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ANNEXATION AGREEMENT

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

A POLITICAL SUBDIVISION OF THE COUNTY OF DOUGLAS,

STATE OF NEVADA

AND

SAN JUAN VENTURES, INC.

CAPITAL DIRECT 1999 TRUST

WESTERN PUBLIC SAFETY ALTERNATIVES, INC.

MONEY PURCHASE PLAN

Douglas County Assessor's Parcel Nos.

1220-15-701-001

1220-22-000-004

1220-15-701-003

1220-22-401-001

1220-15-801-001

1220-22-401-002

1220-22-000-001

1220-27-101-001

1220-22-000-003

1220-28-000-006

0550560

BK0802PG09280

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ANNEXATION AGREEMENT

THIS ANNEXATION AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 2002, by and between the Gardnerville Ranchos General Improvement District ("District" or "GRGID"), by and through its Chairman of the Board of Trustees ("Board"), a political subdivision of the County of Douglas, State of Nevada, and San Juan Ventures, Inc. ("San Juan"), Capital Direct 1999 Trust ("Capital"), and Western Public Safety Alternatives, Inc. Money Purchase Plan ("Western"), all of which entities may be hereinafter referred to as "Petitioners" or by individual name, and hereby agree to the annexation of Petitioners' land into the District as follows:

WITNESSETH

WHEREAS, Petitioners petitioned for the inclusion of real property into the District by proper petition submitted to the District dated August 21, 2000. At the regular general business meeting of the Board and the District on September, 2000, the District approved of the annexation, or inclusion, of Petitioners' real property subject to conditions; and

WHEREAS, one of the conditions imposed by the Board on the approval of annexation of Petitioners' property was the clarification of a reference in the records of the Douglas County, Nevada Assessor regarding three parcels of land which had been assigned an Assessor's Parcel Number and, in the records of the Assessor of Douglas County, Nevada, were indicated as being owned by Petitioners and/or the United States Forest Service; and

WHEREAS, Petitioners caused a title search of the three parcels to be conducted, which research included an examination of the three parcels' chain of title to determine the origination of the reference to duplicate ownership between Petitioners and the United States Forest Service; and

WHEREAS, at its November, 2001, general business meeting, the Board received a written and oral report from Jim Jones, of Western Title Company, Inc., of Minden, Nevada, which concluded that any reference to Petitioners in the chain of title for the three referenced parcels was in error, and that Petitioners, or any one of them, had no recorded interest in the three referenced parcels. As a result of the report from Western Title Company, Inc., the Board at its November, 2001, meeting found that the Petitioners had clarified the ownership of the three parcels to the Board's satisfaction, and by majority vote of the Board, determined that the condition of annexation had been satisfied; and

WHEREAS, a second condition of approval at the September, 2000, Board meeting was that an annexation agreement be prepared to encompass the entire area of Petitioners' property to set forth the terms, conditions, provisions and approvals of annexation of Petitioners' property and its inclusion into the District; and

WHEREAS, the District and the Petitioners desire to hereinafter refer to this Agreement as containing the provisions of the annexation of Petitioners' property into the District, and this Agreement is intended to govern the developmental activities of the Petitioners' property in the future.

NOW THEREFORE, for and in consideration of the above-stated recitals, and the District and Petitioners' compliance with each term and provision of this Agreement, and for other good and valuable consideration including the mutual covenants, conditions and promises set forth hereinbelow, the parties do hereby agree as follows:

1. **Property Annexed.** The real property to be annexed into the District, and included into the District upon the due and proper execution of this Agreement and the recordation of an Order of Annexation, is that property which is identified and described in that

legal description attached hereto as Exhibit "A" and incorporated herein as if set forth in full. Hereinafter, the property which is annexed into the District, and included by order of the Board, shall be referred to as "the property".

The property, described in Exhibit "A" hereto, is annexed into the District subject to the District's Policies and Procedures Manual ("Manual"), as in effect at the time the parties execute this Agreement, and as amended from time to time. Petitioners and the District agree that the District's Manual, including without limitation, Appendix "E" "Procedures for Annexation", shall govern the annexation of the property into the District.

2. Water Rights.

A. San Juan has, by grant, bargain and sale deed ("Deed"), deeded certain water rights owned by San Juan to the District. San Juan owned a certain water right which may be identified as Water Right or Permit Number 45900 which is appurtenant to Petitioners' property. San Juan's water right is as set forth in that Application for Permit to appropriate the Public Waters of the State of Nevada filed July 7, 1982, and approved by the State Engineer on the 19th day of January, 1987 ("Permit"). A copy of the Permit is attached hereto as Exhibit "B" and incorporated herein as if set forth in full.

San Juan has executed the Deed conveying to the District the Permit to satisfy, in part, a condition of annexation imposed by the District on all applicants for annexation of property into the District. Pursuant to the standard conditions of annexation set forth in the Manual, the owner of property included into the District shall dedicate to the District a sufficient quantity and quality of water rights to serve the maximum allowable use for the property annexed. A copy of the Deed is attached hereto as Exhibit "C" and incorporated herein as if set forth in full. As set forth in the Deed, this Annexation Agreement shall govern the rights and

relations of the parties insofar as the Permit, and the water represented thereby, is concerned.

B. The District and San Juan agree that the Deed has transferred or assigned the Permit to the District, and that the District will change the point of diversion under the Permit to an existing point of diversion within the District's system to utilize the water rights evidenced by the Permit throughout its system. Further, the District agrees to be solely responsible to utilize its best efforts to maintain the Permit in good standing with the State of Nevada Division of Water Resources, and Petitioners agree to pay for all reasonable costs incurred by the District which are associated with the transfer and maintenance of the Permit, including reasonable engineering, legal and administrative fees and costs. The Permit allows an appropriation of water to be applied to beneficial use not to exceed 3.0 c.f.s., and not to exceed 197.1 million gallons annually as set forth in the approval of the State Engineer.

C. The District and San Juan agree that the Permit and Deed will satisfy the general condition of annexation requiring an applicant to supply sufficient quantity and quality of water to the District for only that number of homes which can be served by the waters appropriated pursuant to the Deed and Permit and assigned to the District. Should Petitioners seek to develop the property at a greater density than the Permit will allow, Petitioners shall be required to supply an additional quantity and quality of water necessary to develop the property at such greater density.

D. The parties further agree that the water right evidenced by the Permit may be utilized for development of all or any portion of the property as directed by San Juan. In the event that San Juan does not utilize all of the water rights evidenced by the Permit in the development of the property, San Juan, with the prior approval of the District, which approval shall not be unreasonably withheld, shall be able to transfer any of the unused water to any other

property within GRGID's service area for the use and development of such other property.

