1995, Storey County imposed an additional tax upon retailers in Storey County at the rate of 1/4 of 1 percent of the gross receipts of any retailer from the sales of tangible personal property sold at retail in Storey County on or after 1 January 1996 for the sole purpose of contributing Storey County's share of the costs of the reconstruction of the railroad. After an affirmative vote of a majority of voters of Storey County, Storey County implemented the additional tax for a period of 15 years; the current additional 1/4 of 1 percent sales tax will "sunset" or expire as of 1 January 2011 unless renewed by the electorate of Storey County; and

WHEREAS, the Commission and Storey County have enjoyed, and continue to enjoy, a close "partnership" in the railroad reconstruction efforts. The Commission has been able to reconstruct the railroad from Gold Hill to the outskirts of Carson City, however, the Commission has not undertaken any construction of improvements of the railroad from its current terminus to the old freight depot and adjoining parcel; the depot and parcel located within Virginia City and known as 104 and 136 North E Street; Storey County APNs 01-096-01 and 01-096-02; and

WHEREAS, Storey County has undertaken feasibility studies to determine the necessary improvements required to extend the railroad from its existing terminus to the former freight depot of the Virginia & Truckee Railroad located within Virginia City; and

WHEREAS, the Commission and Storey County agree that reconstruction of the railroad within Virginia City is a valued and valuable extension of the Commission's reconstruction efforts; and

WHEREAS, on 11 January 2010 the Commission approved two requests made by Storey County; the first of such requests was to approve of a one-time grant of \$250,000 to match Storey County's identical amount for the purchase of the old freight depot in Virginia City. The Commission also approved a request from Storey County to return to Storey County any of the funds collected by the Commission from the 1/4 of 1 percent additional sales tax imposed by Storey County Ordinance No. 144 for the balance of calendar year 2010; and

WHEREAS, Storey County will present a question to the Storey County electorate on the November 2010 ballot to extend the 1/4 of 1 percent sales tax for the purpose of reconstruction and maintenance of the railroad; specifically, for the reconstruction of the railroad through Tunnel No. 6 and to the old freight depot and adjoining parcel in Virginia City. *

NOW THEREFORE, for and in consideration of the above-stated recitals, each and every of which is incorporated into the parties' Interlocal Cooperative Agreement, and the mutual covenants, conditions and promises contained in this Agreement, the Commission and Storey County agree as follows:

AGREEMENT

1. The Commission and Storey County agree that the "refund" of collected Storey County sales' taxes collected by the Commission pursuant to the requirements of Storey County Ordinance 144 shall continue to be refunded to Storey County for calendar year 2010.

2. The Commission and Storey County agree that should the Storey County electorate pass an extension of the 1/4 of 1 percent sales to be used solely for the reconstruction and maintenance of the Virginia & Truckee Railway, the Commission will continue to refund to Storey County, on a monthly basis, such sales taxes as are collected by the Commission under any renewed or extended sales tax ordinance for the entire length of time that such additional 1/4 of 1 percent sales tax is approved by the Storey County electorate. Storey County agrees, subject to the terms and conditions of this Agreement, to apply the refunded sales tax money to the reconstruction and maintenance of the railroad.

3. The Commission and Storey County agree that, at the time of the approval of this Agreement, the Commission has contracted for train operations between Carson City and Virginia City. While the Commission and Storey County both believe that the revenues generated from ticket

sales will pay for the cost of operation and track maintenance, the Commission and Storey County recognize that in any month's period the ticket sales revenue may not be sufficient to cover all of the operating costs incurred by the Commission.

The Commission and Storey County agree that for any month of the term of this Agreement, where ticket sales revenues are insufficient to maintain the Commission's train operations or track maintenance expenses, the Commission may withhold, for the purposes of payment of the costs of train operations and track maintenance, a portion or all of that month's sales tax revenues received from the 1/4 of 1 percent sales tax imposed by Storey County.

