

CLARK COUNTY, NEVADA,
ELECTRICAL SYSTEM FRANCHISE AGREEMENT
GRANTED TO VALLEY ELECTRIC ASSOCIATION, INC.

THIS AGREEMENT is made and entered into this 18th day of MAY, 2021, (the Effective Date") by and between the County of Clark, Nevada, a political subdivision of the State of Nevada ("County"), and Valley Electric Association, Inc., a Nevada nonprofit cooperative corporation without stock ("Franchisee").

In consideration of the covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

WHEREAS, the Franchisee, a corporation organized and existing under and by virtue of the laws of the State of Nevada, and duly qualified to transact business within the State of Nevada, is engaged in the business of operating an Electrical System to provide Electric Public Utility Service; and

WHEREAS, the County is authorized, pursuant to Nevada Revised Statutes Chapter 709, to grant a franchise to install, maintain and operate Public Utility Facilities, as defined by Clark County Code, which requires the use of County's Rights-of-Way; and

WHEREAS, the Franchisee hereby attests that the information submitted in the Franchisee's application to the County to obtain this Franchise is true and correct.

NOW, THEREFORE, in consideration of the premises and of the performance by the Franchisee of the requirements hereinafter set forth, and subject to the following terms and conditions, the County hereby grants this Franchise to the Franchisee.

Section 1. Definitions.

Except as otherwise provided herein, the definitions and word usage set forth in Clark County Code Chapter 5.01 are incorporated herein and shall apply in this Agreement, and the following additional definitions shall apply to this Agreement. Terms, phrases, words, and their derivations shall have the meanings set forth therein, unless the context clearly indicates that another meaning is intended. Words used in the present tense include the future, words in the plural number include the singular number and words in the singular number include the plural number. The words "shall" and "will" are mandatory and "may" is permissive.

1.1 "Agreement" means this contract and any amendments, exhibits or appendices hereto.

- 1.2 "Certificate" means the certificate of public convenience and necessity issued to the Franchisee by the PUCN for the provision of Electric Public Utility Service to the Franchisee's customers.
- 1.3 "Electric Public Utility Service" means the provision of electric services that the Franchisee is legally able to provide under existing or subsequent law in compliance with its Certificate.
- 1.4 "Electrical System" or "System" means the poles, towers, supports, wires, conductors, cables, guys, platforms, crossarms, braces, transformers, insulators, conduits, ducts, vaults, manholes, meters, cut-offs, switches, generators, communications circuits, appliances, attachments, appurtenances and any other property used by Franchisee in the provision of Electric Public Utility Service.
- 1.5 "Franchise" means the non-exclusive authorization granted by the County to the Franchisee to construct, maintain and operate its Electrical System in the Rights-of-Way to provide Electric Public Utility Service, and other services allowed by law, to customers within the Franchise Area, in accordance with the terms and conditions set forth in both the Clark County Code and this Agreement.
- 1.6 "Franchise Area" means that area of the Franchisee's service territory, as such service territory is established under the Franchisee's Certificate, that is located within the unincorporated areas of the County as identified in Exhibit A attached hereto and made a part hereof.
- 1.7 "JPAs" mean the Joint Pole Agreements made between Valley Electric Association, Inc. and any other third-party person or entity, which establish pole ownership, operating practices and use.
- 1.8 "NRS" means the Nevada Revised Statutes, as amended from time to time.
- 1.9 "PAC" means pole attachment contracts under which Franchisee permits the attachment of facilities used by others to Franchisee's Facilities.
- 1.10 "PUCN" means the Public Utilities Commission of the State of Nevada, and its successors.

Section 2. Term.

- 2.1 COMMENCEMENT OF TERM. The Effective Date of this Agreement shall be the date the County grants this Franchise to the Franchisee as written above.

- 2.2 DURATION OF TERM. This Agreement shall continue in full force and effect through May 18, 2031, with one five-year renewal option pursuant to Clark County Code Chapter 5.01 (the "Term"). The expiration date shall be the last day of the Term or any extension thereof.