E. Petitioners and the District agree that neither the District nor the Petitioners have an ability to control and govern the actions of the State Engineer with regard to the Permit. Accordingly, Petitioners agree to hold harmless GRGID from any and all loss or reduction of water rights which may result to San Juan, Capital and/or Western which may be caused by an action of the State Engineer's office.

3. General Conditions.

A. Petitioners and the District agree that, in addition to other general conditions set forth within this Agreement and in the Manual, Petitioners shall be required to pay to the District all applicable annexation fees and charges of the District as set forth in the Manual as in effect at the time of development of the property.

Until such time as Petitioners request the District to review a development proposal, no annexation fees shall be charged to Petitioners. Annexation fees shall be imposed only at the time that Petitioners submit a final subdivision map on all or a part of the property to the District for its review and recommendations, and for the District's approval of the aspects of the development of the property which have been delegated to the District pursuant to its enabling ordinance. Petitioners agree to submit all tentative and final map(s) to the District concurrent with submission of such map(s) to Douglas County or any other regulatory agency having jurisdiction over the property.

At such time as an application for approval of a final map(s) is submitted, Petitioners, or the successors in interest, shall remit to the District the applicable amount of annexation fees for the property encompassed within the tentative map(s).

B. Petitioners will submit to GRGID for its review and recommendations

regarding any proposed design for the development of the property. The District's review shall be of all aspects of the development, including, without limitation, density of development, public facilities, and all aspects of access to the property (including ingress, egress, road width and construction). GRGID and Petitioners agree that the District will review such proposed development pursuant to the then existing requirements set forth in the District's Manual, and Petitioners agree to comply with all applicable provisions of the District's Manual as in effect at the time of the application for development of the property, or any portion of the property.

Nothing contained within this Agreement shall relieve Petitioners, or its (their) successors in interest, from complying with all of the requirements of the District to apply and pay for any other service(s) provided by the District before such service(s) is provided, including, without limitation, streets, sewer, sidewalks, storm drainage and the like.

4. Phasing. Petitioners and the District agree that the property included within the District may be developed in a number of separate phases. Any of the tentative or final map phases undertaken by Petitioners, or their successors in interest, may proceed concurrently with any other project review and approval to expedite the time frame for approval and recordation. Nothing herein shall restrict the overlapping of phasing and concurrent development so long as all of the terms of this Agreement are complied with by the Petitioners and the District.

5. Final Map Assurance. After review and recommendations regarding the design elements of the property, and approval of the proposed plans and method for providing District Services to the property by the District, and after review and approval by the Douglas County Community Development Department of the tentative map(s) filed by the Petitioners, the approval of the anticipated final map(s) on each phase of the project shall require posting a letter of credit or other financial assurances with Douglas County to ensure completion of all or any

portion of the public improvements within such phase(s) equal to one hundred fifty percent (150%) of the estimated construction costs for such improvement(s). Petitioners agree that the letter of credit or other financial assurance shall also name the District as a beneficiary of the letter of credit or assurance. Any assurance provided shall be periodically reduced in accordance with County and District approval(s) in order that the entire assurance will be exonerated on final completion of improvement construction.

Alternatively, Petitioners, at their discretion and option, may install any such public improvements within any phase prior to the recordation of that phase's final map in lieu of posting such letter of credit or other assurance. Public improvements include streets, curbs, sewer systems, water systems, storm drain systems, street lights, and access roadways, whether the same are dedicated to the District or to another public agency or body.

6. Further Covenants. Upon compliance with all of the District's conditions of design and of the tentative map(s), and upon compliance with the conditions of a final map(s), the District shall not require any further payments, contributions or economic concessions as a condition for subsequent approvals, authorizations or permits contemplated within, or by this Agreement, other than as provided for herein or in the District's Manual, except for taxes, fees or other charges applied on a uniform basis by the District to all similarly situated development projects.

7. Services/Improvements

A. District Services. On a final map(s) recordation, the District shall provide to the property, or any portion of the property, all services typically provided by the District to areas within the District including, but not limited to, water service, sewer service, street maintenance, street lighting and storm water drainage. The District shall provide such

services upon satisfactory compliance with all conditions of approval of a tentative map(s) and/or of a final map(s) for all or a portion of the property.

B. Sewer Capacity. Petitioners acknowledge that they shall be required to acquire capacity for sewer service from the District. The Petitioners, or their successors in interest, shall pay to GRGID all costs of the acquisition of such sewer capacity which GRGID incurs in acquiring capacity for sewer service from the Minden-Gardnerville Sanitation District.

As final maps are recorded, Petitioners agree to acquire capacity as necessary to serve the lots contemplated for development in the final map(s) for the property. The Petitioners will be responsible for and pay all necessary and reasonable capacity charges to the District, connection charges, and any other sewer service fees reasonably required by the Manual at the time of an application for sewer service for each lot, if capacity is reasonably available to the District.

C. Developer Improvements. Developer shall provide and construct infrastructure for each phase of the project, at its sole expense, and will construct and provide to District standards, and as operational, a water distribution system with improvements, which may include without limitation a well(s) and water storage tank(s), necessary to connect into GRGID's existing system and to provide water service to the property or a portion of the property being developed; a sewer distribution system with improvements necessary to connect into GRGID's existing system to provide sewer service to the property or a portion of the property being developed; a system of streets constructed to District standards to provide access to and within the property or a portion of the property being developed; satisfactory ingress and egress on such streets or highways as are approved by the District and by Douglas County; and a storm sewer/drainage system to District standards, and as operational, necessary to provide

storm water drainage and to connect into existing systems to provide storm drainage to the property or a portion of the property being developed. Petitioners, or its/their successors in interest shall be responsible for any connection fees (hook-up fees) and for all monthly user fees for any service provided by the District to the property that are in effect at the time that such service(s) is required for the property.

Such developer improvements shall be constructed for each phase of development of the property as reasonably required by Douglas County and by the District. Upon construction to District standards, the District shall accept dedication of and shall maintain all public improvements upon completion and acceptance and delivery of as built drawings.

8. Public Works Construction. All public works construction within the project shall be performed in accordance with the Standard Specifications and Standard Details for Public Works Construction (Orange Book) as adopted by Douglas County and the District, and all other applicable state and local codes, ordinances and statutes.

9. Improvement Plans. The Petitioners shall provide improvement plans for each phase of the project to the District or its representative(s) for review and approval, and Petitioners agree to reimburse the District for any reasonable expenses in review of said plans, which may include expenses related to design review, to review of any tentative map(s) for any phase(s); review of any final map(s) for any phase(s); full-time on-site inspection; and legal and engineering expenses. Petitioners also agree to reimburse the District for any administrative expenses incurred by the District in the plan review process. Petitioners shall provide as-built drawings to the District upon completion of improvements.

