

APN 1220-03-000-034 & 1220-03-000-041

AFTER RECORDATION RETURN TO:

Mark Forsberg, Esq.
Oshinski & Forsberg, Ltd.
504 E. Musser St. Suite 302
Carson City, Nevada 89701



KAREN ELLISON, RECORDER

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned hereby affirms that this document submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

MEMORANDUM OF ANNEXATION AGREEMENT

THIS MEMORANDUM IS MADE this 11 day of June, 2015, by and between the GARDNERVILLE WATER COMPANY, INC. formerly known as Gardnerville Town Water Company (the "Utility") and SIERRA NEVADA SW ENTERPRISES LTD., a Nevada limited liability company, and successor in interest to Virginia Ranch Development Corporation, a Nevada corporation (collectively the "Applicant"), as follows:

WHEREAS, the Utility and the Applicant are parties to that certain Annexation Agreement dated July 30, 2004, attached hereto as **Exhibit A** and incorporated herein by this reference (the "Annexation Agreement"); and,

WHEREAS, the Annexation Agreement encompasses and is effective as to Douglas County Assessor's Parcel Numbers 1220-03-000-034 and 1220-03-000-041, more particularly described in **Exhibit B** attached hereto and incorporated herein by this reference (the "Land"); and

WHEREAS, the Utility and the Applicant wish to record the Annexation Agreement in the public records of Douglas County, Nevada, for the purpose of identifying the parcels subject to the Annexation Agreement and to affirm that the Annexation Agreement is binding on the successors and assigns of the parties hereto.

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Utility and the Applicant declare as follows:

1. Douglas County Assessor's Parcels 1220-03-000-034 and 1220-003-000-041 comprise land that is subject to and benefited by the Annexation Agreement.
2. The Annexation Agreement is binding upon the successors and assigns of the Utility and the Applicant.

GARDNERVILLE WATER COMPANY

By Mark Hussman
Mark Hussman, Chairman

SIERRA NEVADA SW ENTERPRISES, LTD., a Nevada limited liability company

By: **Corporate Management Services, Inc., a Nevada Corporation**
Its: **Manager**

By: James S. Bradshaw
Its: **JAMES S. BRADSHAW**
President

STATE OF NEVADA)
) ss.
COUNTY OF Douglas)

On this 11 day of June, 2015, before me, the undersigned, a Notary Public in and for said state, personally appeared **Mark Hussman**, personally known or proved to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

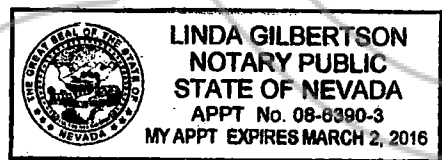


Krist Bennett
NOTARY PUBLIC

STATE OF NEVADA)
) ss.
CARSON CITY)

On this 4th day of June, 2015, before me, the undersigned, a Notary Public in and for said state, personally appeared **James S. Bradshaw**, personally known or proved to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Linda Gilbertson
NOTARY PUBLIC

EXHIBIT A

COPY

EXHIBIT A

ANNEXATION AGREEMENT

THIS AGREEMENT is made this 30th day of July, 2004, by and between the Gardnerville Town Water Company, Inc., d.b.a. Gardnerville Water Company, herein referred to as "the Utility," and Virginia Ranch Development Corporation, a Nevada corporation, herein referred to as "Applicant," on the following terms and conditions:

R E C I T A L S:

WHEREAS, the Utility is a non-profit Nevada corporation with its principal place of business in Douglas County, Nevada; and

WHEREAS, the Utility is in the business of providing and delivering water within its certificated service area; and

WHEREAS, Applicant has entered into an Option Agreement to Purchase approximately 225.98 acres of property in Douglas County, Nevada, assessor's parcel number 1220-03-000-022, 1220-03-000-023, as adjusted, and 1220-03-000-024, as adjusted, herein referred to as "the Property"; and

WHEREAS, the Owner of the Property consents to this application and delegates and assigns to Virginia Ranch Development Corporation, the power and authority needed to proceed with the annexation pursuant to the terms of this Annexation Agreement.

WHEREAS, Applicant represents that the Property is contiguous to, but not within, the Utility's current certificated service area; and

WHEREAS, Applicant desires to develop the Property and intends to seek for Douglas County's approval of a Specific Plan affecting the Property, which if approved, will include between 900 and 1,100 units; and

WHEREAS, Applicant desires to obtain domestic water service for the Property from the Utility; and

WHEREAS, the Utility is prepared to provide water service to the Property, provided the Property is annexed into the Utility's certificated service area and all other terms and conditions prerequisite to service are met by Applicant; and

WHEREAS, the Utility's service area may only be changed with the approval of the Nevada Public Utilities Commission ("PUC").