Section 3. Code Applicability.

Clark County Code Chapters 5.01, 6.08 and 6.13, and the applicable provisions of Title 30, as amended from time to time, and the "Uniform Standard Specifications for Off-Site Construction, Clark County Area" (latest edition) are hereby incorporated herein and together with all provisions of this Agreement shall be binding upon the Franchisee, its successors, or assigns. In the event of any conflict between any amendment to the aforementioned Clark County Code provisions and the provisions of this Agreement, the Clark County Code provisions shall control if the Franchisee was provided notice and an opportunity to be heard pursuant to Section 5.01.070(f).

This Agreement may be altered or amended upon agreement of the County and the Franchisee. The County Commission reserves the right to legislate concerning the use by the Franchisee of the Rights-of-Way for the public welfare or the protection of the public interest at any time hereafter upon such notice to the Franchisee as may be required by State law or County ordinance and an opportunity for the Franchisee to be heard.

By this Section it is not intended that Franchisee be subject to any greater obligation to comply with Code than it would be otherwise. The Franchisee retains its right to legally challenge the Code or any amendment thereto.

Section 4. Grant of Franchise.

Subject to the terms and conditions of this Agreement and all applicable provisions of the Clark County Code, the County hereby grants a Franchise to the Franchisee for an Electrical System within the Rights-of-Way of the Franchise Area for the sole purpose of providing Electric Public Utility Service for which it holds a Certificate. This Agreement does not confer any rights other than as expressly provided for herein or as mandated by federal, state, or local law. The Franchisee hereby agrees to provide Electric Public Utility Service in all portions of the Franchise Area to the extent required to do so by its Certificate.

Section 5. Limitations on Grant of Franchise.

- 5.1 The Franchise does not authorize any other license or permit required for the privilege of transacting and carrying on a business within the County as required by the Codes, ordinances and laws of the County, or for attaching devices to poles of other structures owned

by the County or an entity other than the Franchisee, or for excavating or performing other work in or along Rights-of-Way.

- 5.2 Except as permitted by applicable law or Subsection 7.1 herein, nothing contained in this Agreement shall be construed as authorizing the Franchisee to use, or permit the use of, any portion of its Electrical System for any purpose other than those reasonably necessary for the provision of Electric Public Utility Service unless prior written approval is obtained from the County.

Section 6. Franchisee's Use of County Property.

- 6.1 FRANCHISEE'S FUTURE ATTACHMENTS TO COUNTY PROPERTY. The Franchise granted herein does not authorize the Franchisee to attach any part of its Facilities to County property located within or outside of the Rights-of-Way, except for the Rights-of-Way itself, until and unless the Franchisee has entered into a separate written agreement with the County, in the County's sole discretion, supported by independent consideration, for the rights of attachment and use.
- 6.2 NO RETROACTIVE EFFECT OF FEE REQUIREMENTS. Nothing in this Section 6 shall require the Franchisee to pay any fees for attachments to and the use of County property prior to the Effective Date of this Agreement. The County agrees to reasonably negotiate with the Franchisee to remedy the existence of any such prior attachments discovered on County property, which may include memorializing the existence of an attachment in a written document, so long as said attachment is not creating a detriment to the public welfare and safety, and may include payment of a fee from the Effective Date.

Section 7. Third-Party Use of Franchisee's Facilities; Excavation; Pole Ownership.

- 7.1 COUNTY NOTIFICATION OF USE OF FRANCHISEE'S FACILITIES BY THIRD PARTIES. The grant of the Franchise herein does not permit use by third parties of the Franchisee's Facilities located in Rights-of-Way. However, County acknowledges that state or federal law may require that the Franchisee allow third parties to make attachments to the Franchisee's Facilities. The Franchisee shall notify County of the names and addresses of third parties who currently have attached their facilities to the Franchisee's Facilities in Rights-of-Way, and of any future third parties upon their initial request to enter into an agreement for such attachment. Thereafter, upon verification by the County that said third party is duly licensed, franchised or otherwise permitted to occupy the Rights-of-Way, or if no such verification is provided by the County within 45 days after the Franchisee's notification to the County, the Franchisee may permit such third party to attach its facilities to the Franchisee's Facilities within the Rights-of-Way.

