

AGREEMENT

1 THIS AGREEMENT is made and entered into this 21 day of  
2 February, 1996, by and between the TOWN OF FERNLEY,  
3 an unincorporated town and political subdivision of the State of  
4 Nevada, hereinafter referred to as "TOWN," and MARC E. SIMONCINI  
5 and JULIA R. SIMONCINI, TRUSTEES OF THE RAINBOW TRUST, of Reno,  
6 Nevada, hereinafter referred to jointly as "Developer."

7  
8 WHEREAS, the Town is the owner and operator of the Fernley  
9 Town Utilities system, consisting of water and wastewater  
10 systems within the Town boundaries; and

11 WHEREAS, the Developer is and/or represents the owner of  
12 the real property located off Farm District Road in Fernley,  
13 Lyon County, Nevada, known as the Desert Lakes Subdivision ("the  
14 Project") more specifically described as:

15 All that certain real property situate in Sections 22  
16 and 23, Township 20 North, Range 25 East, M.D.B.&M.,  
Lyon County, described as follows:

17 Parcels 1, 2, 3, and 4 as shown on the Parcel Map for  
18 Federal Land Bank of Sacramento, recorded in the Official  
Records of Lyon County, Nevada, on January 11, 1988 as  
Document No. 113022.

19 Final Subdivision Map #188868, approved by Lyon County  
20 Board of County Commissioners and recorded on 1-4-96.

21 WHEREAS, the Developer wishes to provide for water and  
22 wastewater service to said property from the Town's municipal  
23 utilities system;

24 NOW, THEREFORE, in consideration of the mutual promises  
25 hereinafter contained, and in addition to the applicable laws,  
26 ordinances, rules and regulations of the Utilities' water and  
27 wastewater systems, the parties agree as follows:

28 1. The Developer shall convey to the Town, within thirty

1 (30) days from the date of this agreement, all water rights  
2 appurtenant or related to said property, including but not  
3 limited to 738.00 acre feet of Newlands Project surface water  
4 rights, all supplemental groundwater rights, and 808.80 acre  
5 feet of certificated well or underground water rights and/or  
6 permits. Such conveyance shall be free and clear of any and all  
7 outstanding taxes, liens and other obligations and encumbrances.  
8 All water rights must be valid and in good standing, as verified  
9 by TCID and the Nevada State Engineer; the Developer shall pay  
10 all expenses associated with such review and verification.  
11 Within ten (10) days from the date of this agreement, the  
12 Developer shall install meters on all three wells on the  
13 property and provide copies to the Town of all logs and records  
14 of use of said wells.

15 2. The Town will file all applications and documents  
16 necessary to acquire the water rights, and pay all associated  
17 costs.

18 3. The Town shall credit the Developer with the amount of  
19 water rights conveyed toward the amount of water rights required  
20 for connection of all or any portion of said property to the  
21 Town's municipal water system pursuant to FTO4 or any other  
22 applicable ordinance of the Town. This credit shall be  
23 applicable and usable for a period of twenty-five (25) years  
24 from the date of this agreement.

25 4. The Town shall allow the Developer to use an amount in  
26 excess of any water rights so conveyed not used or credited  
27 pursuant to FTO4, for golf course and irrigation within the  
28 Project, including dust abatement on undeveloped portions of the

1 property, so long as the Project exists. The Developer shall  
2 notify the Town by January 15 annually of the amounts and timing  
3 of water delivery or withdrawal expected to be so used for the  
4 coming year, and present a proposal as to the respective amounts  
5 of surface and groundwater requested. The Town shall notify the  
6 Developer by February 15 as to the respective amounts and timing  
7 approved for such use. The Developer shall not pay for this  
8 water, but shall pay all costs associated with such use of the  
9 water rights, including irrigation district operation and  
10 maintenance charges. The Developer may purchase any additional  
11 water needed for such purposes if and as available from the  
12 Town.

