

ORDER OF ANNEXATION

The Board of Trustees of the GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT, Douglas County, State of Nevada, (hereinafter "DISTRICT" or "GRGID") hereby orders as follows:

W I T N E S S E T H

WHEREAS, a Petition for the Inclusion of Real Property into the DISTRICT dated August 21, 2000, has been filed with the DISTRICT requesting the inclusion into the DISTRICT of the real property described in Exhibit "A" to the Petition. Generally, the property requested to be included within the DISTRICT includes approximately 446.71 acres, more or less. The property sought to be annexed is further identified as Douglas County, Nevada 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 ("property"); and

WHEREAS, the Petition was determined to be in proper form, and was signed by officers of the fee owners of the property which sought the DISTRICT's Order of Annexation. At the general business meeting of the DISTRICT Board of Trustees ("Board") held on September 6, 2000, the Petition for Inclusion of Real Property into the DISTRICT was approved subject to the conditions of approval; and

WHEREAS, the Board had previously fixed the date and time of Wednesday, September 6, 2000, at the hour of 6:00 o'clock p.m. at the DISTRICT's office located at 931 Mitch Drive, Gardnerville, Nevada as the date, time and place when the Board

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would conduct a public hearing, and thereafter take action on the Petition for Inclusion of Real Property; and

WHEREAS, the Board on September 6, 2000, acted to approve the Petition for Inclusion of Real Property into the Gardnerville Ranchos General Improvement DISTRICT submitted by the fee owner of the property, to wit: San Juan Ventures, Inc., Capital Direct 1999 Trust, and Western Public Safety Alternatives, Inc. Money Purchase Plan; and

WHEREAS, prior to the Petition for Inclusion being heard by the Board, the District Manager caused notice to be given of the time, place and date of the meeting at which the Petition would be considered. No person listed in the Petition for Annexation as a fee owner sought to have any portion of the property withdrawn. Further, the parcel so included is capable of being served by the facilities of the DISTRICT, and the parcel described would be benefitted by inclusion within the DISTRICT. Similarly, the DISTRICT would be benefitted by the property being included herein; and

WHEREAS, at the public hearing conducted on the Petition for Inclusion of Real Property, the public was invited to comment either in favor of or against the Petition for Inclusion. After hearing no public comment in opposition to the Petition, the public hearing was closed by the Chairman of the Board. Thereafter, the Board acted to include the property described in the Petition for Inclusion of Real Property within the DISTRICT, subject to compliance with the requirements of the DISTRICT's Policies and Procedures Manual ("Manual") and a deed restriction

or other recordable instrument to be signed by the Petitioners' Officers setting forth that the Petitioners would pay any and all annexation fees and charges of the DISTRICT as set forth in the Manual as in effect at the time of the development of the property.

The Board orders that, 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(s) on all or a part of the property to the DISTRICT for its review and recommendation, 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 shall submit all tentative and final map(s) to the DISTRICT concurrent with the submission of such map(s) to Douglas County or any other regulatory agency having jurisdiction over the property.

It is further ordered that at such time as an application for approval of a final map(s) is submitted, Petitioners, or their successors-in-interest, shall remit to the DISTRICT the applicable amount of annexation fees for the property encompassed within the tentative map(s) and/or the final map(s).

WHEREAS, by action of the Board, and with the concurrence of the Petitioners, Petitioners and the Board entered into an Annexation Agreement by and between the DISTRICT and Petitioners. By reference to the Annexation Agreement, each, every and all of

its provisions are incorporated into this Order as though set forth in full; and

WHEREAS, by action of the Board, when all acts and conditions and requirements of the law and of the approval of the Petition for Inclusion of Real Property within the DISTRICT have been complied with in regular and due form, and in strict compliance with NRS 318.258 "Inclusion", and the certification to that effect by the District Manager and the District Engineer is received by the Board, the Board will enter this Order as is required by the NRS.

Upon execution of this Order by the Chairman, and upon compliance with all conditions of approval, the Order shall be filed as is required with the Clerk of Douglas County, Nevada for her thereafter filing the same with the Secretary of the State of Nevada; and

WHEREAS, the Board orders that the annexation be granted, and this Order recorded, together with the Annexation Agreement executed by the Petitioners and the DISTRICT. The District Manager and the District Engineer have reported to the Board that Petitioners have complied with all of the conditions of annexation approval determined at the general business meeting of the DISTRICT held on September 6, 2000.

