

SALE AND PURCHASE AGREEMENT

This Sale and Purchase Agreement (the "Agreement") made the ____ day of _____, 2012 (the "Effective Date"), by and between:

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

"BUYER" 1864 Real Estate Development LLC,
a Nevada limited liability company
2045 Baxter Village Dr.
Reno, Nevada 89521

RECITALS:

WHEREAS, OWNER is vested with fee simple title to certain Property (defined below) located at 916 and 918 Victorian Avenue in Sparks, Nevada;

WHEREAS, OWNER may sell the Property without public bidding after a public hearing, as permitted by Nevada Revised Statutes Chapter 279.472;

WHEREAS, the BUYER, has agreed to purchase the Property at the fair market value, as established by appraisal; and

WHEREAS, the parties have negotiated a fair resolution of all issues and desire by this Agreement to set forth their rights and obligations with respect to said Property.

WITNESSETH:

That BUYER and OWNER, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

SECTION ONE **RIGHT TO PURCHASE**

OWNER shall sell and the BUYER shall purchase certain real property, improvements and entitlements of OWNER, situated in Washoe County, State of Nevada, more particularly described on Exhibit "A" attached hereto and incorporated herein by reference (the "Property"), on the terms and conditions hereinafter set forth. The Property includes all personal property, buildings, fixtures and any other improvements on the Property, together with all of the OWNER's rights arising from ownership of the Property.

SECTION TWO
PURCHASE PRICE

A. The purchase price for the Property shall be Ninety Thousand Dollars (\$90,000.00) (the "Purchase Price"), which shall be the total purchase price for the Property described on Exhibit "A" and any and all rights as described in Section One. The Purchase Price represents the fair market value of the Property based upon the appraisal report prepared by Johnson-Perkins & Associates, Inc. with a valuation date of August 14, 2012 and the desk review of this appraisal conducted by William G. Kimmel dated October 2, 2012.

B. The OWNER represents that because the BUYER is paying fair market value for the Property the BUYER is not subject to the provisions of NRS 279, including but not limited to 279.500, which would obligate the BUYER to comply with NRS 338.010 to 338.090 (regarding prevailing wages) inclusive for any construction work to be performed for redevelopment of the Property.

C. The Purchase Price shall be paid to OWNER on the Closing Date.

SECTION THREE
BUYER'S OBLIGATIONS

BUYER agrees to undertake the following actions after its purchase of the Property:

1. To demolish the buildings on the Property within six (6) months of Close of Escrow; and
2. To pave, stripe and screen the Property for use as parking or, alternatively, to install a patio for use by the adjacent restaurant(s) and/or the public within twelve (12) months of Close of Escrow.

SECTION FOUR
TITLE; DUE DILIGENCE

A. OWNER shall, upon request of BUYER, secure and submit to BUYER for examination by BUYER evidence of marketable title in the Property by delivery of a preliminary title report. Production of a preliminary title report shall be made within fifteen (15) days after BUYER's request. Within ten (10) days following receipt of the report, BUYER shall give written notice to OWNER of any exceptions to the report to which the BUYER objects. Any exceptions not objected to shall be deemed waived. OWNER shall have ten (10) days to inform BUYER in writing if OWNER will remove the objectionable exceptions before the Close of Escrow. If OWNER does not respond or fail to indicate they will remove all the objectionable exceptions before the Close of Escrow, BUYER may at any time thereafter, terminate this Agreement and receive a refund of any funds deposited into escrow or close the transaction, accepting the Property subject to the objectionable exceptions which the OWNER would not agree to remove.

B. Title to the Property is to be conveyed to 1864 Real Estate Development LLC or its assignee, by Grant, Bargain and Sale Deed, subject only to those exceptions to title listed in the preliminary title report which are approved by the BUYER, property taxes and assessments not yet due and payable. Notwithstanding any other provision of this Agreement to the contrary, title shall be good and marketable.