10. Water Meters. Water meters shall be installed for each lot developed by Petitioners. Meters shall be supplied and furnished by the Petitioners to the District upon

payment of hook-up fees in effect at the time of the request for service.

11. Default, Remedies, Termination.

A. General Provisions. Subject to extensions of time by mutual consent in writing, failure or unreasonable delay in performing any term or provision of this Annexation Agreement shall constitute a default. In the event of an alleged default, or breach of any of the terms or conditions of this Agreement, the party alleging such default or breach shall give the other party not less than thirty (30) days' notice in writing specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured. During any such thirty (30) day period, the party charged shall not be considered in default for the purpose of termination of this Agreement or institution of any legal or equitable proceedings.

After written notice and expiration of thirty (30) days from the date of notice of default, the non-defaulting party to this Annexation Agreement may, at its option, institute legal, equitable or administrative proceedings to enforce its rights pursuant to this Agreement.

Evidence of default may also arise in the course of periodic review of this Agreement. If either party determines that the other party is in default following the completion of the periodic review, said party may give written notice of default of this Agreement as set forth in this section specifying in the notice the alleged nature of the default and potential actions to cure the default where appropriate.

Following a notice of default of this Agreement, the matter shall be scheduled for consideration and review by the District Board at its next regularly scheduled meeting. If the default is not cured within thirty (30) days or within such longer period as agreed upon between the District and Petitioners, or if the defaulting party waives its right to cure such

alleged default, then the defaulting party shall be required to pay the non-defaulting party all costs and expenses suffered by the non-defaulting party resulting from the default.

Any mutually agreed upon extension of the time within which either party may perform the conditions and requirements of this Agreement shall not be defined as a default of the terms of this Agreement.

B. Bi-annual Agreement Review. Petitioners and the District agree that, for the purposes of the District's review of this Agreement, the Agreement shall be considered as an agreement for development of land pursuant to the provisions of NRS 278.0205. This Agreement may be amended or cancelled, in whole or in part, by mutual consent of the parties to the Agreement or their successors in interest, except that if the District determines, upon a review of the development of the land held at least once every 24 months, that the terms or conditions of the Agreement are not being complied with by either party, or their successors in interest, either party may provide notice of default to the non-performing party.

C. Notice. Notice of intention to declare a default of any portion of the Agreement must be given by publication in a newspaper of general circulation in Douglas County, Nevada, and by certified mail to the defaulting party.

Should either party, or their successors in interest, be in default and not cure the default, or should either party elect to waive its/their right to cure such default, in no event shall the Permit which is evidenced by Exhibit "B" attached hereto revert to Petitioners.

D. Termination not to Affect Final Map(s). It is hereby acknowledged by Petitioners and the District that any portion of the property which is the subject of a final map recorded at the time of a default shall not be affected by or jeopardized in any respect by any

subsequent default affecting the balance of the property.

12. Miscellaneous.

A. Notice. Any notices provided concerning this Agreement shall be in writing and shall be deemed sufficiently given when sent by certified or registered mail and sent to the respective address of each party as set forth herein:

If to: GRGID
831 Mitch Drive
Gardnerville, NV 89410

If to: San Juan Ventures, Inc.
P.O. Box 880
Upland, CA 91785

If to: Capital Direct 1999 Trust
P.O. Box 2507
Newport Beach, CA 92659

If to: Western Public Safety Alternatives, Inc
Money Purchase Plan
P.O. Box 880
Upland, CA 91785

B. Governing Law. It is agreed that this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Nevada as amended from time to time.

C. Modification. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in writing signed by each party, or an authorized representative of each party.

D. Indemnification/Hold Harmless. Petitioners hereby agree to, and shall hold the District and its elected and appointed Boards, Commissions, Officers, agents, attorneys and employees harmless from any liability for injury or claims for property damage which may

arise from Petitioners' conduct, or the conduct of Petitioners' agents or successors, including contractors and sub-contractors, or by any one or more persons directly or indirectly employed by or acting as the agent for Petitioners during the course of project construction and until final approval and acceptance of the project and the public improvements contained within it.

Petitioners agree to and shall defend the District from any and all suits or actions at law or in equity for damage caused or alleged to have been caused by reason of the Petitioners' construction operations until final District approval of the improvements within the phase(s) of the project. Petitioners shall, at their sole expense and cost, repair any existing streets, sidewalks, storm drains, sewer lines, water lines, street lights or other public improvement(s) which may be damaged during the course of construction of improvements on the property during Petitioner's development of the property.

E. Private Undertaking. Petitioners and the District specifically understand and agree that the property and the development of the property by the Petitioners, or their successors in interest, is purely a private development, and no partnership, joint venture or other association or entity of any kind is formed by this Agreement. The Petitioners and the District agree that the only relationship between the District and Petitioners is that of governmental entity regulating or providing services to the development of private property within the parameters of applicable law, ordinance, and policy as they relate to the owner of such private property.

F. Effect of the Agreement. This Agreement is intended to contain, define, delineate, modify and expand upon all of the conditions attendant to the District's annexation of the property upon Petitioners' Petition for Inclusion of Real Property into the District. This Agreement supersedes all previous written and oral communication between the

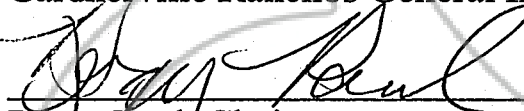
District and Petitioners. There shall be no modification of this Agreement unless it is in writing and signed by the Petitioners, or their successors in interest, and the District. This Agreement shall be binding upon, and inure to the benefit of the heirs, successors and assigns of the parties.

G. Memorandum of Agreement. This Agreement, or a memorandum or short form of this Agreement containing its essential terms, may be recorded upon the request of either party. This Agreement's terms, conditions, obligations, duties and responsibilities shall be binding upon and inure to the benefit of the property, and the requirements of this Agreement are obligations intended by the parties to be covenants running with, and applying to, the property.

H. Assignment. Neither this Agreement, nor any part hereof, or performance pursuant to the terms of this Agreement, may be assigned by either party without the prior written consent of the other party first received in hand. The consent to an assignment of all or a portion of the duties, rights, covenants and conditions of this Agreement shall not be unreasonably withheld by either party.


Dated this 23 day of ^{Apr}~~March~~, 2002.

Gardnerville Ranchos General Improvement District



Roger Paul, Chairman

Attest:



Robert Spellberg, District Manager

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San Juan Ventures, Inc.