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT ORDERS AS FOLLOWS:

1. The property ordered to be included, described in Exhibit "A" to this Order, is included within the DISTRICT.

A. The property included my generally referenced as Douglas County, Nevada 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, which parcels shall be annexed in their entirety into the DISTRICT.

B. The Owners of the property annexed shall comply with all conditions applicable to the property as specified in the DISTRICT's Policies and Procedures Manual and each, every and all of the provisions of the Annexation Agreement entered into by and between the DISTRICT and the Petitioners.

C. Pursuant to the Annexation Agreement, Petitioners shall be required to pay to the DISTRICT all applicable annexation fees and charges of the DISTRICT as set forth in the Manual and as in effect at the time of the 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 assessed and charged to Petitioners and/or the then current owners of the property in accordance with Article III(A) "General Conditions" as set forth in the Annexation Agreement.

D. Pursuant to the conditions of approval, the provisions of the Annexation Agreement, and the Grant, Bargain and Sale Deed ("Deed") executed by the San Juan Ventures, Inc. ("San Juan"), Petitioners have deeded to the DISTRICT certain water rights owned by San Juan. San Juan owned a certain water right identified as water right or Permit No. 45900 appurtenant to the

property annexed. San Juan has executed the Deed conveying to the DISTRICT its rights under the permit to satisfy, in part, a condition of annexation imposed by the DISTRICT.

The rights and obligations of the DISTRICT and San Juan relating to the Deed are as specified in the Annexation Agreement.

E. Petitioner has caused to be prepared an annexation map which the DISTRICT Engineer and Manager have reviewed and approved. The Board orders that the Annexation Map so prepared shall be recorded reflecting the annexation of the property into the DISTRICT. (The Annexation Map preparation satisfies a condition imposed upon Petitioners.

F. The Petitioners have complied with the requirements of the Policies and Procedures Manual and of the Board imposed September 6, 2000. Accordingly, this Order of Annexation shall be recorded, and the property of the Petitioners shall be annexed into the GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT subject to the terms and provisions of the Annexation Agreement and the Manual.

DATED: this 26th day of August, 2002.

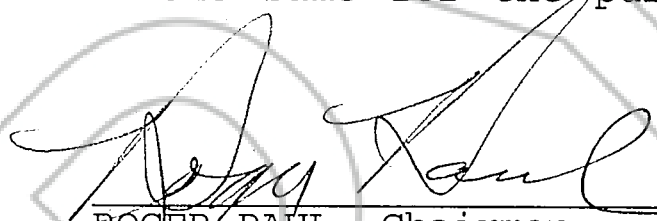


ROGER PAUL, CHAIRMAN
GARDNERVILLE RANCHOS
GENERAL IMPROVEMENT DISTRICT

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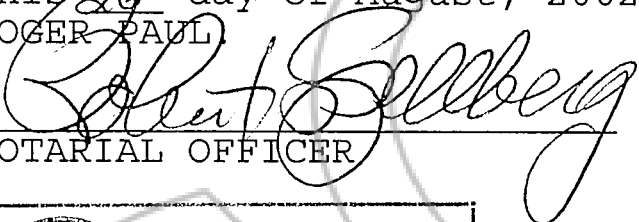
STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

On the 26th day of August, 2002, personally appeared before me a Notarial Officer in and for Douglas County, ROGER PAUL, Chairman of the GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT Board of Trustees, who satisfactorily proved to me to be the person described and who executed the above document and who acknowledged to me that he executed the same for the purposes therein stated.

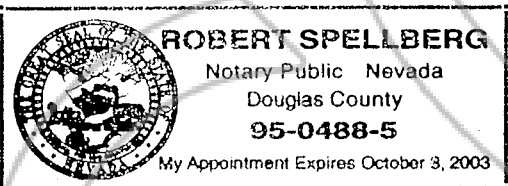


ROGER PAUL, Chairman
Gardnerville Ranchos General
Improvement District

Signed and sworn to before me on this 26th day of August, 2002, by ROGER PAUL



NOTARIAL OFFICER



REQUESTED BY
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IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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RECORDER

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