7.2 PERMISSION REQUIRED TO TRANSFER FRANCHISEE'S FACILITIES TO THIRD PARTY. Except for the transfer of ownership of poles made under the terms of the JPAs, the Franchisee shall not transfer ownership of any of its Facilities in the Rights-of-Way to any third party without the express written consent of the County, which consent may not be unreasonably withheld. The Franchisee will require that any pole transferred under the JPAs or through consent of the County Commission is labeled identifying pole ownership.

7.3 FRANCHISEE'S OVERHEAD RELOCATION ACTIVITIES. Whenever the Franchisee plans to relocate to the underground any of its overhead Facilities within the Rights-of-Way, the Franchisee shall apply and obtain all permits as may be required under applicable Code prior to commencing such excavation and shall provide written notice to all third parties located in the specific Rights-of-Way who have attached their own facilities to the Franchisee's overhead Facilities that are to be placed underground, of the anticipated date of undergrounding of the overhead Facilities or of excavation, pursuant to the applicable provisions of Title 30 of the Clark County Code. Undergrounding notices shall specify:

- (i) that all third-party attachments must be removed or placed underground prior to scheduled removal of the Franchisee's overhead Facilities; and
- (ii) an estimated timetable for when the Franchisee will complete its undergrounding.

The Franchisee shall cooperate with the County and other persons occupying the Rights-of-Way in sharing use of its excavations.

7.4 FRANCHISEE'S RESPONSIBILITY FOR ITS FACILITIES. The Franchisee shall remain responsible for all claims and liabilities of whatever nature related to its Facilities until such time as such Facilities have been:

- (i) completely removed and the Right-of-Way repaired and restored to its prior or better condition to the satisfaction of the Director of Public Works;
- (ii) abandoned in place as approved by the Director of Public Works in accordance with Chapter 5.01 of the Clark County Code; or
- (iii) transferred to a third party pursuant to the JPAs or with the consent of the County Commission.

Pursuant to Code and consistent with Subsection 7.1 above, this Agreement is not authorization for use by third parties of Rights-of-Way, which authorization must be independently obtained from the County. Such third parties are liable to the County in accordance with applicable Code and the terms of any County authorization, and are liable to the Franchisee in accordance with the JPAs or a PAC. In the event the Franchisee is removing or required to remove any of its Facilities from Rights-of-Way, the County and the Franchisee shall each agree to require and diligently pursue, under the terms of their respective authority, removal of any third-party facilities attached to the Franchisee's Facilities.

- 7.5 POLE ATTACHMENT AGREEMENTS TO BE FURNISHED TO COUNTY. Franchisee shall, upon request, within a reasonable time period not to exceed 30 days provide the County with copies of any PACs or similar agreements allowing the use of the Franchisee's Facilities in the Rights-of-Way.

Section 8. Construction Interference.

- 8.1 INTERFERENCE WITH PUBLIC FACILITIES. The placement, installation, use and maintenance of the Franchisee's Electrical System within the County Rights-of-Way shall be done in a manner so as not to interfere with the placement, installation, use and maintenance of Public Improvements that have been or may be authorized by the County Commission, County Manager or Director of Public Works, or the County Commission acting as the governing body of any special district or entity, now or hereafter created for any purpose.
- 8.2 SURVEY MONUMENTS. All survey monuments which are disturbed or displaced by the Franchisee in its performance of any work under this Agreement shall be referenced and restored by the Franchisee in accordance with all pertinent federal, state and local standards and specifications.

Section 9. Work by Others.