W I T N E S S E T H:

NOW, THEREFORE, the parties do agree as follows:

1. The foregoing recitals are hereby incorporated as though set forth in full herein.

2. Applicant will provide the Utility with all documents, evidence and information requested by the Utility as may be necessary for the Utility to annex the property into its certificated service area. Said items include, but are not limited to, maps, diagrams, statistics, deeds, report results, estimates, and other similar items.

3. The Utility will compile and prepare such information and applications as may be necessary to obtain a modification of its certificated service area with the PUC. The Utility will submit the application(s) and related supporting material to the PUC in a timely manner. Applicant will provide to the Utility all information reasonably requested by the PUC in order that the Utility's application may be timely considered.

4. Representatives of both the Utility and Applicant will attend all meetings and hearings required by the PUC that are related to the application. Applicant understands that annexation of the Property into the Utility's certificated service area is subject to the approval of the PUC.

5. The Utility will commission and/or prepare a water system model analysis and report of the Utility's affected existing and proposed infrastructure, which is required to be included with the application submitted to the PUC and also to the Nevada Bureau of Health Protection Services. The model may, in the discretion of the Utility, be done in association with another project of another entity and, if so, costs of the modeling will be fairly apportioned between Applicant and the other project applicant, in the discretion of the Utility.

6. Applicant will be responsible for all costs, including but not limited to engineering fees, attorneys' fees, water studies, modeling, copies, application fees and any other costs or expenses related directly or indirectly to the annexation of the Property. The parties hereto contemplate that the Utility will incur no internal or out of pocket cost or expense related to this Agreement or the annexation of the Property, all of which are the sole responsibility of Applicant.

7. Within ten (10) days of the date of this Agreement, Applicant will deliver to the Utility the amount of \$12,000, which is deemed a deposit for the purpose of securing all costs, expenses and fees contemplated in the preceding paragraph. This amount is an estimate only; the Utility will reimburse any unused portion of said deposit within thirty (30) days of the PUC's decision, or Applicant will pay the Utility any additional amounts incurred by the Utility within said thirty (30) days.

8. Applicant will comply with all provisions of the Utility's tariff, including but not limited to its Rules and Regulations, all of which Applicant may inspect upon request.

9. Applicant shall pay the appropriate per acre fee to annex the Property into the Utility's service area upon approval of such annexation. The fee shall be \$3,149.00 per acre and if required, Applicant shall provide a form of security acceptable to both parties pending approval.

10. Applicant understands that inclusion into the Utility's service area only creates a right of service to the Property. Annexation does not commit the Utility to install any infrastructure to provide water service to the Property. Following annexation, it will remain Applicant's responsibility to pay for the cost of designing, planning, permitting and constructing all infrastructure necessary to serve the Property, subject to the advance approval of the Utility, as set forth in its tariff and its rules and regulations. Further, Applicant understands that there are connection fees over and above annexation fees and costs of infrastructure.

11. Each party will act expeditiously and in good faith so that annexation may occur as quickly as possible.

12. This Agreement is made in and shall be governed by and interpreted according to the laws of the State of Nevada. Venue of any action shall be in Douglas County, State of Nevada.

13. In the event that the PUC fails to approve a change in the Utility's certificated service area to allow annexation of the Property, then this Agreement and all rights and obligations of the parties hereunder shall terminate and Applicant shall be entitled to the return of all moneys paid, however, Applicant will remain responsible for all costs, expenses and fees incurred by the Utility and by Applicant related to the annexation effort.

14. Time is of the essence of this Agreement.

15. This Agreement has been drafted through the joint effort of the parties, and shall be construed fairly and not for or against either party.

16. This Agreement constitutes the entire agreement of the parties, and supercedes any prior oral or written agreements, representations, or understandings between them.

17. The person signing this Agreement for Applicant represents that he has full corporate authority to do so.

18. This Agreement shall be binding on the successors and assigns of the Utility and Applicant.

19. Should either party be required to bring suit to enforce any provision of the Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

UTILITY:

GARDNERVILLE TOWN WATER

By Dennis Willis
DENNIS WILLS
Its: Chairman of the Board

Applicant:

VIRGINIA RANCH DEVELOPMENT CORPORATION, a Nevada corporation

By James S. Bradshaw
JAMES S. BRADSHAW
Its: Secretary

ACKNOWLEDGMENT

Sierra Nevada SW Enterprises, Ltd., as owner of the subject property, hereby consents to the terms and conditions of this Annexation Agreement and acknowledges that Virginia Ranch Development Corporation has been delegated or assigned the rights to enter into the attached Annexation Agreement.