Capital Direct 1999 Trust

Susan J. Ricci
Susan J. Ricci, President

P. Wild
Trustee

Western Public Safety Alternatives, Inc.
Money Purchase Plan

James R. Smirl, Trustee
James Smirl, President Trustee

COOPY

COPY

EXHIBIT "A"

0550560

BK 0802 PG 09297

DESCRIPTION

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

PARCEL NO. 1:

The West 1/2 of the Southwest 1/4 of Section 15, Township 12 North, Range 20 East, M. D. B. & M., according to the official map thereof.

Together with the following property as described in document recorded August 21, 1985. Book 885, Page 2172, as Document No. 121873.

Commencing at the center 1/4 corner of Section 15, Township 12 North, Range 20 East, M. D. B. & M., as shown on the Official Plat of the Gardnerville Ranchos Subdivision, Unit #1 and recorded as Document No. 35915, Douglas County, Nevada, Recorder's Office; thence along the Easterly right-of-way of Dresslerville Road as described in the Deed of Dedication of Dresslerville Road and recorded as Document No. 19840, Douglas County, Nevada, Recorder's Office, South 00°00'30" West, 823.87 feet to the Point of Beginning; thence continuing South 00°00'30" West, 140.23 feet; thence along the arc of a curve to the left, tangent to the preceding course and having a delta angle of 90°05'30", radius of 120.00 feet and an arc length of 108.69 feet; thence North 89°55'00" East, 140.23 feet; thence along the arc of a curve to the right, tangent to the back bearing of the preceding course and having a delta angle of 90°05'30" radius of 260.00 feet and an arc length of 408.82 feet to the Point of Beginning.

EXCEPTING THEREFROM: The East 1/2 of the Northeast 1/4 of the Southwest 1/4 of the Southeast 1/4 of said Section 15, Township 12 North, Range 20 East, M. D. B. & M.

FURTHER EXCEPTING THEREFROM: That portion beginning 660 feet South of a point which is the center of the Southeast 1/4 of Section 15, Township 12 North, Range 20 East; thence 132 feet South; thence 330 feet West; thence 132 feet North; thence 330 feet East to place of beginning.

FURTHER EXCEPTING THEREFROM: That portion described in the deeds of dedication to Douglas County, recorded April 6, 1962, as File No. 19840, Official Records, and recorded April 6, 1962, as File No. 19841, Official Records.

FURTHER EXCEPTING THEREFROM: That portion of said land described in document recorded August 21, 1985, in Book 885, Page 2167, Document No. 121872, further described as follows:

Commencing at the center 1/4 corner of Section 15, Township 12 North, Range 20 East, M. D. B. & M., as shown on the Official Plat of the Gardnerville Ranchos Subdivision, Unit #1 and recorded as Document No. 35915, Douglas County, Nevada, Recorder's Office; thence along the Easterly right-of-way of Dresslerville Road, as shown in said document, South 00°01'16" West, 1,051.67 feet to the Point of Beginning; thence continuing South 00°01'16" West, 161.53 feet; thence along the arc of a curve to the right, tangent to the back bearing of the preceding course, having a delta angle of 89°53'44", radius of 40.00 feet and an arc length of 62.76 feet; thence North 89°55'00" East, 220.88 feet; thence along the arc of a curve to the right, tangent to the back bearing of the preceding course, having a delta angle of 50°02'00", radius of 340.00 feet and an arc length of 296.90 feet to the Point of Beginning.

EXHIBIT 1

0550560

232680

229804

BK 0802 PG 09298

BOOK 890 PAGE 2869

BOOK 790 PAGE 932

Western Title Company, Inc.

Ord : 1642678CA

LEGAL DESCRIPTION (continued)

A.P.N. 27-230-03, 27-220-02 AND 27-220-03

PARCEL NO. 2:

The East 1/2 of Northeast 1/4 of Section 28; the Northwest 1/4 of Northwest 1/4 of Section 27; all in Township 12 North, Range 20 East, M. D. B. & M., according to the official map thereof.

EXCEPTING THEREFROM: That portion lying within Gardnerville Ranches Unit No. 7 filed in the Office of the County Recorder of Douglas County, Nevada, March 27, 1974, as File No. 72456.

A.P.N. 29-010-07 AND 29-010-08

PARCEL NO. 3

A parcel of land located within the Southeast one-quarter of Section 22, Township 12 North, Range 20 East, MDP&M, Douglas County, Nevada, being more particularly described as follows:

BEGINNING at the Southeast corner of said Section 22; Being a 5/8 inch rebar tagged RLS 3579, as shown on Record of Survey Map, Document No. 70249 of the Douglas County Recorder's Office;

thence S. 89° 47' 13" West, 2646.11 feet to the South 1/4 corner of said Section 22, being a 5/8 inch rebar in a rock mound;

thence North 00° 15' 52" West, along the West line of said Southeast one-quarter, 798.72 feet to a point on the Southerly line of Lot 962 of Gardnerville Ranches Subdivision Unit No. 7;

thence North 77° 06' 00" East, along said Southerly line, 17.34 feet to the Southwest corner of Lot 961 of said subdivision;

thence North 79° 54' 00" East, along the Southerly line of said Lot 961, 66.94 feet;

thence along the Easterly line of said subdivision, the following 15 courses:

- 1) North 08° 42' 00" West, 130.00 feet;
- 2) 28.80 feet along the arc of a curve to the right, having a central angle of 01° 06' 00" and a radius of 1500.00 feet, (chord bears North 81° 51' 00" East., 28.80 feet);
- 3) North 07° 36' 00" West, 60.00 Feet;
- 4) 7.26 feet along the arc of a curve to the left, having a central angle of 00° 16' 00" and a radius of 1560.00 feet, (chord Bears South 82° 16' 00" West, 7.26 Feet);
- 5) North 07° 52' 00" West, 125.58 feet;
- 6) South 80° 14' 00" West, 21.58 feet;
- 7) North 08° 36' 00" West, 130.00 feet;

(Continued)

EXHIBIT 1

0550560

BK 0802 PG 09299

LEGAL DESCRIPTION (continued)

- 8) 31.63 feet along the arc of a curve to the right, having a central angle of 01° 00' 00" and a radius of 1315.00 feet, (chord bears North 81° 54' 00" East, 31.63 feet);
- 9) North 07° 36' 00" West, 50.00 feet;
- 10) 17.36 feet along the arc of a curve to the right, having a central angle of 00° 32' 00" and a radius of 1865.00 feet, (chord bears North 82° 40' 00" East, 17.36 feet);
- 11) North 07° 04' 00" West, 128.67 feet;
- 12) South 82° 16' 00" West, 9.33 feet;
- 13) North 07° 44' 00" West, 130.00 feet;
- 14) North 82° 16' 00" East, 10.00 feet;
- 15) North 07° 44' 00" West, 50.00 feet to the Northerly line of Jill Drive; thence North 82° 16' 00" East, 140.30 feet;

thence 282.20 feet along the arc of a curve to the right having a central angle of 07° 31' 13" and a radius of 2150.00 feet, (chord bears North 86° 01' 37" East, 231.99 feet);
 thence North 89° 47' 13" East, 766.10 feet;
 thence North 00° 16' 35" West, 998.72 feet to the North line of said Southeast one-quarter;
 thence North 89° 56' 27" East, 1434.18 feet to the East one quarter corner of said Section 22;
 thence South 00° 16' 35" East, along the East line of said Southeast one-quarter, 2648.71 feet to the POINT OF BEGINNING.