The County reserves the right to lay and permit to be laid, sewer, gas, water, electrical, telecommunications, cable television and other pipe lines or cables and conduits, and to do and permit to be done any underground and overhead work, and any attachment, restructuring or changes in aerial facilities that the County Manager requires in, across, along, over or under any Rights-of-Way or other County property occupied by the Franchisee, and to change any curb or sidewalk or the grade of any street. In permitting work to be done, the County shall not be liable to the Franchisee for any damages not directly caused by the negligence of the County; provided, however, nothing herein shall relieve any other person or entity, including any contractor, subcontractor, or agent, from liability for damage to the Franchisee's Facilities.

Section 10. Relocation of Facilities.

- 10.1 REMOVAL AND RELOCATION. The Franchisee will be responsible for the cost of removal or relocation of its Facilities in Rights-of-Way in accordance with applicable provisions of Chapter 5.01 and Title 30 of the Clark County Code.
- 10.2 PRIOR RIGHTS; COST FOR RELOCATION. Notwithstanding any other provision of this Agreement to the contrary, if the County requires the Franchisee to relocate any of its Facilities located in the Rights-of-Way in which the Franchisee has demonstrated in

accordance with this subsection that it had a valid Easement prior to the time such location was dedicated to or otherwise received by the County, the County shall be responsible for the Franchisee's actual costs of relocating such Facilities pursuant to this Section 10, including the cost of obtaining a new equivalent Easement for the Franchisee if the County determines that no space is available in the Rights-of-Way for the Franchisee's Facilities. The County will not be responsible for the relocation costs if the Facilities were not placed in conformance with the applicable statutes, ordinances and codes in effect at the time of the Facilities' original construction. All other provisions of this Section 10 shall apply to the Franchisee's work in performing the relocation of any Facilities covered by this Section.

In instances where no Public Improvements or Facilities have been installed as of the Effective Date of this Agreement and a patent exists for roadway and utility purposes and is not patented or reserved specifically in the name of the County or the Franchisee, the party which is first to install a Public Improvement or Facility in such patent will be considered to have the prior right so long as in the case of the Franchisee the Facility was in place in accordance with applicable statutes, ordinances and codes. In instances where Public Improvements or Facilities have been installed prior to the Effective Date of this Agreement in a patent not reserved specifically in the name of the County or the Franchisee, prior rights will be determined pursuant to the terms and conditions of the franchise agreement in effect at the time of installation of said Public Improvement or Facilities.

A claim from the Franchisee for reimbursement for relocation of Facilities under a prior right must include a copy of the Easement instrument/document. If no such instrument/ document can be produced, the claim must include a statement clarifying the prior land right, and must be signed by an officer, director or manager of the Franchisee who avers that the information set forth in the claim is accurate and complete. The claim must be accurate and include supporting proof that a prior land right exists for the Franchisee's Facilities. If the Franchisee fails to provide the County with sufficient proof of a prior right, the Franchisee will be responsible for the actual cost of the relocation.

In instances where the Franchisee has demonstrated a prior right in accordance with this subsection and the County requires the Franchisee to relocate its Facilities outside of its original prior right location, the County will recognize the Franchisee's prior right in the new location by issuance of an instrument/document recognizing the prior right.

10.3 REMAIN IN PLACE FACILITIES. Remain in Place Facilities are facilities that:

- (i) the Franchisee owns or may own;
- (ii) exist as of the date of this Agreement and those that may be established in the future;
- (iii) are located in the County rights-of-way;
- (iv) are not in service and are no longer being used, and
- (v) the Franchisee intends to remain in their existing place.

Such Remain in Place Facilities include but are not limited to subterranean conduit, electric cable, concrete footings, vaults, etc.

The Franchisee agrees that the Remain in Place Facilities are allowed to remain in place subject to all applicable laws, regulations, standards and specifications, whether federal, state or local, including, but not limited to, removal of liquids and substances and capping, etc.

The Franchisee and the County agree that the Remain in Place Facilities are not abandoned under Clark County Code Chapter 5.01, and the Remain in Place Facilities may later be abandoned pursuant to Clark County Code Chapter 5.01.