13 5. The Town shall take all reasonable actions to preserve  
14 the water rights transferred hereunder; if, however, through no  
15 fault of the Town the water rights shall be cancelled, lost or  
16 otherwise become unavailable for future development, the Town  
17 shall have no further obligation or liability to the Developer  
18 pursuant to the terms of this agreement.

19 6. The Developer shall pay or provide for all water and  
20 wastewater extensions, infrastructure and related appurtenances  
21 for the project, including legal easements to the Town, before  
22 any water or wastewater service is provided to the project. All  
23 designs, plans, specifications and construction shall require  
24 approval by Fernley Town Utilities. The major improvements  
25 shall include the following:

26 water: offsite transmission line along Farm District Road  
27 1.5 million gallon storage tank south of TCID  
28 Canal, site to be determined by the Town  
infrastructure within Developer's project

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sewer: gravity and force main to east wastewater facility, including lift station with automatic bar screen and auxiliary power capabilities infrastructure within Developer's project.

7. In addition to those items listed above, the Developer shall pay to the Town a sum not to exceed \$609,336.00, of which \$209,336 shall be paid on or before 1 June 1996 and \$100,000 shall be paid on or before 1 June of each of the subsequent four years, for construction of additional wastewater treatment facility capacity and improvements.

8. The Town shall issue a total of 806 water and 806 wastewater will-serve commitments, which will be in effect for a period of twenty-five (25) years from the date of this agreement. No more than 200 of said will-serves may be used or exercised in any year until and unless the entire \$609,336 has been paid to the Town. Any failure to pay the installments listed in Paragraph 7 above as scheduled will constitute immediate revocation of all will-serves for the Project.

9. This agreement is binding on the parties and their heirs, successors and assigns forever.

10. This agreement is a private agreement between the parties, and the contents are not to be construed as a policy or as guidelines for any future developments in the Town.

11. This agreement supersedes and replaces that agreement

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190748

1 formerly entered into by and between the parties on 12 April  
2 1995.

3 IN WITNESS WHEREOF, the parties have set their hands on the  
4 dates indicated.

TOWN OF FERNLEY  
P. O. Box 1624  
Fernley, Nevada 89408

5  
6  
7 2-21-96  
8 date

By: Gerald Kane  
GERALD KANE  
Fernley Town Board Chairman

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10 ATTEST:  
11 Carl E. Heintz  
12 Town Clerk

13  
14  
15 THE RAINBOW TRUST  
155 Cadillac Place  
Reno, Nevada 89408

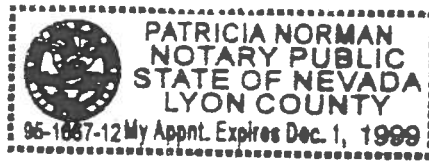
16 2-21-96  
17 date

By: Marc E. Simoncini, Trustee  
MARC E. SIMONCINI, Trustee

18  
19 2-21-96  
20 date

By: Julia R. Simoncini, Trustee  
JULIA R. SIMONCINI, Trustee

21 State of Nevada )  
22 : ss.  
23 County of Lyon )



24 This instrument was acknowledged before me on 12 April 1995  
25 by MARC E. SIMONCINI and JULIA R. SINONCINI as Trustees of THE  
26 RAINBOW TRUST.

27 Patricia Norman  
28 Notary Public

MICROFILMED

190748  
OFFICIAL RECORDS  
LYON COUNTY, NEV.  
RECORD REQUESTED BY

Fernley Utilities

96 FEB 28 PM 2:36

NANCY M. CARR  
COUNTY RECORDER

P.O. Box 9  
Fernley, NV  
89408

COSTS OF CONSTRUCTION FOR WATER

COSTS OF CONSTRUCTION FOR WASTEWATER

MICROFILMED

257721

OFFICIAL RECORDS  
LYON COUNTY, NEV.

RECORD REQUESTED BY

*Fernley Utilities*

01 FEB 23 PM 2:17

MARY C. HILLIGAN  
COUNTY RECORDER

FEE *4* DEP. *SW*

*P.O. Box 9*

*Fernley, NV.  
89408*