TOGETHER with a 30 foot strip of land for access and drainage purposes as described in deed executed by Southern Nevada Culinary and Bartenders Pension Trust, Recorded December 15, 1989, in Book 1289, Page 1609, Document No 216549.

TOGETHER with the Southeast 1/4 of the Southwest 1/4 of Section 22, Township 12 North, Range 20 East, M. D. B. & M.

EXCEPTING THEREFROM: That portion lying within Gardnerville Ranches Unit No. 7 filed in the Office of the County Recorder of Douglas County, Nevada, March 27, 1974, as File No. 72456.

A Portion of A.P.N. 29-010-05 and all of A.P.N. 29-010-06

PARCEL NO 4

A parcel of land located within the Northeast one-quarter of Section 22 and the West, one-half of the West one-half of Section 23 Township 12 North, Range 20 East, MCB&M, Douglas County, Nevada, being more particularly described as follows:

BEGINNING at the North one-quarter corner of said Section 22, being a 2 inch iron pipe in concrete marked RLS 1535, as shown on Record of Survey Map, Document No, 70249 of the Douglas County Recorder's Office;

thence South 89° 55' 57" East, 1326.99 feet to a 2 inch iron pipe marked Southwest corner, Southeast 1/4, Southeast 1/4, Section 15 RLS 1688;
 thence South 00° 11' 14" East, 30.00 feet;

(Continued)

EXHIBIT 1

0550560

BK 0802 PG 09300

232680

229804

HAUL ROAD ACCESS EASEMENT
LEGAL DESCRIPTION

12/21/87

A portion of the Southeast one-quarter of Section 23, Township 12 North, Range 20 East, MDB&M, Douglas County, Nevada, for the purpose of a 60 foot wide haul road access easement being more particularly described as follows:

BEGINNING at a point on the Northernly line of Mary Jo Drive as shown on sheet 25 of the Gardnerville Ranchos Unit No. 7 Subdivision Map, Document No. 72456 of the Douglas County Recorders Office, which point bears N. 82°16'00" E., 7.26 feet from the Southeast corner of Lot No. 960;

thence from a tangent of N. 85°32'26" E., 717.14 feet along the arc of a curve to the right having a central angle of 62°30'00" and a radius of 657.43 feet, (chord bears S. 63°12'34" E., 682.11 feet);

thence S. 31°57'34" E., 586.61 feet;

thence S. 76°02'26" W., 63.09 feet;

thence N. 31°57'34" W., 567.12 feet;

thence 651.69 feet along the arc of a curve to the left having a central angle of 62°30'00" and a radius of 597.43 feet, (chord bears N. 63°12'34" W., 619.86 feet;

thence N. 04°27'34" W., 60.00 feet to the POINT OF BEGINNING.

Containing 1.74 acres more or less.

