

1 It is further understood and agreed that this Release is executed as a compromise of
2 disputed claims and that the consideration given for this Release is not to be construed as an
3 admission of liability or responsibility by the parties or entities discharged herein, including
4 their agents, servants and/or employees, and any and all other persons, firms or corporations,
5 such liability being expressly denied.

6 The parties to this agreement acknowledge that SCHALLER's claims against LYON
7 COUNTY contained in the above-referenced PETITION FOR JUDICIAL REVIEW AND
8 COMPLAINT FOR DAMAGES will be formally stayed by the District Court pending
9 SCHALLER's application to LYON COUNTY for review of a 200-unit subdivision map
10 within the DISTRICT's service area as referenced below. SCHALLER's claims against
11 LYON COUNTY and request for judicial review will remain stayed while that application
12 process moves forward and LYON COUNTY considers the application. If LYON COUNTY
13 approves that application, SCHALLER's claims against LYON COUNTY with prejudice and
14 request for judicial review will be dismissed at that time and a separate settlement agreement
15 and release of all claims will be entered by and between those parties. In the event LYON
16 COUNTY denies SCHALLER's 200-unit subdivision map, notice will be filed with the
17 District Court and SCHALLER's claims against LYON COUNTY and request for judicial
18 review will proceed via a new Scheduling Order to be submitted for the District Court's
19 consideration along with said notice. The terms and conditions of this SETTLEMENT
20 AGREEMENT AND RELEASE OF ALL CLAIMS and the immediate dismissal of
21 SCHALLER's claims against the DISTRICT will not be affected by LYON COUNTY's
22 review or decision regarding SCHALLER's contemplated subdivision map.

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1 The District as an entity will not oppose Schaller’s intended submission of the
2 subdivision map of 200 single-family dwelling units, provided that Schaller has made
3 arrangements to secure sufficient water to service the development for any additional units
4 above the 135 privilege-to-connect permits (or 165 if Schaller obtains the 30 currently held
5 by Mr. Nelson). The District essentially remains neutral on the approval of the subdivision
6 map, provided they can supply the water. The District cannot however control the actions
7 and expression of opinion of the individual Board members or District employees and, thus,
8 makes no representations or promises with respect to the individual Board members and
9 Employees, who are free to make any public statements regarding Schaller or the proposed
10 subdivision map they desire so long as those statements are represented to be in their
11 individual capacities and not on behalf the District.

12 In addition to the consideration referenced above, the District will continue to agree
13 to formally honor Schaller’s ownership and use of the privilege-to-connect permits at issue
14 in the above-referenced litigation. Currently, Schaller has an assignment for 135 permits and
15 it is understood that Schaller is seeking to obtain the remaining 30 permits that are currently
16 held by Curtis Nelson. If Schaller is able to obtain the remaining 30 permits from
17 Mr. Nelson, the District will formally honor all 165 permits.

18 In so honoring the permits, the District will agree to provide sufficient water for up
19 to 165 single-family residential lots, consistent with any consumptive duty allotment required
20 by the State for these lots upon the submission of a subdivision map. The District believes
21 a .67 consumptive use allocation will be approved by the State; however, if the State requires
22 a higher allocation, the District will honor whatever allocation is required.

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1 With respect to the 135/165 permits, this agreement leaves open the possibility that
2 Schaller may apply in the future for a consumptive use allocation less than .67 AFA based
3 on water conservation methods and means incorporated into its planned development.
4 Schaller may have to apply to the District and the State for such reduction. The District
5 makes no representations or promises that such application will be approved by either the
6 District or the State, and the District is no way obligated to seek such approval from the State
7 under the terms of this agreement.

8 Both parties to this agreement understand that SCHALLER will be seeking approval
9 from LYON COUNTY and required State Agencies for a subdivision map within the
10 DISTRICT's service area, which will include 200 single-family homes located on lots of
11 no less than two-acres each, which SCHALLER represents will follow all applicable
12 guidelines, laws and regulations for consideration by LYON COUNTY. Regarding said
13 project, SCHALLER hereby acknowledges it will be required to pay full price to the
14 DISTRICT for any hook-up fees, which are currently set at the rate of \$5,000.00 per unit of
15 new construction. The DISTRICT pledges that any such hook-fees attendant to
16 SCHALLER's contemplated 200-unit project will be maintained at \$5,000.00 until
17 October 31, 2023, and will not be increased before that time. The DISTRICT reserves the
18 right to change hook-up fees for other construction, or for any additional units to be approved
19 by SCHALLER above the contemplated 200, at any time in accordance with Nevada law,
20 and further reserves the right to change hook-up fees for SCHALLER's contemplated
21 200-unit project at any time after October 31, 2023.

