

OFFICIAL RECORD

Requested By:
GARDNERVILLE RANCHOS GENERAL
IMP DIST
Douglas County - NV
Werner Christen - Recorder

Page: 1 Of 16 Fee: 29.00
BK-0808 PG- 4183 RPTT: 0.00



Assessor's Parcel Number: _____

Recording Requested By: _____

Name: Gardnerville Ranchos GID

Address: 931 Mitch Dr

City/State/Zip Gardnerville, NV 89460

Real Property Transfer Tax: _____

Annexation Agreement
(Title of Document)

This page added to provide additional information required by NRS 111.312 Sections 1-2 (Additional recording fee applies)

This cover page must be typed or legibly hand printed.

ANNEXATION AGREEMENT
GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT
A POLITICAL SUBDIVISION OF THE COUNTY OF DOUGLAS,

STATE OF NEVADA

Vincent and Joan Sheehan

Douglas County Assessor's Parcel No.

1220-16-101-020



ANNEXATION AGREEMENT

THIS ANNEXATION AGREEMENT ("Agreement") is made and entered into this 4th Day of April, 2007, 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 Vince and Joan Sheehan, hereinafter referred to as "Petitioner", hereby agree to the annexation of Petitioner's land into the District as follows:

WITNESSETH

WHEREAS, Petitioner petitioned for the inclusion of real property into the District by proper petition submitted to the District and dated January 13th, 2007. At the regular general business meeting of the Board and the District on February 7th, 2007, the District approved of the annexation, or inclusion, of Petitioner's real property subject to conditions: and

WHEREAS, a condition of approval at the February 7th, 2007 Board meeting was that an annexation agreement be prepared to encompass the entire area of Petitioner's property to set forth the terms, conditions, provisions and approvals of annexation of Petitioner's property and its inclusion into the District; and

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

NOW, THEREFORE, for and in consideration of the above-stated recitals, and the District's and petitioner's compliance with each term and provision of this Agreement, and for other good and valuable consideration including the mutual covenants and promises set forth hereinafter, 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 that 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. Petitioner 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. The District acknowledges that it does not have sufficient underground water rights to serve the proposed development and commits that such water rights are not available for sale to Petitioner to serve the Property that is planned to include not more than four residential parcels, hereinafter "Project." The total estimated annual water right requirement for the Project, including attendant landscaping has been calculated to be 4.48 acre-feet or less as approved by the Nevada Division of Water Resources.

B. Petitioner shall purchase and provide to the District permanent underground, non-supplemental water rights from a non-District source. Petitioner is in the process of securing a commitment to purchase water rights and provide them to the District; the District will work co-operatively with Petitioner to arrange the timely transfer of the water rights required supporting the homes in any individual phase. The transfer of water rights is subject to approval by the State Engineer and shall occur prior to the recordation of the final parcel map. Issuance of site improvement permit will be allowed by the District. In this instance the Petitioner will be responsible to prepare and file a Report of Conveyance documenting this ownership change with the Office of the State Engineer. Change in ownership, transfer of water rights and approval by the State Engineer will satisfy the District's general condition of annexation requiring an applicant to supply a sufficient quantify and quality of water rights for the anticipated number of homes.

C. Should Petitioner seek to develop the property at a greater density than four single-family residences, Petitioner shall be required to apply to, and receive approval of, the board of trustees. If such approval is given, an amended annexation agreement will be entered into by the District and Petitioner, to memorialize the District's approval and the conditions that must be met by the Petitioner in consideration of such approval.

D. Petitioner shall be fully responsible for all costs and fees, including retaining a licensed water-right surveyor, for preparing and filing the requisite water-right applications necessary to support the change of point of diversion and place of use of the water rights necessary and dedicated to serve the Project. The District agrees to cooperate with the Petitioner in its water right permitting efforts by providing supplemental information

currently available to the District. Should the Petitioner be in full compliance with all terms, conditions and requirements of this Agreement, the District will from time to time, as necessary prepare will-serve letters acknowledging the District's commitment to serve water to the project.

E. Petitioner acknowledges that the District has no ability to control and govern the actions of the State Engineer with regard to the water right application and permitting process. Accordingly, Petitioner agrees to hold harmless the District from any and all losses Petitioner may experience or consequential damages Petitioner may incur that may be caused by any decision of the State Engineer's Office on Petitioner's water right applications.