EXHIBIT 2

0550560

BK 0802 PG 09301

232680

BOOK 890 PAGE 2893

229804

BOOK 790 PAGE 936

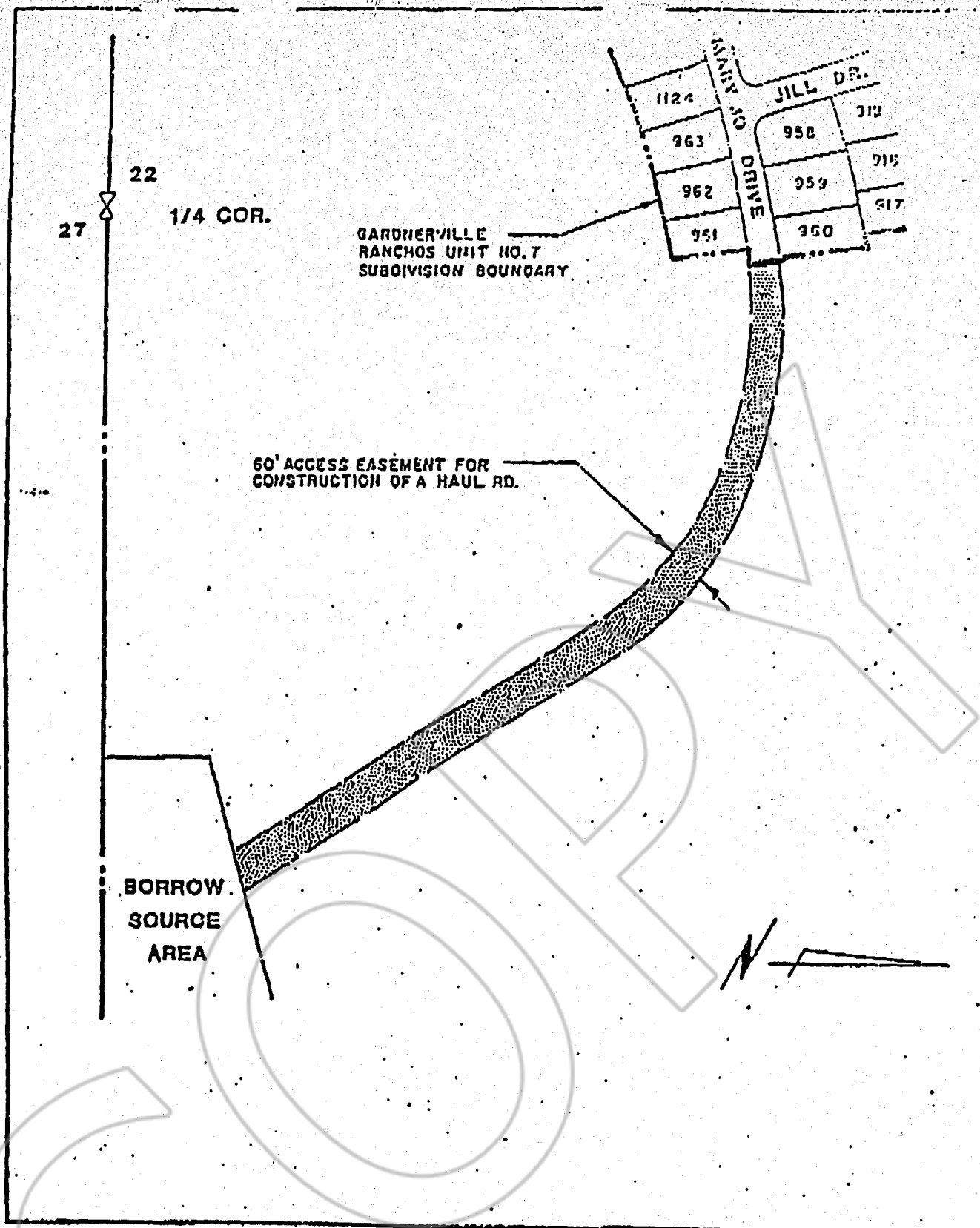


EXHIBIT MAP

EXHIBIT 2

0550560

BK 0802 PG 09302

232680

BOOK 890 PAGE 2894

229804

BOOK 790 PAGE 937

12/21/07

A portion of the Southeast one-quarter of Section 22, Township 12 North, Range 20 East, MDB&M, Douglas County, Nevada being more particularly described as follows:

BEGINNING at the Southeast corner of said Section 22 as shown on the Record of Survey for The Southern Nevada Culinary and Bartenders Pension Trust, Document No. 70249 of the Douglas County Recorders Office;

thence S. 89°47'13" W., along the Southerly line of said Section 22, 1840.00 feet;

thence N. 00°16'35" W., 150.00 feet;

thence N. 76°02'26" E., 1893.75 feet to the Easterly line of said section 22;

thence S. 00°16'35" E., along said Easterly line, 600.00 feet to the POINT OF BEGINNING.

Containing 15.84 acres more or less.

EXHIBIT 3

0550560

BK 0802 PG 09303

232680

BOOK 890 PAGE 2895

229804

BOOK 790 PAGE 938

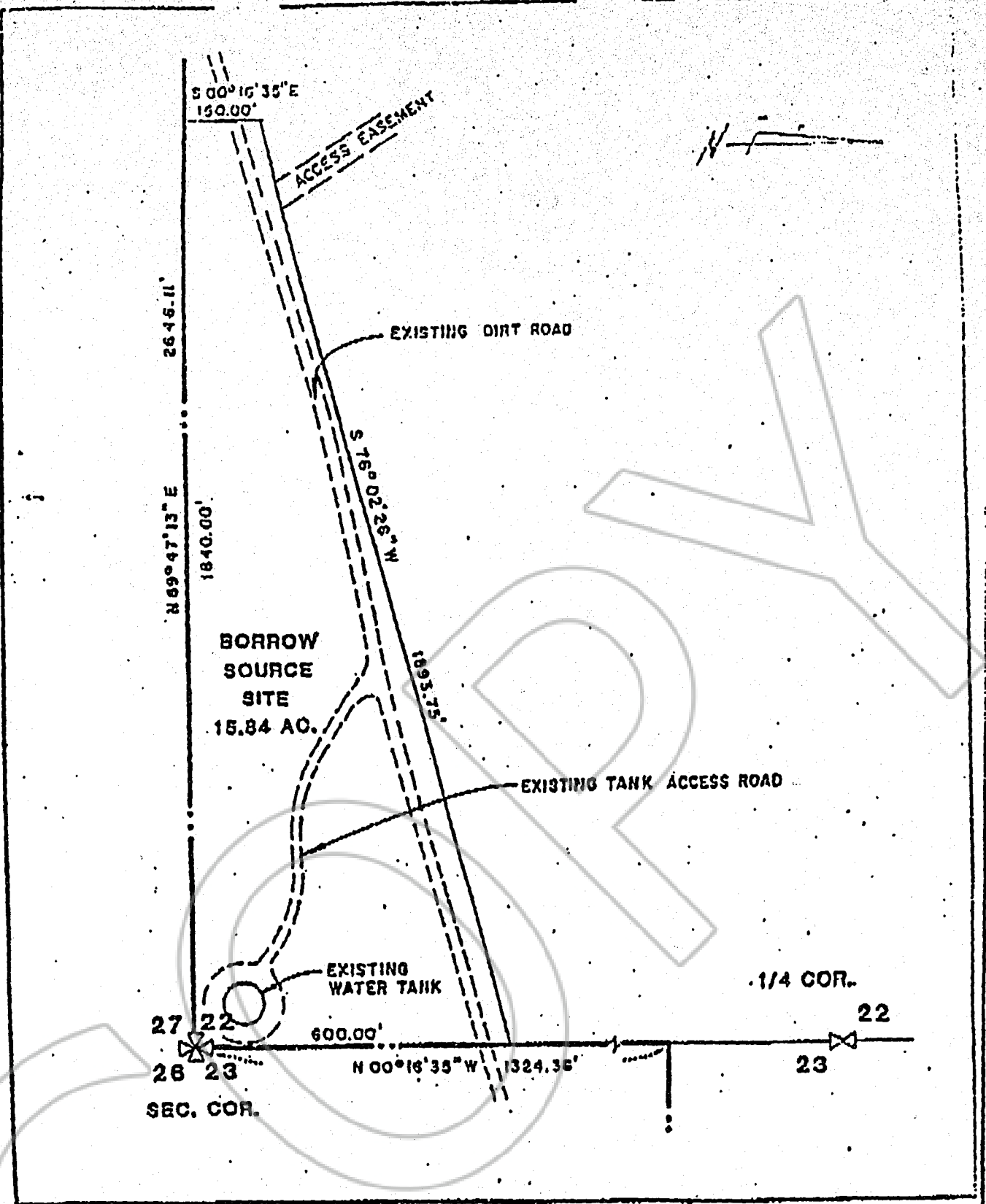


EXHIBIT MAP

EXHIBIT 3

0550560

BK 0802 PG 09304

232680

229804

BOOK 890 PAGE 2896

BOOK 790 PAGE 939

RANCHOS 8 AND 9
WASTE MATERIAL DUMP SITE

3/19/90

A portion of the Northwest one-quarter of the Northwest one-quarter of Section 27, Township 12 North, Range 20 East, MDBM, Douglas County, Nevada, being more particularly described as follows:

BEGINNING at a point on the East line of the Northwest one-quarter of the Northwest one-quarter of said Section 27 which bears S. 00°1.46" E., 146.07 feet from the West one-sixteenth corner of Sections 22 and 27 of said Township and Range;

thence S. 00°12'46" E., along said East line, 663.93 feet;

thence S. 63°14'02" W., 648.63 feet;

thence N. 16°42'00" W., 655.00 feet to a point on the Southerly boundary of Gardnerville Ranchos, Unit No. 7 being the Southwesterly corner of the intersection of Rancho Road with Long Valley Road;