C. Within ten (10) days after the Effective Date, OWNER will deliver to BUYER, to the extent such documents are in OWNER'S possession or control or are available to OWNER, the following, with respect to the Property:

1. Copies of all notices given to OWNER or notices OWNER is aware of by any and all government bodies during the term of OWNER's ownership;
2. A list of any assets to be transferred with the Property;
3. Any and all environmental, engineering reports and/or soils reports related to the Property, including, but not limited to, any past or present information which OWNER has or becomes aware of regarding the presence and location of any adverse soils conditions, asbestos, PCB transformers, toxic hazardous or contaminated substances, underground storage tanks in, on, or about the Property, and the existence of any endangered species, seismological studies, or other environmental conditions in connection with the Property (according to environmental laws), in, on, or about the Property;
4. Copies of correspondence or notices of actual or threatened claims against the Property or against OWNER which concerns, affects, or arises from OWNER's ownership or operation of the Property;
5. Leases and all agreements concerning the Property; and
6. Any and all entitlements concerning the Property including all site plans and development agreements.

D. Prior to the Closing Date, BUYER at its option shall perform its due diligence and approve all matters concerning the Property including, without limitation, the following matters:

1. The physical condition of the Property, including without limitation, flood zone, soil conditions, the status of the Property with respect to hazardous and toxic materials, all matters disclosed by Phase I and II Reports, and compliance of the Property with all applicable laws, including any laws relating to hazardous and toxic materials. OWNER will allow BUYER and/or its agents access to the Property to perform any and all investigations and inspections desired by BUYER;

2. All applicable government ordinances, rules and regulations and evidence of OWNER's compliance therewith, including without limitation zoning and building regulations;

3. All licenses, permits and other governmental approvals and/or authorizations relating to BUYER's development of the Property (including confirming the approvals required to satisfy BUYER'S post-closing obligations in Section Three); and

4. Access to utilities desired by BUYER in connection with development of the Property.

E. Notwithstanding anything herein to the contrary, BUYER shall have the right in BUYER's sole and absolute discretion to terminate this Agreement and the transactions contemplated hereby at anytime prior to the Closing Date for any reason whatsoever or for no reason at all and BUYER's election to terminate shall not result in an event of default of BUYER or OWNER.

F. BUYER agrees that, subject to the representations and warranties of OWNER contained herein or in the closing documents, the Property is to be sold to and accepted by BUYER at Close of Escrow in its condition on the date hereof "AS-IS" and with all faults, except as provided or required under Nevada law or as provided in this Agreement.

SECTION FIVE
OWNER NOT TO ENCUMBER

During the period between the execution of this Agreement and Close of Escrow, or termination of this Agreement, OWNER shall not sell, convey, mortgage, or otherwise encumber the described Property or any part of it, or enter into any new lease or letting of the Property, or any part of the Property. If any sale, conveyance, mortgage, encumbrance, or lease shall be made by OWNER in disregard of the foregoing, OWNER shall pay to BUYER, such amounts as may be proven as BUYER's damages for OWNER' breach or BUYER may terminate, at its option.

SECTION SIX
INDEMNIFICATION

The Parties agree to defend, indemnify and hold each other harmless (with counsel reasonably acceptable to such party) from and against any loss, liabilities or damages, including reasonable attorney's fees, resulting from any misrepresentation or breach of warranty or breach of covenant made in this Agreement or in any document, certificate, schedule or exhibit given or delivered to the other party pursuant to or in connection with this Agreement, and such indemnification obligations shall survive the Close of Escrow.

SECTION SEVEN
EARNEST MONEY; ESCROW; CLOSING

A. BUYER shall open an escrow with First American Title Company, Attn: Margie Roma, 5310 Kietzke Lane, Reno Nevada 89511 (the "Escrow Agent") within twenty (20) days of the execution of this Agreement and all necessary documents shall be delivered to the Escrow Agent and all payments required herein shall be made to the Escrow Agent. OWNER and BUYER shall execute such escrow instructions, not inconsistent with the terms of this Agreement, as may be requested by the Escrow Agent from time to time or as necessary to effectuate the Agreement between the parties.

B. Taxes and assessments for the current year, utilities due but not delinquent, and any other rights or obligations shall be prorated between the parties as of the date of the Close of Escrow.

C. Payment of all liens, deeds of trust, or other obligations will be made through escrow from the Purchase Price.

D. All closing costs and the cost of a CLTA title insurance policy will be paid by OWNER.

E. The transaction shall close on January 31, 2013 (the "Closing Date" or "Close of Escrow"). If closing is not accomplished on the Closing Date, or within any agreed extension, the escrow may be terminated by the non-defaulting party. All deposits made into escrow on account of the Purchase Price shall be returned to BUYER if the transaction does not close.