F. The Petitioner will be responsible for the abandonment of the existing domestic well and septic system pursuant to the State of Nevada standards. The Petitioner shall, within 60 days from recordation of this agreement, connect to the District's water and sewer service and within 120 days from recordation of the agreement the Petitioner shall provide proof of abandonment of the existing domestic well and septic system.

3. Water Production and Water Quality - Municipal well(s)

A. The District shall secure sufficient pumping capacity to provide service to the Petitioner. It is agreed the pumping capacity required is 1.2 gpm per residential lot. The Petitioner shall pay a pumping capacity fee of \$1,000 for each gallon per minute based on the actual cost of the Rocky Terrace domestic well and the Petitioner's pro-rata flow rate per unit to the District prior to recording the final parcel map(s).

B. The District acknowledges that it has sufficient water storage capacity in its lower zone to serve the Project and that Petitioner is not responsible to develop any additional water storage capacity.

4. General Conditions.

A. Petitioner and the District agree that, in addition to other general and specific conditions set forth within this Agreement and in the manual, except as otherwise set forth in this Agreement, Petitioner 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 submission of improvement plans for development of the property.

B. Until such time as Petitioner requests the District to review a development proposal, no annexation fees shall be charged to Petitioner. Annexation fees shall be paid only at the time that Petitioner submits a final subdivision map or improvement plans, whichever is first submitted, on all or a part of the property to the District for its review and

recommendations, and for the District's approval of the improvement plans for those facilities necessary to provide the services delegated to the District pursuant to its enabling ordinance. Petitioner agrees 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.

C. At such time as an application for approval of improvement plans is submitted, Petitioner, or Petitioner's successors-in-interest, shall remit to the District annexation fees as then established in the district's policies and procedures manual. At the time of the execution of this Agreement, the Annexation fees are \$2,815 /net acre x 3.1 net acres for the property encompassed within Exhibit" A".

D. Petitioner will submit to the District for its review and recommendations any proposed designs for the development of the property. The District's review shall include aspects of the development for which it is responsible for providing services under NRS Chapter 318, including without limitation public facilities provided for and maintained by the District, such as sewer and water facilities. G.R.G.I.D. and Petitioner agree that the District will review such proposed development pursuant to the then existing requirements set forth in the District's Manual, and Petitioner agrees 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.

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

5. Phasing

A. Petitioner and the District agree that the property included within the District will be developed by the recordation of a final parcel map, which for purposes of providing public services will be considered a single phase.

6. Final Map Assurance

A. 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 filed by the Petitioner, the approval of the final map on each phase of the project may require posting a letter-of-credit or other financial assurance with the District to ensure completion of all or any portion of the public improvements to be accepted by the District within such phase equal



to one hundred fifty percent (150%) of the estimated construction costs for such improvement(s). Any assurance provided shall be periodically reduced in accordance with District's approval(s) in order that the entire assurance will be exonerated on final completion of improvement construction.

B. Alternatively, Petitioner, at Petitioner's 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 financial assurance. Public improvements include streets, curbs, sewer systems, water systems, storm drain systems, streetlights, and access roadways, whether the same are dedicated to the District or to Douglas County, as applicable.

7. Further Covenants

Upon compliance with all of the District's conditions of approval of the tentative map(s), and upon compliance with those conditions prior to recordation 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, excepted for taxes, fees or other charges applied on a uniform basis by the District to all similarly situated development projects.

8. Service/Improvements

A. District Service. On recordation of a final parcel map(s), the District shall provide to the property, or the 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, 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. Except as otherwise agreed in writing by the Petitioner and the District, Petitioner, or Petitioner's 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.

B. Sewer Capacity. Petitioner acknowledges that it shall be required to acquire capacity for sewer service from the District. Petitioner also acknowledges that the District must request additional sewer capacity from the Minden-Gardnerville Sanitation District prior to its availability to the Petitioner. Unless Petitioner elects to purchase the sewer capacity necessary to serve all of the annexed property at one time, Petitioner may be delayed in the acquisition of sewer capacity for the annexed property until such time as the District requests such capacity, and such capacity is then approved by MGSD. The Petitioner, or Petitioner's successors-in-interest, shall pay to the District all costs of the