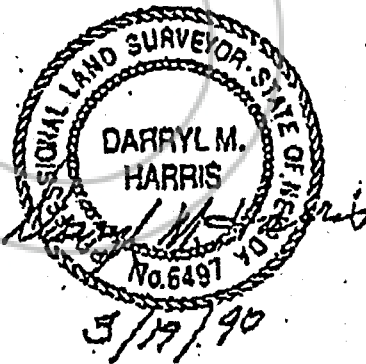
thence N. 73°18'00" E., along said Southerly boundary, 80.00 feet to the Southeasterly corner of said intersection;

thence 23.56 feet along said Southerly boundary, along the arc of a curve to the right having a central angle of 90°00'00" and a radius of 15.00 feet, (chord bears N. 28°18'00" E., 21.21 feet);

thence N. 16°42'00" W., along said Southerly boundary, 80.00 feet to the Northeasterly corner of said intersection;

thence N. 73°18'00" E., 732.07 feet to the POINT OF BEGINNING.

Containing 11.339 acres more or less.



EXHIBIT

REQUESTED BY
WESTERN TITLE COMPANY, INC.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

REQUESTED BY
WESTERN TITLE COMPANY, INC.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

0550560

BK 0802 PG 09305

'90 AUG 20 AM 1:13

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SUZANNE BEAUREAU
RECORDER 232680

SUZANNE BEAUREAU
RECORDER

LEGAL DESCRIPTION (continued)

thence South 89° 56' 10" East, along the Southerly line of a 30 foot wide roadway, 1286.00 feet to a point on the East line of said Section 22;
 thence South 00° 05' 50" East, along said East line, 1293.37 feet to the Northwest corner of the Southwest one-quarter of the Northwest one-quarter of said Section 22, being a 3/4 inch rebar tagged RLS 35791;
 thence South 89° 53' 01" East, 1329.26 feet to a 2 inch iron pipe marked Northwest Corner, Southeast 1/4, Northwest 1/4, Section 23, RLS 1688;
 thence South 00° 02' 20" East, 1321.90 feet to a 2 inch iron pipe marked Southeast corner, Southwest 1/4, Northwest 1/4, Section 23, RLS 1688;
 thence South 00° 07' 49" East, 1323.82 feet to a 2 inch iron pipe marked Southwest corner, Northeast 1/4, Southwest 1/4, Section 23, RLS 1688;
 thence North 89° 57' 40" West, 1325.19 feet to the Southwest corner of the Northwest one-quarter of the Southwest one-quarter of said Section 23, being a 5/8 inch rebar tagged RLS 3579;
 thence North 00° 1' 35" West 1324.36 feet to the West one-quarter corner of said Section 23, being a 60-D spike in a rock mound;
 thence South 89° 56' 27" West, along the South line of the Northeast one-quarter of said Section 22, 1434.18 feet;
 thence North 00° 16' 35" West, 210.00 feet;
 thence South 89° 56' 27" West, 1211.36 feet to a point on the West line of the Northeast one-quarter of said Section 22;
 thence North 00° 16' 51" West, along said West line, 1116.28 feet to a 5/8 inch rebar tagged RLS 3907;
 thence North 00° 16' 32" West, along said West line, 1326.07 feet to the POINT OF BEGINNING.

A.P.N. 29-010-01 A PORTION

Reference for all Parcels is made to Record of Survey for Southern Nevada Culinary and Bartenders Pension Trust, Recorded December 15, 1989, in Book 1289, Page 1634, Document No. 216551.

EXHIBIT 7

0550560

BK 0802 PG 09306

232680

229804

COPY

EXHIBIT "B"

0550560

BK 0802 PG 09307

ASSIGNED

No 45900

APPLICATION FOR PERMIT TO APPROPRIATE THE PUBLIC WATERS OF THE STATE OF NEVADA

Date of filing in State Engineer's Office... JUL 7 1982

Returned to applicant for correction.....

Corrected application filed.....

Map filed..... JUL 7 1982

The applicant, The Southern Nevada Culinary and Bartenders Pension Trust c/o Thomas L. Karsten Associates 10960 Wilshire Blvd. of Los Angeles California 90024

hereby make application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.)

1. The source of the proposed appropriation is Underground Name of stream, lake, spring, underground or other source

2. The amount of water applied for is 3.0 c.f.s. second-feet (a) If stored in reservoir give number of acre-feet

3. The water to be used for Quasi-municipal Irrigation, power, mining, manufacturing, domestic, or other use. Must limit to one use.

4. If use is for: (a) Irrigation, state number of acres to be irrigated; (b) Stockwater, state number and kinds of animals to be watered; (c) Other use (describe fully under "No. 12. Remarks"; (d) Power: (1) Horsepower developed; (2) Point of return of water to stream.

5. The water is to be diverted from its source at the following point: NW 1/4 SE 1/4 Section 22, T. 12 N., R. 20 E., M.D.B. & M., or at a point from which the E 1/2 corner of said Section 22 bears North 78° 56' East, a distance of 1900 feet.

6. Place of use: Within portions of Sections 15, 22, 23, 27, and 28 of T. 12 N., R. 20 E., M.D.B. & M., as shown on the supporting map.

7. Use will begin about January 1 and end about December 31 of each year.

8. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) Drilled well, pump, distribution system and storage tank connected to existing water system.

9. Estimated cost of works \$150,000.00

0550560

BK 0802 PG 09308

10. Estimated time required to construct works..... 5 years
If well completed, describe works.

11. Estimated time required to complete the application of water to beneficial use..... 10 years

12. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use.

Water rights requested under this application are for the future development of approximately 540 single family dwelling units to be located within Gardnerville Ranchos, Units 8 and 9. The additional water will be commingled with the existing Gardnerville Ranchos General Improvement District System.

By s/Bruce R. Scott
Bruce R. Scott, Resource Concepts, Inc.
340 North Minnesota Street
Carson City, Nevada 89701

Compared..... js/bj..... js/se

Protested.....

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of water begins, or before the Proof of Completion of Work is filed. This source is located within an area designated by the State Engineer, pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This Permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

(CONTINUED ON Page 2)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed..... 3.0..... cubic feet per second, but not to exceed 197.1 million gallons annually.