F. Costs and Expenses: OWNER will pay:

1. the premium for the title policy;
2. escrow fees and costs;
3. all liens for all periods prior to the Closing Date and for all assessments applicable to the Property (prorated if applicable);
4. all recording charges;
5. the real property transfer tax imposed pursuant to NRS Chapter 375; and
6. OWNER's share of prorations.

BUYER will pay:

1. the premium for the lender's title policy; and
2. BUYER'S share of prorations.

SECTION EIGHT
POSSESSION AND RISK OF LOSS

A. OWNER shall continue in possession of the Property until Close of Escrow and shall maintain the Property in its present condition, reasonable wear from ordinary use excepted.

B. Risk of loss from fire or other casualty to the Property shall be OWNER's until transfer of possession as provided in this Agreement.

SECTION NINE
COMMISSIONS

The OWNER has not and will not authorize any real estate professional to act on its behalf and will not pay any real estate commissions or fees in connection with the sale of the Property. If BUYER wishes to be represented by a real estate professional, payment of any fees or commissions must be by separate agreement and outside of escrow for this transaction.

SECTION TEN
REPRESENTATIONS AND WARRANTIES

A. Joint Representations. In addition to any express agreements of the parties contained herein, the following constitute representations and warranties of the parties each to the other:

1. Each party has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate this transaction.

2. Except as set forth herein, all requisite action (corporate, trust, partnership or otherwise) has been taken by each party in connection with the entering into of this Agreement, the instruments referenced herein, and the consummation of this transaction. No further consent of any partner, trustee, trustor, member, shareholder, creditor, investor, judicial or administrative body, governmental authority or other party is required.

3. The individuals executing this Agreement and the instruments referenced herein on behalf of each party and the partners, officers or trustees of each party, if any, have the legal power, right, and actual authority to bind each party to the terms and conditions of those documents.

4. This Agreement and all other documents required to close this transaction are and will be valid, legally binding obligations of and enforceable against each party in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

B. OWNER'S Representations. In addition to any express agreements of OWNER contained herein, the following constitute representations and warranties of OWNER to BUYER:

1. There is no litigation, suit, proceeding, action, claim or investigation at law or in equity whether before any court or in any administrative proceeding, pending or threatened against, or affecting in any way the Property or OWNER's ability to own, operate or sell the Property.

2. OWNER has received no notice of any violation of any statute, law, rule, regulation or ordinance, whether federal, state, or local pertaining to the Property.

3. OWNER is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

4. As of the Effective Date, OWNER has not entered into any lease, purchase agreement or other agreement for possession of the Property with any person or entity (except BUYER) pursuant to which such person or entity has any current or future right or interest to occupy, possess or use all or any portion of the Property.

5. Since the date of OWNER's acquisition of the Property, no Hazardous Substances are now or have been used or stored on or within any portion of the Property except those substances which are or have been used or stored on the Property in the normal course of use and operation of the Property and in compliance with all applicable Environmental Laws. "Hazardous Substance" means any substance, material, or waste which is or becomes designated, classified, or regulated as being "toxic" or "hazardous" or a "pollutant" or which is or becomes similarly designated, classified, or regulated, under any Environmental Law, including asbestos, petroleum, and petroleum products. "Environmental Law" means any law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environment including, without limitation CERCLA (Comprehensive Environmental Response, Compensation and Liability Act of 1980) and RCRA (Resources Conservation and Recovery Act of 1976).

6. Since the date of OWNER's acquisition of the Property, there are and have been no federal, state or local enforcement, clean-up, removal, remedial or other governmental or regulatory actions instituted or completed affecting the Property.

7. Since the date of OWNER's acquisition of the Property, no claims have been made by any third party against OWNER relating to any Hazardous Substances on or within the Property.

SECTION ELEVEN NOTICES

Any notice under this Agreement shall be given in writing to the party for whom it is intended by personal delivery, facsimile, or by registered mail at the following address, or such future address as may be designated in writing: to the BUYER at the address set forth above and to the OWNER, c/o Armando Ornelas, City Planner, 431 Prater Way, Sparks Nevada 89431. Notices sent by mail shall be deemed to have been received three days after mailing.

SECTION TWELVE PERSONS BOUND

This Agreement shall be binding and inure to the benefit of the heirs, administrators, executors, successors, and assigns of the respective parties.