acquisition of such sewer capacity, which the District incurs in acquiring capacity for sewer service from the Minden-Gardnerville Sanitation District. When the final map is recorded, Petitioner agrees to acquire capacity as necessary to serve the lots contemplated for development in the final map for the property. Except as otherwise set forth in this Agreement or as set forth in a subsequent agreement between the Petitioner and the District, the Petitioner 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. Except as otherwise set forth in this Agreement or as otherwise agreed in writing by the Petitioner and the District, Petitioner shall provide and construct infrastructure for each phase of the project, and at its sole expense, and will construct and provide to District standards, and as operational, a water distribution system with improvements including pipelines and valves as necessary to connect into the District's existing system and to provide water service to the property or a portion of the property being developed; a sewer collection system with improvements necessary to connect into the Minden-Gardnerville Sanitation District (MGSD) existing sewer collection system to provide sewer service to the property or a portion of the property being developed; satisfactory ingress and egress on such streets or highways as approved by Douglas County and GRGID and a storm sewer/drainage system to Douglas County standards (the on-site drainage system serving the Property will be privately maintained), as necessary to provide storm water drainage to the property or a portion of the property being developed. 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 utility improvements (street system and drainage system excluded) upon completion, acceptance and delivery of as-built or record drawings.

D. Water Capacity. Except as otherwise agreed in writing between the District and the Petitioner, the Petitioner shall be required to pay to the District a fixed connection fee pursuant to the District's Policy and Procedures Manual for each single family residence prior to the issuance of a building permit by Douglas County through the life of the project as the necessary and reasonable capacity and connection charge and do hereby further agree that such fees shall be paid prior to obtaining a building permit fore each respective single-family residence.

9. 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, all other applicable state and local codes, ordinances and statutes, and the District's Policies and Procedures



Manual.

10. Improvement Plans

The petitioner shall provide improvement plans for the entire project to the District or its representative(s) for review and approval prior to commencing construction, and Petitioner agrees to reimburse the District for any reasonable expenses the District incurs in review of said improvement plans, which may include expenses related to design review, to review of any tentative map(s) for any phase(s); full-time on-site inspections; and legal and engineering expenses. Petitioner also agrees to reimburse the District for any administrative expenses incurred by the District in the plan review process. Petitioner shall provide as-built improvement plan drawings (two mylar reproducible copies; two bond copies and one copy on electronic media and in AutoCAD format) to the District upon completion of improvements.

11. Water Meter

Meters shall be supplied and installed by the District upon Petitioner's payment of the connection fees which are in effect at the time of the request for service, and Petitioner's payment of the cost of the meter(s) and related parts necessary for installation.

12. Default, Remedies, Termination

A. General Provisions. Subject to extensions of time by mutual consent in writing, failure or unreasonable delay in performing any material 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 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 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 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 options, and 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, either 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 District Board at its next regularly scheduled meeting shall schedule the matter for consideration and review. If the default is not cured within 30 days or within

such longer periods as agreed upon between the District and Petitioner, or if the defaulting party waives its rights to cure such alleged default, 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 an incident of default of the terms of this Agreement.

B. Bi-annual Agreement Review. Petitioner 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.

D. Termination not to Affect Final Map(s). It is hereby acknowledged by Petitioner 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.

13. 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: **G.R.G.I.D.**

To: **Bob Spellberg, District Manager**
931 Mitch Drive
Gardnerville, NV 89460

And to: **Michael Smiley Rowe, Esq.**
General Counsel, G.R.G.I.D.
Rowe & Hales, LLP
P.O. Box 2080
Minden, NV 89423

And to: **Randall M. Long, PE**
District Engineer
Lumos and Associates, Inc.
800 East Collage Parkway
Carson City, Nevada 89706

If to: **Petitioner**
Vince and Joan Sheehan
1604 Grant Ave
Novato, CA 94945

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

1. Petitioner hereby agrees to, and shall hold the District and its elected and appointed Board, Commissions, Officers, agents, attorneys and employees harmless from any liability for personal injury or death or claims for property damage which may arise from Petitioner's conduct, or the conduct of Petitioner's agents or successors, including contractors and sub-contractors, or by anyone or more persons directly or indirectly



employed by or acting as the agent for Petitioner during the course of project construction and until final approval and acceptance of the project and the public improvements contained within it. Petitioner agrees 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 Petitioner's construction operations until final District approval of the improvements within the phase(s) of the project. Petitioner shall, at Petitioner's sole expense and cost, repair any existing streets, sidewalks, storm drains, sewer lines, water lines, street lights or other public improvements(s) which may be damaged during the course of construction of improvements on the property during Petitioner's development of the property.