22 The DISTRICT agrees that SCHALLER is welcome and invited to submit its
23 contemplated project for consideration of service by the DISTRICT at any time, so long as
24 SCHALLER follows all applicable guidelines, laws and regulations attendant to such
25 projects and required from any other developer.

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1 The parties agree to renounce any and all duties imposed by their prior agreement to
2 allow SCHALLER to construct an intertie pipeline connecting the Dayton Water System to
3 the District's facilities that will be dedicated to the District if and when constructed and
4 approved, as referenced in the prior SETTLEMENT AGREEMENT AND RELEASE OF
5 ALL CLAIMS executed by Richard Schaller on behalf of SCHALLER on September 24,
6 2015, and set out in further detail in correspondence from the DISTRICT's attorney
7 Christopher Rusby, Esq., to SCHALLER's attorney Michael B. Springer, Esq., dated
8 August 12, 2015, and thereafter acknowledged with various interlineations by Mr. Springer's
9 signature dated August 13, 2015.

10 The undersigned expressly understands and recognizes that its injuries, damages or
11 losses may not be fully known and may be more numerous or more serious than now
12 expected. The undersigned specifically recognizes and accepts the risk of the possible
13 existence of a presently unknown and unanticipated injury or damage resulting from this
14 incident and which may be discovered after the execution of this Release and/or the
15 possibility that a known injury or damage may be or become more serious than now
16 expected.

17 The undersigned agrees that should any provision of this Release be declared or be
18 determined by any court of competent jurisdiction to be illegal, invalid or unenforceable; the
19 legality, validity and enforceability of the remaining parts, terms or provisions shall not be
20 affected thereby, and said illegal, unenforceable or invalid part, term or provision shall be
21 deemed not to be a part of this Release.

22 The undersigned further covenants and agrees that this Release is a settlement in good
23 faith, with full knowledge of the facts and circumstances of said incident and that this
24 Release contains the entire agreement between the parties hereto. No promise or inducement
25 other than herein set forth has been made, offered or agreed upon.

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1 The undersigned expressly covenants and agrees to indemnify, defend and hold
2 harmless the parties herein released from any and all losses, claims or expenses resulting
3 from any and all claims for contribution, indemnity or lien by any person or entity other than
4 the ones herein released, or which might arise out of the claims released herein, or from any
5 breach of this agreement by any person claiming through or on behalf of the undersigned.

6 The undersigned further understands and agrees that in the event of any breach of this
7 agreement, the prevailing party in any action to enforce this agreement will be entitled to an
8 award of reasonable attorneys' fees and costs.

9 The undersigned state they have carefully read the foregoing Release in its entirety,
10 have had the opportunity to confer with an attorney of their own choosing, and know and
11 understand the contents thereof and sign the same as their own free act. The undersigned
12 authorize their attorney to enter a dismissal with prejudice of that certain legal action more
13 particularly described herein on Page 1.

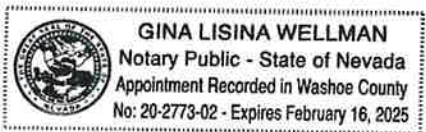
14 **IN WITNESS WHEREOF**, the undersigned has executed this Release this 19th day
15 of October, 2021.

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17 By [Signature]
18 *Authorized Representative of*
SCHALLER DEVELOPMENT, LLC

19 STATE OF NEVADA)
20 COUNTY OF WASHOE) ss.

21 On the 19th day of October, 2021, before me the undersigned, a
22 Notary Public in and for said State, personally appeared Richard Schaller
23 known to me to be the person whose name is subscribed to the within instrument and
24 acknowledged to me that he executed the same.

25 **WITNESS** my hand and official seal.



[Signature]
NOTARY PUBLIC