SECTION THIRTEEN ATTORNEY'S FEES

A. The parties acknowledge that each party has had an opportunity to be represented by separate counsel concerning the particulars of this Agreement.

B. In the event either party files suit to enforce the terms of this Agreement, the prevailing party shall be entitled to a reasonable attorney's fees and costs of the action.

SECTION FOURTEEN
TERM OF AGREEMENT; EARLY TERMINATION

A. This Agreement expires on the earlier of: (i) the Closing Date or (ii) four (4) months after approval of this Agreement by the Redevelopment Agency Board of Directors, except that the provisions of Section Three (BUYER's Obligations) shall continue until satisfied or waived by the OWNER.

B. BUYER may, in BUYER'S sole and absolute authority, terminate this Agreement at any time for any reason or no reason at all without any liability to OWNER.

C. Either party may terminate this Agreement and pursue available remedies upon default of this Agreement, as provided below.

SECTION FIFTEEN
DEFAULT; REMEDIES

A. Default. A default occurs when (i) any representation of a material fact expressed herein was false at the time it was made, or, if a continuing representation, becomes false as a result of a subsequent event or occurrence; (ii) any party repudiates, breaches or fails to perform any covenant, material term or provision in this Agreement; (iii) an event required to occur does not occur by the time required; or (iv) an event described in this Agreement as a default or which gives rise to a right of termination occurs.

B. Excuse due to force majeure.

(1) 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), (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.

(2) A "force majeure" is defined as (i) 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; failure of power system or public infrastructure, quarantine restriction or other effect of epidemic or disease; freight embargo; weather-caused delay; lack of transportation attributable to any of these; (ii) labor strikes, boycotts or picketing; (iii) a lawsuit challenging the validity or approval of this Agreement if an order is entered prohibiting performance by the obligated party, and so long as the obligated party defends such lawsuit with reasonable diligence; and (iv) 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. A force majeure does not include economic or market conditions, or the financial condition of a party even if they are influenced by any of the foregoing.

(3) 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.

C. Notice and opportunity to cure. Upon a default, the non-defaulting party shall give notice and an opportunity to cure the default for a period of ten (10) days from the date that the notice is deemed received.

D. Remedies.

(1) In the event of a default by OWNER which is not cured within ten days, BUYER may, in addition to any other remedy stated in this Agreement: (i) suspend any counter-performance due hereunder; (ii) terminate this Agreement; and/or (iii) file an action in the Second Judicial District Court for the State of Nevada for specific performance.

(2) In the event of a default by BUYER which is not cured within the ten days, OWNER may: (i) suspend any counter-performance due hereunder and terminate this Agreement, or (ii) if the transaction contemplated herein closes, file an action in the Second Judicial District Court for the State of Nevada for specific performance of the BUYER's Obligations as specified in Section Three of this Agreement.

(3) 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.

E. 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.

SECTION SIXTEEN **GENERAL TERMS**

A. No Assignment; binding effect. No party may assign or delegate any obligations or rights under this Agreement without the consent of the other party which may be withheld in its sole discretion. This Agreement shall be binding on and inure to the benefit of any assignee of the parties.

B. No Third-Party Beneficiaries. None of the provisions of this Agreement is intended to make any person who is not a party to this Agreement a third party beneficiary hereunder or to authorize anyone who is not a party to this Agreement to maintain any suit pursuant to this Agreement for any reason, including, without limitation, any suit for personal injuries or property damage.

C. Severability.

(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 and 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.

(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.

D. Construction.

(1) The parties hereto were each advised by counsel in drafting and negotiating this Agreement, and all 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.

(2) This Agreement shall be interpreted and enforced only to the extent permitted by law. If any provision of this Agreement is deemed to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining provisions hereof that can be given effect without the invalid or unenforceable provision and the parties agree to replace such invalid or unenforceable provision with a valid provision which has, as nearly as possible, the same effect.

E. Time is of the essence. Time is of the essence with respect to all of the provisions herein. If a period of time for performance is specified in terms of days, it means calendar days. If, however, a time period for performance expires on a weekend or a holiday recognized in NRS 236.015 then the time for performance is extended to 5 p.m. on the next business day for the City of Sparks.

F.