2. Petitioner reserves its right to make any claim it may have against the District for any incident of default or act of negligence on the part of the District, its employees, agents, or assigns, consistent with the provisions of chapter 41 of NRS.

E. Private Undertaking. Petitioner and the District specifically understand and agree that the property and the development of the property by the Petitioner, or Petitioner's 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 Petitioner and the District agree that the only relationship between the District and Petitioner 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 the entire conditions attendant to the District's annexation of the property upon Petitioner's Petition for Inclusion of Real Property into the District. This Agreement supersedes all previous written and oral communication between the District and Petitioner. There shall be no modification of this Agreement unless it is in writing and signed by the Petitioner, or Petitioner's 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 of 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 any 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. Petitioner, or the assignee of Petitioner, is required to notify the District within ten (10) days of the assignee's name, address, contact telephone number and representative in the case of an assignee that is an entity.

I. Attorney's Fees. The parties retain all legal and equitable remedies in the event of any breach of the provisions of this Agreement. The party prevailing in any legal action initiated to enforce the terms of this Agreement shall be entitled to an award of reasonable attorney's fees and court costs. Such shall conclude on appeal.

COPY

Dated this 7th day of May, 2008.

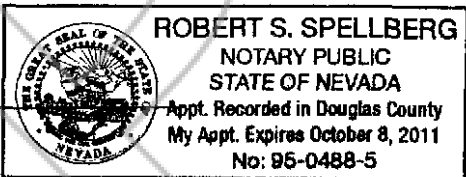
GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

Al Wagner
Al Wagner, Chairman

STATE OF Nevada)
COUNTY OF Douglas) SS

On this 7th day of May, 2008, personally appeared before me, a Notary Public, Al Wagner, personally known to me to be the person whose name is subscribed to the attached instrument and who acknowledged that he/she executed the foregoing instrument.

Robert S. Spellberg
Notary Public



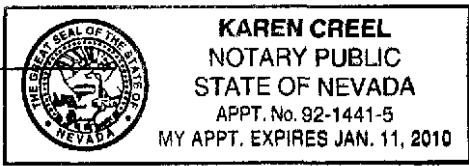
GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

Robert Spellberg
Robert Spellberg, District Manager

STATE OF NV)
COUNTY OF Douglas) SS

On this 2 day of June, 2008, personally appeared before me, a Notary Public, Robert Spellberg, personally known to me to be the person whose name is subscribed to the attached instrument and who acknowledged that he/she executed the foregoing instrument.

Karen Creel
Notary Public



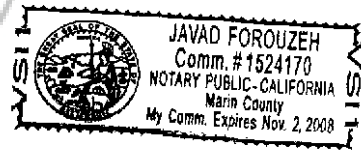
PETITIONER

Vince Sheehan
Vince Sheehan

STATE OF California)
COUNTY OF Marin) SS

On this 15th day of April, 2008, personally appeared before me, a Notary Public, Vince Sheehan, personally known to me to be the person whose name is subscribed to the attached instrument and who acknowledged that he/she executed the foregoing instrument.

J. Forouzeh
Notary Public



Joan Sheehan
Joan Sheehan

STATE OF California)
COUNTY OF Marin) SS

On this 15th day of April, 2008, personally appeared before me, a Notary Public, Joan Sheehan, personally known to me to be the person whose name is subscribed to the attached instrument and who acknowledged that he/she executed the foregoing instrument.

J. Forouzeh
Notary Public

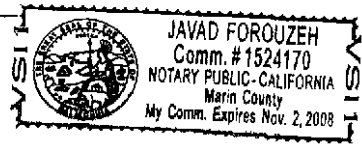


EXHIBIT A

The land referred to in this policy is situated in Douglas County, State of Nevada, described as follows:

All that portion of the Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of Section J 6, Township 12 North, Range 20 East, M.D.B. & M., more particularly described as follows:

Parcel 4, as shown on the Parcel Map filed in the office of the County Recorder of Douglas County, Nevada, on September 28, 1983, as Document No. 87664, Official Records.



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08/25/2008