Work must be prosecuted with reasonable diligence and be completed on or before..... August 12, 1988

Proof of completion of work shall be filed before..... September 12, 1988

Application of water to beneficial use shall be made on or before..... August 12, 1991

Proof of the application of water to beneficial use shall be filed on or before..... September 12, 1991

Map in support of proof of beneficial use shall be filed on or before..... September 12, 1991

Completion of work filed..... IN TESTIMONY WHEREOF, I, PETER G. MORRIS

Proof of beneficial use filed..... State Engineer of Nevada, have hereunto set my hand and the seal of

Cultural map filed..... my office, this 19th day of January

Certificate No..... Issued

A.D. 1987

[Signature]
State Engineer

0550560

Page 2

45900

(PERMIT TERMS CONTINUED)

The total combined duty of water under Permits 45900, 48749, 48750, 48751, 48752, 48753, 48754, 48755, 48756, 48757, 48758, 48759 and 48761 shall not exceed 1439.20 million gallons annually.

This permit is issued under the provisions of NRS 534.120(2) as a preferred use.

This permit is issued subject to the conditions set forth by the Gardnerville Ranchos General Improvement District in the letter dated August 7, 1986.

COPY

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BK0802PG09310

COPY

EXHIBIT "C"

0550560

BK0802PG09311

GRANT, BARGAIN AND SALE DEED

WATER RIGHTS

COMES NOW, SAN JUAN VENTURES, INC. identified in that Petition for Inclusion of Real Property into Gardnerville Ranchos General Improvement District dated August 21, 2000, hereinafter referred to as "Grantor", and the GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT, hereinafter referred to as "GRGID" and/or "Grantee", and for good and valuable consideration, the terms of which are as set forth hereinbelow, receipt of which is hereby acknowledged, by this Deed convey(s) to Grantee as its sole and separate property the water right described hereinbelow:

W I T N E S S E T H

WHEREAS, Grantor owns a certain water right which may be identified as Right Number or Permit Number 45900 appurtenant to Douglas County Assessor's Parcel Nos:

<u>APN</u>	<u>APN</u>
1220-15-701-001	1220-22-000-004
1220-15-701-003	1220-22-401-001
1220-15-801-001	1220-22-401-002
1220-22-000-001	1220-27-101-001
1220-22-000-003	1220-28-000-006

Grantor's water right is in an amount not to exceed 3.0 c.f.s. as set forth in that Application for Permit to Appropriate the Public Waters of the State of Nevada filed July 7, 1982, and approved by the State Engineer on the 19th day of Janaury, 1987, and which is further identified in the State of Nevada, Division of Water

0550560

BK0802PG09312

Resources' Abstract of Assignments and Summary of Ownership. A copy of the approved Application for Permit to Appropriate the Public Waters of the State of Nevada, Abstract of Assignment and Summary of Ownership is attached to this deed as Exhibit "A" and incorporated herein as if set forth in full; and

WHEREAS, Grantor desires to convey, and Grantee desires to accept, all that water right of the Grantor referenced within this Deed and its attachments; and

WHEREAS, Grantor's conveyance of Water Right No. 45900 referenced herein is subject to the terms and conditions of the annexation of Grantors' lands into the District as set forth in the Petition for Inclusion of Real Property into Gardnerville Ranchos General Improvement District and the annexation agreement executed by the Grantors and the Grantee; and

WHEREAS, upon the recordation of this Deed Grantee shall take all steps necessary to record this Deed, and to notify the Nevada Division of Water Resources of the conveyance of the water right(s) of Grantor to Grantee.

NOW, THEREFORE, for and in consideration of the performance by Grantor and Grantee of the conditions and provisions of Grantor's annexation agreement and underlying Petition for Inclusion of Real Property into the Gardnerville Ranchos General Improvement District, and each party's compliance therewith, and other good and valuable consideration as is set

forth herein, receipt of which is hereby acknowledged, Grantor hereby grants and conveys to Grantee Water Right Number 45900 appurtenant to Douglas County, Nevada Assessor's Parcel Nos.:

APN
1220-15-701-001
1220-15-701-003
1220-15-801-001
1220-22-000-001
1220-22-000-003

APN
1220-22-000-004
1220-22-401-001
1220-22-401-002
1220-27-101-001
1220-28-000-006

Permit No. 45900 allows an appropriation of water to be applied to beneficial use not to exceed 3.0 c.f.s., and not to exceed 197.1 million gallons annually as set forth in the approval of the State Engineer; all as is reflected in Exhibit "A" hereto.

Upon Grantee's recordation of this Deed, and Grantee's notification to the Nevada Division of Water Resources, the water right transferred hereby shall become the property of Grantee, subject to the terms, conditions and provisions of the Grantor's annexation agreement duly executed by Grantee and the Grantor. Grantee shall be solely responsible hereinafter for utilizing its best efforts to maintain the Water Right Permit No. 45900 in good standing, and Grantor agrees to pay for preserving and maintaining the water rights in the permit current, including payment of all administrative, engineering and/or legal fees incurred by Grantee in maintaining the permit; all as is specified in the Grantee's annexation agreement with Grantor.

0550560

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and any reversions, remainders, rents, issues or profits thereof.

DATED this 18th day of March, 2002.

Susan J. Riccio
San Juan Ventures, Inc. ~~and~~
~~San Juan Investments, Inc.~~ by its
President, Susan J. Riccio
Grantor

The Deed hereinabove set forth is hereby accepted this
22nd day of ~~March~~ ^{APRIL}, 2002.

Robert Spellberg
Robert Spellberg, District Manager
Gardnerville Ranchos General
Improvement District,
Grantee

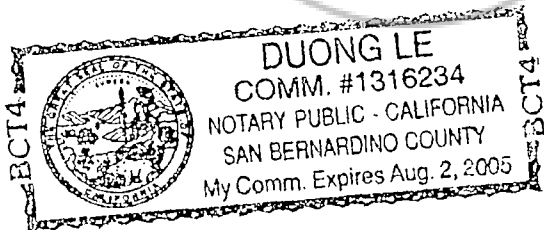
A C K N O W L E D G E M E N T

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNADINO)

On ~~March~~ ^{April} 4, 2002, before me, the undersigned, a Notarial Officer in and for said County and State, personally appeared SUSAN J. RICCO, known to me to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

WITNESS my hand and official seal.

[Signature]
NOTARIAL OFFICER



0550560

BK0802PG09315

A C K N O W L E D G E M E N T

STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

On April 22, 2002, before me, the undersigned, a Notarial Officer in and for said County and State, personally appeared ROBERT SPELLBERG, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.



Sonya Marie Henning

NOTARIAL OFFICER

COOPER

REQUESTED BY
GR61D

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2002 AUG 28 AM 8: 20

LINDA SLATER
RECORDER

5 **0550560**

\$ 50.00 PAID *GR* DEPUTY

BK0802PG09316