SECTION SEVENTEEN
ENTIRE AGREEMENT

This Agreement, including the recitals (which the parties agree are true and correct) and exhibits hereto, constitutes the entire agreement of the parties hereto. All statements, representations, promises, undertakings made by any party or any contractor, employee or agent of either party not expressly contained herein is hereby superseded by this Agreement.

SECTION EIGHTEEN
GOVERNING LAW AND VENUE

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada without regard to the conflicts of law provisions thereof. Any litigation regarding this Agreement or the Property shall be subject to the jurisdiction and venue of the courts located in Washoe County, Nevada.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

BUYER

1864 Real Estate Development LLC,
a Nevada limited liability company

By _____ Date _____
Justin Quinton, Managing Member

OWNER

Redevelopment Agency of the City of Sparks, Nevada,
an agency created under the Community Redevelopment Law

By _____ Date _____
Ron Smith, Chairman

Attest:

By _____ Date _____
Linda Patterson, Agency Clerk

Approved as to form:

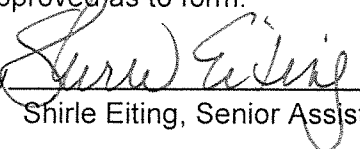
By  _____ Date _____
Shirle Eiting, Senior Assistant City Attorney

EXHIBIT "A"
LEGAL DESCRIPTION OF
PROPERTY BEING PURCHASED

Order No.: 01203256-TO

EXHIBIT A

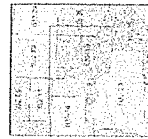
All that certain real property situate in the City of Sparks, County of Washoe, State of Nevada, described as follows:

Lot 4 and 5 in Block 2 of ROBISON'S ADDITION, EAST RENO, NOW CITY OF SPARKS, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada on November 17, 1903, and as Tract Map No. 106.

APN: 032-193-09 and 10

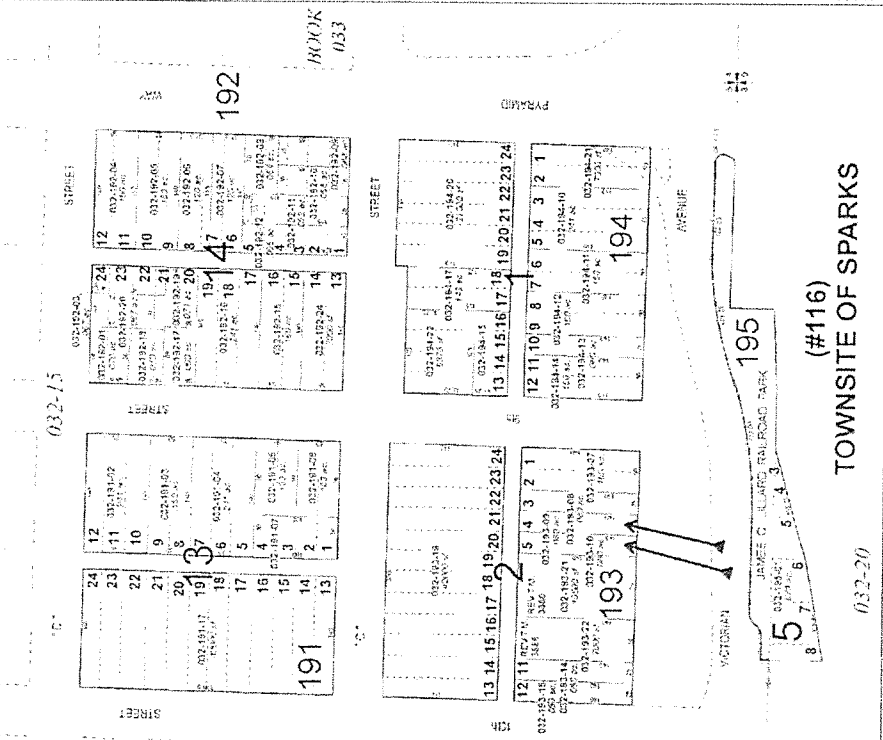
Assessor's Map Number
032-19

STATE OF WASHINGTON
WASHOE COUNTY
ASSESSOR'S OFFICE
2220 N. 3. WARD, A-2000000



DATE: 11/15/2011
BY: JAMES C. HARRIS, ASSESSOR

WASHOE COUNTY ASSESSOR'S OFFICE
2220 N. 3. WARD, A-2000000
SPARKS, NV 89410
PHONE: 775-350-2200
FAX: 775-350-2201
WWW.WASHOECOUNTY.NV.GOV