4. The Commission shall provide written notice to Storey County that all or a portion of a month's sales tax revenues must be retained for the purposes of payment of the costs of train operations and track maintenance as soon as practicable after it learns of a shortfall in ticket sales revenue.

5. To the fullest extent of Chapter 41 NRS, each party shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other from and against all liability, claims, actions, damages, lawsuits, and expenses, including but not limited to reasonable attorney's fees and costs, caused by any negligence, error, omissions, recklessness or intentional misconduct of any party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any right or obligation of indemnity which would otherwise exist as to any party or person described herein. This indemnification obligation is conditioned upon the performance of contractual duties by the party seeking indemnification (Indemnified Party), and its service upon the other party (Indemnifying Party) with written notice of the actual or pending claim within thirty days of Indemnified Party's notice of actual or pending claim or cause of action. The Indemnifying Party shall not be liable for reimbursement of any attorney's fees and costs incurred by the Indemnified Party due to said party exercising its right to participate with its legal counsel.

6. The parties do not waive and intend to assert available liability limitations in all cases as set forth in Chapter 41 NRS. Agreement liability of both parties shall not be subject to punitive damages. Actual damages for any breach shall never exceed the amount of funds which have been identified for payment under this Agreement for each month.

7. This Agreement and the rights and obligations of the parties shall be governed by, and construed in accordance with, the laws of the State of Nevada.

8. The illegality or invalidity of any provision or portion of this Agreement shall not affect the validity of the remainder of the Agreement and this Agreement shall be construed as if such provision did not exist. The unenforceability of such provision shall not be held to render any other provision or provisions of this Agreement unenforceable.

9. Each party agrees to keep and maintain under generally accepted accounting principles full, true and complete records and documents pertaining to this Agreement and present

to the other party, at any reasonable time, such information for inspection, examination, review, audit and copying at any office where such records and documentation are kept.

10. The parties are associated with each other only for the purposes and to the extent set forth in this Agreement. Each party is and shall be a public agency separate and distinct from the other party and shall have the right to supervise, manage, operate, control and direct performance of the details incident to its duties under this Agreement. Nothing contained in this Agreement shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or, except as provided herein, otherwise create any liability for one agency whatsoever with respect to the indebtedness, liabilities and obligations of the other agency or any other party.

11. Neither party shall assign, transfer, or delegate any rights, obligations or duties under this Agreement without the prior written consent of other party.

12. This Agreement shall not become effective unless and until approved by the appropriate official action of the Commission and Storey County.

13. This Agreement constitutes the entire agreement of the parties and such is intended as a complete and exclusive statement of the rights, duties, obligations and other agreements that may have been made in connection with the subject matter hereof.

IN WITNESS WHEREOF, the above-named parties have hereunto set their hands and executed this Agreement on the date(s) set forth below.

Dated: May _____, 2010

Dated: May 20th, 2010

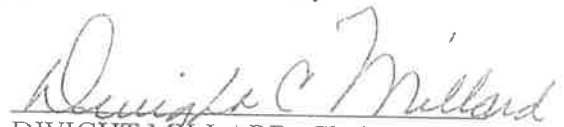
Storey County, Nevada Board of
County Commissioners

Nevada Commission for the Reconstruction of
the Virginia & Truckee Railway


By:

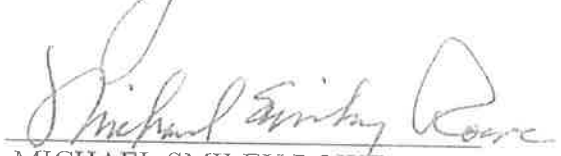

Chairman

By:


DWIGHT MILLARD, Chairman

Approved as to form and content:


HAROLD SWAFFORD,
Storey County District Attorney


MICHAEL SMILEY ROWE,
General Counsel for the Nevada
Commission for the Reconstruction of
the & Truckee Railway