Should the Franchisee allow for its facilities to be removed from service and remain in place in the County rights-of-way, and such facilities interfere with existing or future County improvement(s), as solely determined by the County, then the Franchisee agrees to remove the interfering Facilities within thirty (30) days of receipt of notice from the County at its sole cost and expense and at no cost or expense to the County, and in accordance with all applicable federal, state and local laws, regulations, standards and specifications. If the Franchisee does not remove said Facilities within that time period, the County, or its contractor, may do so at the Franchisee's cost and expense and the Franchisee agrees to pay the County the costs and expenses specific to removal or alternative mitigation, as solely determined by the County, to eliminate the interference, within thirty (30) days of receipt of invoice by the County. If the County determines that it, or its contractor, must remove or mitigate the interference with said Facilities, the County does not need consent of the Franchisee.

The Franchisee understands and agrees that it is responsible to the County for any and all costs directly incurred by the County as a result of the Remain in Place Facility, including design modifications, additional costs to the County's project and contractor (including delay damages), additional staffing and construction management costs, and any special treatments due to asbestos, leaking, soil contamination remediation, etc. The Franchisee agrees to pay for these costs within thirty (30) days of receipt of invoice from the County. The Franchisee understands and agrees that the County is not obligated to obtain concurrence from the Franchisee before paying its contractor, consultants or staff for work necessitated as a result of the Remain in Place Facility. The County, in its sole discretion, will determine the amounts paid to its contractor, consultants and staff.

The Franchisee agrees to comply with all conditions of County-issued encroachment permits and/or County-approved plans relating to any given Remain in Place Facilities. The Franchisee agrees to continue to maintain record of the Remain in Place Facilities currently mapped and/or known. From the Effective Date of this Agreement, the Franchisee agrees to map and maintain record of all future Remain in Place Facilities. Said information shall be

provided to the County in accordance with the provisions of Chapter 5.01 of the Clark County Code or as otherwise requested by the County.

- 10.4 STATE CONTRIBUTIONS. Nothing in this Agreement shall be construed as to prohibit or restrict payment to the Franchisee from the State of Nevada from federal funds for relocation of all or any portion of the Franchisee's Electrical System pursuant to the provisions of NRS 408.407.

Section 11. Business License.

The Franchisee shall maintain a valid unexpired County business license and pay all applicable business license fees in accordance with applicable provisions of Title 6 of the Clark County Code during the Term of this Agreement. The Franchisee shall pay all other fees as may be required by Nevada Revised Statutes and/or other applicable laws, ordinances or regulations.

Section 12. Franchise Fee In Lieu of Business License Fee.

If the business license fee provisions of Title 6 of the Clark County Code relative to the Franchisee are repealed or declared invalid by a court of competent jurisdiction during the Term of this Agreement, the Franchisee agrees as compensation for the use of the Rights-of-Way to pay the County a franchise fee. The franchise fee shall be established by the County Commission, not to exceed the maximum amount allowed by law.

Section 13. Records.

- 13.1 BUSINESS RECORDS. Pursuant to applicable provisions of Titles 5 and 6 of the Clark County Code, the County shall have the right to inspect, copy and audit all records relevant to the calculation of the business license fee or franchise fee, and to recompute any amounts determined to be payable under this Agreement. The Franchisee shall provide or make such records available at a reasonable time, not to exceed 30 days, and at a location within the County at County's reasonable request. The Franchisee shall maintain its fiscal and financial records, and have all relevant fiscal and financial records maintained by others on its behalf, in such a manner as to enable the County to determine amounts subject to fees pursuant to Sections 11 and 12 of this Agreement.
- 13.2 "AS-BUILT" DRAWINGS. The Franchisee shall provide the County with a set of "as-built" drawings of its System, or any portion thereof, pursuant to applicable provisions of Chapter 5.01 of the Clark County Code.

Section 14. Transfers and Assignments.

The Franchisee shall comply with the provisions of Chapter 5.01 of the Clark County Code, as amended from time to time, in any transfer or assignment of this Agreement.

Section 15. Revocation And Penalties.