(#106)
ROBISON'S ADDITION
A POR. OF THE SE 1/4 OF SEC. 5,
T19N - R20E

032-18

032-15

032-20

(#116)
TOWNSITE OF SPARKS

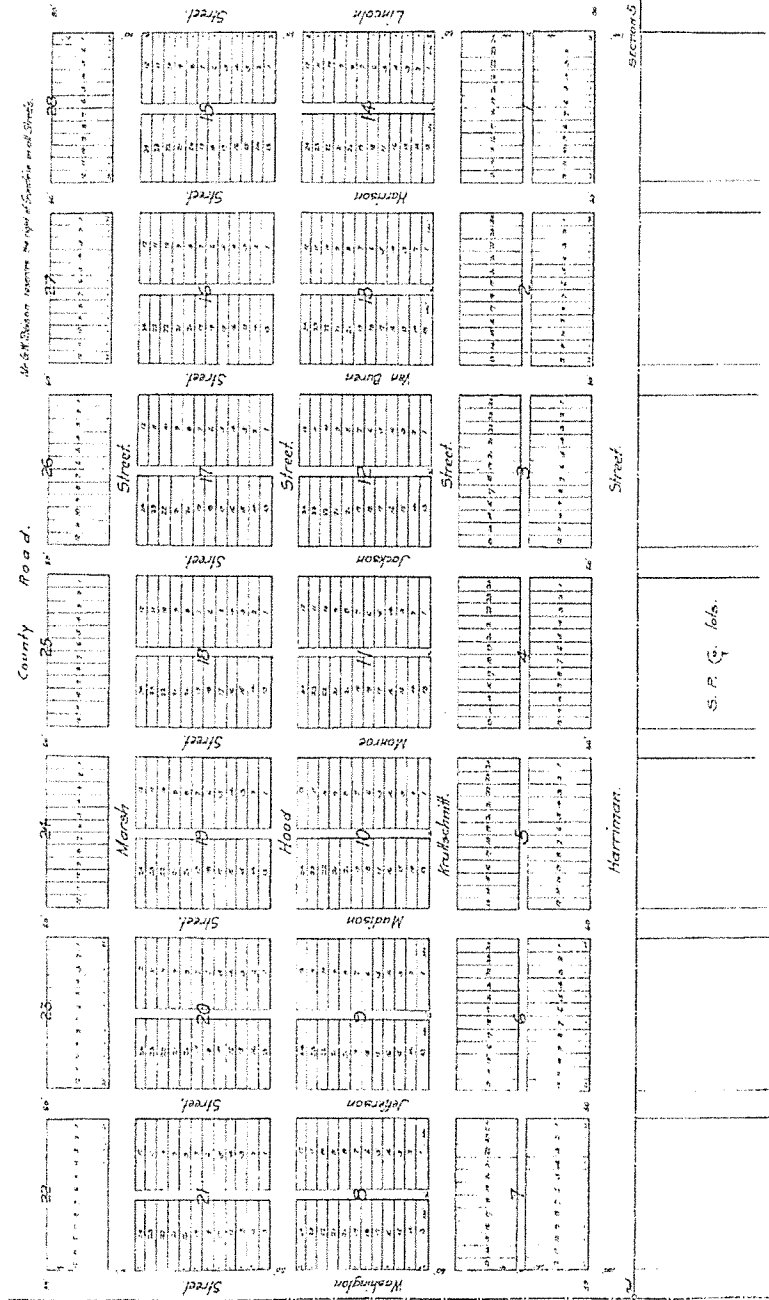
Robison's Addition.

EAST RENO.

Scale 800' = 1"

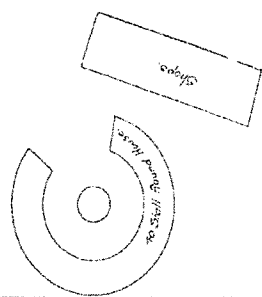
County Road.

W. B. Quinn Reserve No. 10 of Humboldt and Co. Streets.



106

This is not a legal description
it is only a summary of
information for the
purpose of this map.



106

S. P. G. 106.