Date: July 30, 2004

SIERRA NEVADA SW ENTERPRISES, LTD.,
a Nevada limited liability company

By: CORPORATE MANAGEMENT SERVICES, INC.,
a Nevada corporation
~~its manager~~


By: 
JAMES S. BRADSHAW
President

EXHIBIT B

COPY

EXHIBIT B

Exhibit B
Legal Description of Property

Order No.: N1500543-020-RJT

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDNERVILLE, IN THE COUNTY OF DOUGLAS, STATE OF NEVADA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1

Parcel 2 and a Portion of Adjusted Parcel 1, as shown on the Record of Survey to Support a Boundary Line Adjustment for Terry M. Jacobsen and Linda Ann Jacobsen and Jacobsen Family Survivors/Residual Trust, filed for record December 30, 1997, in book 1297, at page 5459, as Document No. 429408, Official Records of Douglas County, Nevada, more particularly describes as follows:

BEGINNING at the northwest corner of said Adjusted Parcel 1, said point being on the Southerly right-of-way line of Toler Lane;
Thence along said southerly right-of-way line, South 89°20'34" East, 662.65 feet;
Thence leaving said southerly right-of-way line, South 00°39'26" West, 1261.19 feet;
Thence North 77°32'52" East, 671.17 feet;
Thence South 12°32'16" East, 979.08 feet to the southeast corner of said Parcel 2;
Thence along the southerly line of said Parcel 2, North 89°19'57" West 1265.26 feet to the southwest corner of Parcel 2;
Thence along the westerly line of said Parcel 2 and its prolongation along the westerly line of said Adjusted Parcel 1, 17°48'57" West 853.77 feet;
Thence continuing along the Westerly line of said Adjusted Parcel 1, North 00°28'21" East, 1252.20 feet to The Point of Beginning.

Reference is further made to Adjusted Parcel 2 on Record of Survey recorded in the office of the Douglas County Recorder on March 6, 2003 in Book 303, Page 2158 as Document No. 569146, Official Records of Douglas County, State of Nevada.

Note: Legal description previously contained in Document No. 573634, recorded April 15, 2003 in Book 403, Page 7331, Official Records of Douglas County, State of Nevada,

Assessor's Parcel No. 1220-03-000-034

(Continued)

A parcel of land located within portions of Sections 3, 10 & 11, Township 12 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

A parcel of land being a portion of Adjusted Parcel 1 per the Record of Survey to Support a Boundary Line Adjustment for Sierra Nevada SW Enterprises, Ltd. and Barry & Karla Jones filed for record December 27, 2012 in the office of Recorder, Douglas County, Nevada as Document No. 815195, said parcel shown as Parcel 1A on the Record of Survey for Sierra Nevada SW Enterprises, Ltd. filed for record May 21, 2015 in said office of Recorder as Document No. 862467, more particularly described as follows;

BEGINNING at the most westerly corner of said Parcel 1A, from which the common corner of Sections 3, 4, 33 & 34, Township 12 North, Range 20 East, M.D.M. bears North $36^{\circ}29'45''$ West, 2649.82 feet;

thence South $89^{\circ}19'57''$ East, 1265.26 feet;
thence South $11^{\circ}56'32''$ East, 78.01 feet;
thence North $77^{\circ}33'39''$ East, 919.09 feet;

thence North $12^{\circ}21'42''$ West, 1980.98 feet to a point on the south right-of-way line of Toler Lane;

thence along said south right-of-way line of Toler Lane, South $89^{\circ}20'34''$ East, 95.81 feet;

thence South $12^{\circ}03'48''$ East, 4946.44 feet;
thence South $88^{\circ}47'09''$ West, 68.89 feet;
thence South $12^{\circ}21'42''$ East, 721.05 feet;

thence South $21^{\circ}13'25''$ West, 555.22 feet to a point on the right-of-way line of Muller Parkway as granted by Deed to Douglas County filed for record January 8, 2013 in said office of Recorder in Book 113, Page 1602;

thence along said right-of-way line of Muller Parkway the following courses:

North $44^{\circ}45'21''$ West, 885.88 feet;

Along the arc of a curve to the left, having a radius of 1852.50 feet, central angle of $16^{\circ}05'23''$ and arc length of 520.22 feet;

Along the arc of a reverse curve to the right, having a radius of 73.50 feet, central angle of $48^{\circ}56'07''$ and arc length of 62.78 feet;

Along the arc of a reverse curve to the left, having a radius of 114.50 feet, central angle of $84^{\circ}28'35''$ and arc length of 168.82 feet;

Along the arc of a reverse curve to the right, having a radius of 135.50 feet, central angle of $44^{\circ}05'06''$ and arc length of 104.26 feet;

Along the arc of a compound curve to the right, having a radius of 1747.50 feet, central angle of $13^{\circ}23'46''$ and arc length of 408.58 feet;

thence South $45^{\circ}14'20''$ West, 361.27 feet;

thence North $17^{\circ}48'57''$ West, 3024.74 feet to the POINT OF BEGINNING, more or less.

Note: Legal description previously contained in Document No. 2015-862766 recorded May 28, 2015, Official Records of Douglas County, State of Nevada.

Assessor's Parcel No. 1220-03-000-041