- 15.1 The County Commission shall have the right to revoke and terminate this Agreement, in addition to any other rights or remedies set forth in this Agreement or provided by law, pursuant to the provisions of Chapter 5.01 of the Clark County Code, as amended from time to time.
- 15.2 After providing notice and an opportunity for the Franchisee to be heard and a reasonable opportunity to cure, the County Commission may impose upon the Franchisee reasonable fines or penalties in an amount not to exceed five hundred dollars (\$500.00) per day or any total amount per occurrence greater than one hundred thousand dollars (\$100,000.00), if the County Commission finds that the Franchisee has failed to comply with any of the conditions or obligations imposed by this Franchise Agreement or any applicable provisions of the Clark County Code. For purposes of this Agreement, "occurrence" refers to an event and not individual instances of damage or loss that cumulatively result from an event. These fines or penalties shall be in addition to any other remedies available under law to the County. Any such fines or penalties shall be due within 30 days of the Franchisee's receipt of written notification by the County of the fine or penalty, made payable to the County Treasurer and delivered to the County Manager at the County's address indicated in Section 22 of this Agreement. A late charge of five percent (5%) of the fine or penalty imposed shall be assessed if the fine or penalty is not paid within such 30 days of the written notification.
- 15.3 If a fine or penalty which has been imposed by the County Commission is not paid within such 30 days, the Franchisee hereby grants the County authorization to deduct the amount of the fines or penalties plus late charges, if any, from the Franchisee's security deposit provided for such purposes, pursuant to Section 18 herein and the applicable provisions of Clark County Code Titles 5 and 6. If at any time the County has drawn upon such security deposit, the Franchisee shall within 30 days of notification from the County replenish such security deposit to the original minimum amount established in Clark County Code.

Section 16. Indemnification.

- 16.1 The Franchisee shall indemnify, hold harmless, and defend the County, its officers and employees in accordance with the provisions of Clark County Code Chapter 5.01, as amended from time to time.

- 16.2 The County will notify the Franchisee of all claims, demands and/or actions brought against the County by reason of the existence or installation, maintenance or use of any of the Franchisee's Electrical System by reason of any alleged acts or omissions of the Franchisee in performing or failing to perform any of its obligations under this Franchise. County will furnish to the Franchisee all information in its possession relating to such claims, demands or actions.
- 16.3 The following procedures shall apply to all claims for indemnification under this Section 16.
- (i) If the County receives notice of or otherwise has actual knowledge of a claim which it believes is within the scope of indemnification owed to it under this Section 16 by Franchisee, it shall by writing as soon as practicable:
 - (A) Inform the Franchisee of such claim;
 - (B) Send to the Franchisee a copy of all written materials the County has received asserting such claims; and
 - (C) Notify the Franchisee that either (1) the defense of such claims is being tendered to the Franchisee or (2) the County has elected to conduct its own defense for a reason set forth in subsection 16.3 (v) below.
 - (ii) If the insurer under any applicable insurance policy accepts tender of defense, the Franchisee and the County shall cooperate in the defense as required by the insurance policy. If no defense is provided by insurers under potentially applicable insurance policies, then Subsections 16.3 (iii), (iv), (v) and (vi) below shall apply.
 - (iii) If the defense is tendered to the Franchisee, it shall within 45 days of said tender deliver to the County a written notice stating that the Franchisee:
 - (A) Accepts the tender of defense and confirms that the claims are subject to full indemnification hereunder without any "reservation of rights" to deny or disclaim full indemnification thereafter;
 - (B) Accepts the tender of defense but with a "reservation of rights" in whole or in part; or
 - (C) Rejects the tender of defense if it reasonably determines it is not required to indemnify against the claims under this Section 16.If such notice is not delivered within such 45 days, the tender of defense shall be deemed rejected.
 - (iv) If the County gives notice under subsection 16.3 (i)(C)(1) above, the Franchisee shall have the right to select legal counsel for the County, and the Franchisee shall otherwise control the defense of such claims, including settlement, and bear the fees and costs of defending settling such claims. During such defense:

- (A) The Franchisee shall at the Franchisee's expense, fully and regularly inform the County of the progress of the defense of any settlement discussions; and
 - (B) The County shall, at the Franchisee's expense, (1) fully cooperate in said defense, (2) provide to the Franchisee all materials and access to personnel it requests as necessary for defense, preparation and trial and which or who are under the control of or reasonably available to the County, and (3) maintain the confidentiality of all communications between it and the Franchisee concerning such defense.
- (v) The County shall be entitled to select its own legal counsel and otherwise control the defense of such claims if:
- (A) The defense is tendered to the Franchisee and it refuses the tender of defense, or fails to accept such tender within 45 days, or reserves any right to deny or disclaim such full indemnification thereafter; or
 - (B) The County, at the time it gives notice of the claims or at any time thereafter, reasonably determines that (1) a conflict exists between it and the Franchisee which prevents or potentially prevents the Franchisee from presenting a full and effective defense, (2) the Franchisee is otherwise not providing an effective defense in connection with the claims or (3) the Franchisee lacks the financial capacity to satisfy potential liability or to provide an effective defense.
- County may assume its own defense pursuant to this subsection 16.3 (v) by delivering to the Franchisee written notice of such election and the reasons therefor. A refusal of, or failure to accept, a tender of defense may be treated by the County as claims against the Franchisee.
- (vi) If the County is entitled and elects to conduct its own defense pursuant hereto, all reasonable costs and expenses it incurs in investigating and defending claims for which it is entitled to indemnification hereunder shall be reimbursed by the Franchisee on a current basis. In the event the County is entitled to and elects to conduct its own defense, then it shall have the right to settle or compromise the claims with the Franchisee's prior written consent, which shall not be unreasonably withheld or delayed, or with approval of the court, and with the full benefit of the Franchisee's indemnity.

Section 17 Insurance.

The Franchisee shall secure, maintain and provide the County with certification of all insurance coverages in the amounts, kinds and form required pursuant to the provisions of Clark County Code Chapter 5.01, as amended from time to time.

Section 18. Security for Performance.

Within thirty (30) calendar days of the Effective Date, the Franchisee shall deposit with the County security for performance in the amount of twenty-five thousand dollars (\$25,000), pursuant to the applicable sections of Clark County Code Chapter 5.01, as amended from time to time. The security deposit shall be made payable to "Clark County Treasurer," and shall be delivered to the following address:

Clark County
Attn.: Business License Dept.
500 S. Grand Central Pkwy., 3rd Floor
Las Vegas, NV 89155

The Franchisee hereby grants the County authorization to deduct assessed fines or penalties and late charges, if any, pursuant to Section 15 of this Agreement and the applicable sections of Clark County Code Chapter 5.01, from such security deposit.

Section 19. Severability.

In accordance with Clark County Code Chapter 5.01, if any provision, section, paragraph, sentence, clause, or phrase of this Agreement is for any reason held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity of the remaining portions of this Agreement. It is the intent of the County Commission in approving this Agreement that no portion or provision thereof shall become inoperative or fail by reason of any invalidity or unconstitutionality of any other portion or provision, and to this end all provisions of this Agreement are declared to be severable.

Section 20. No Third-Party Beneficiary.

Except as specifically set forth herein, it is not intended by any of the provisions of this Agreement to create for the public, or any member thereof, a third-party beneficiary right or remedy, or to authorize anyone to maintain a suit for personal injuries or property damage pursuant to the provisions of this Agreement. The duties, obligations, and responsibilities of the County with respect to third parties shall remain as imposed by Nevada law. .

Section 21. Effect of Compliance Inspections.

Any inspections or subsequent approvals undertaken by the County pursuant to this Agreement are undertaken solely to ensure compliance with this Agreement and are not undertaken for the safety or other benefit of any individual or group of individuals as members of the public. Provisions of the Clark County Code dealing with inspection or approval by the County do not expand the County's general law duties, nor does any inspection or approval by the County reduce or eliminate any liability of the Franchisee.

Section 22. Notice to the Parties.

Unless otherwise expressly stated herein, all notices shall be in writing and shall be sufficiently given and served upon the other party by personal service, Registered or Certified U.S. mail service, return receipt requested, express mail service, and addressed as follows:

FRANCHISING AUTHORITY:

Clark County
Attn: Business License Dept.
500 S. Grand Central Pkwy., 3rd floor
Las Vegas, NV 89155

FRANCHISEE:

Valley Electric Association, Inc.
P.O. Box 237
Pahrump, NV 89041

Section 23. Delays and Failure Beyond the Control of the Franchisee.

In accordance with Clark County Code Chapter 5.01, in the event the Franchisee's performance of any of the terms, conditions or obligations required by this Agreement is prevented by a cause or event beyond the control of the Franchisee, such inability to perform shall be deemed excused and no penalties or sanctions shall be imposed as a result thereof.

Section 24. No Waiver; Cumulative Remedies.

Neither party shall be excused from complying with any of the terms or conditions of this Agreement because of the failure of the other party upon one or more occasions to. insist upon or to seek compliance with any such terms or conditions, or because of any failure on the part of the County or the Franchisee to exercise, or delay in exercising, any right or remedy hereunder, nor shall any single or partial exercise of any such right or remedy preclude any other right or remedy. .

Section 25. Construction of Agreement.

The terms and provisions of this Agreement shall not be construed strictly in favor of or against either party, regardless of which party drafted any of its provisions. This Agreement shall be construed in accordance with the fair meaning of its terms.

Section 26. Law Governing.

This Agreement and the Franchise granted herein will be governed by the laws of the State of Nevada with respect to both their interpretation and performance.

Section 27. Binding Effect.

All of the rights and obligations under this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted transferees and assigns.

Section 28. Section and Paragraph Headings.

The headings of the sections and paragraphs of this Agreement are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.

Section 29. Survival of Provisions.

All provisions, conditions and requirements of this Agreement that may be reasonably construed to survive the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement, including, but not limited to, all of the Franchisee's indemnification obligations under Section 16 of this Agreement.

Section 30. Franchise and Prior Franchise Survival Requirements.

The provisions of this Franchise relating to indemnification or which require performance subsequent to the expiration or termination of this Franchise shall survive such expiration or termination. The Franchisee is entitled to all of the rights and remedies it may have pursuant to its prior franchise with respect to its duty to continue to indemnify, defend, hold harmless and insure the County.

Section 31. Time of the Essence.

The parties agree that time is of the essence with regard to the performance of the Franchisee's obligations under this Agreement.

Section 32. Gifts.

No officer or employee of the Franchisee shall offer to any officer or employee of the County, either directly or indirectly, any rebate, gift, money, service without charge, or other thing of value whatsoever, unless permitted by law or the County's ethics policies, except where given for the use and benefit of the County.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first herein above written.

CLARK COUNTY BOARD OF COMMISSIONERS

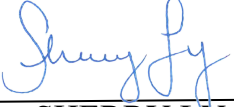
By: _____
MARILYN KIRKPATRICK, Chair

ATTEST:

LYNN MARE GOYA
County Clerk

DISTRICT ATTORNEY'S OFFICE

Approved as to form:

By: _____
SHERRY LY
Deputy District Attorney

VALLEY ELECTRIC ASSOCIATION, INC.
A Domestic Nonprofit Cooperative Corporation
Without Stock

By: _____
NAME: Mark Stallons
Title: Chief Executive Officer

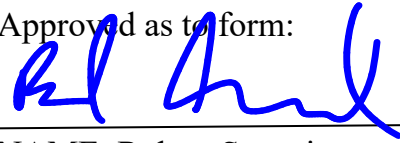
Approved as to form:
_____
NAME: Robert Sweetin
Title: Davison Van Cleve, General Counsel

EXHIBIT A

Valley Electric Association, Inc. Service Territory

