

ORIGINAL

**ANNEXATION AGREEMENT
MISSOURI FLAT AREA CFD No. 2002-01
BY AND BETWEEN THE COUNTY OF EL DORADO AND
GRANITE GRADO VENTURES – PROJECT II, LLC RELATIVE TO THE
DEVELOPMENT KNOWN AS
FORNI RETAIL PLAZA**

AGMT # 09-52624

THIS ANNEXATION AGREEMENT (“Agreement”), is made and entered into by and between the County of El Dorado, a political subdivision of the State of California, (“County”) and Granite Grado Ventures – Project II, LLC, a limited liability company duly qualified to conduct business in the State of California, whose principal place of business is 8950 Cal Center Drive, Suite 201, Sacramento, California 95826, (“Landowner”).

RECITALS

A. Property Description. Landowner has legal or equitable interests in the real property that is the subject of this Agreement (“Property”). The Property, identified as Assessor’s Parcel Numbers 327-213-10-100, 327-213-11-100 and 327-213-12-100 consisting of approximately 4.08 acres, is located on the northwest corner of the intersection of Missouri Flat Road and Forni Road, in the Placerville area. A description of the Property is attached hereto as Exhibit A, marked “Property Description,” incorporated herein and made by reference a part hereof.

B. Project Description. Applicant is developing the Property as a commercial development consisting of four commercial retail buildings comprising a total of approximately 36,237 square feet (“Project”).

C. Conditions of Approval. As conditions of approval PD 08-0001, page 10, Condition 27, County requires Landowner to enter into an agreement in recordable form which commits the Project to participate in Community Facilities District No. 2002-01 (“CFD”) which was formed by Resolution 074-2002, in March 2002, as part of the Missouri Flat Master Circulation and Funding Plan (“MC&FP”), which was approved by County’s Board of Supervisors in December 1998 and updated in December 2000, prepared for the Missouri Flat area. This Agreement is intended by the parties to fully comply with the conditions of approval.

AGREEMENT

1. Participation in CFD. Landowner hereby consents to the imposition of the special tax as set forth in the MC&FP; provided that the structure of the CFD and the special tax authorized is in material conformance with the CFD Structure, which assumes bonds will only be issued to the extent that projected debt service shall be covered from the tax increment generated from taxable sales within the Project and other participating development. The special tax shall be based on the same formula, or a no less favorable formula, as applied to other participants in the CFD. Landowner waives and releases any claims or objections it may possess, or may hereafter possess, with respect to the formation and implementation of the CFD, the authorization and imposition of the proposed special tax, or the annexation of the Property to the CFD; provided, that it is consistent with the CFD Structure and the limitations set forth herein. Landowner hereby consents to the annexation of the Property to the CFD by County. Landowner shall not file, nor cause to be filed, any protest or objection to the authorization of the special tax, and shall not file, or cause to be filed, any legal action challenging the authorization, imposition or collection of the special tax, or any other action regarding the CFD including, but not limited to, annexation of property to the CFD; provided the implementation of the special tax and the implementation of the CFD are in compliance with the CFD Structure. The Property may be annexed and the special tax authorized at any time after the Effective Date of this Agreement, upon request of County. Landowner shall be required to take any action reasonably required under this Section regardless of whether development on the Project has occurred or is then proposed; provided, that the CFD Structure provides that the special tax shall not accrue or be collected on the Property until building permits have been obtained and construction commenced. At the request of County, Landowner shall execute and deliver to County, in a form suitable for its intended purpose, any document required to annex the Property to the CFD, including, but not limited to, forms reflecting the consent of the property owner to such annexation.

Landowner shall provide to County a preliminary title report for the Property, and executed "lender's consents," consenting to the authorization for the special tax from each lien holder having an interest in the property prior to County approving the Agreement. The lender's consents shall be in a form reasonably acceptable to bond counsel for County. However, such documents need not be in recordable form.

2. Payment of TIM Fees. Landowner agrees that if it shall pay Traffic Impact Mitigation (TIM) Fees in accordance with the then current fee schedule set forth by County's Board of Supervisors ("TIM Fee Schedule"), at the time of acceptance by the Development Services Department's Building Services of the completed building permit application. Payment of the fees shall be made notwithstanding any claim, protest, or legal action brought by any other person or entity. Landowner shall not be entitled to participate in or utilize any program otherwise available from County for deferral, partial payment, or payment in installments of TIM Fees, or any other program other than full payment of TIM Fees at the time of acceptance of the completed application for a building permit.

3. Satisfaction of Condition and Issuance of Building Permits. County agrees that the execution and recordation of this Agreement fully satisfies Condition Number 27 of the Conditions of Approval for PD 08-0001. County shall issue building and other construction permits for improvements for the Project without further delay or obligation of Landowner with respect to Condition Number 27, subject to compliance with all other requirements for issuance of a building permit including but not limited to, payment of customary fees or other obligations associated with the issuance of building permits in the County.

4. Binding Covenants. The provisions of this Agreement shall constitute covenants that shall run with the Property and the benefits and burdens hereof shall be binding upon and inure to the benefit of the parties and their successors in interest.

5. Term. The term of this Agreement shall commence on execution and recordation of this Agreement (“Effective Date”) and shall extend for a period of ten (10) years from that date, unless it is terminated, modified or extended by the mutual written agreement of the parties; provided however, that any obligations undertaken by the parties pursuant to this Agreement that relate to Landowner’s consent to participation in the CFD shall survive the expiration of this Agreement and shall not be affected in any way by such expiration.

6. Notices. All notices required or provided for under this Agreement shall be in writing and delivered in person or sent by certified mail, postage prepaid return receipt requested, addressed to the persons and at the addresses shown below. The addresses for delivery of notice may be changed from time to time upon ten (10) days prior written notice. Notices to County shall be in duplicate. Notice shall be effective on the date delivered in person, or the date when the postal authorities indicate that the mailing was delivered to the address of the receiving party indicated below:

To County:

County of El Dorado
Department of Transportation
4505 Golden Foothill Parkway
El Dorado Hills, CA 95762
Attn: Matthew D. Smeltzer,
Deputy Director
Roadway Design Division

With a Copy to:

County of El Dorado
Department of Transportation
2850 Fairlane Court
Placerville, CA 95667
Attn: Tim C. Prudhel,
Contract Services Officer

To Landowner:

Granite Grado Ventures – Project II, LLC
8950 Cal Center Drive, Suite 201
Sacramento, CA 95826
Attn: Scott Wolcott, President

7. **Authority to Execute.** The person or persons executing this Agreement on behalf of Landowner warrant and represent that they have the authority to execute this Agreement on behalf of Landowner, and that they have the authority to bind Landowner to the performance of its obligations hereunder.

8. **Construction of Agreement.** The language in all parts of this Agreement shall, in all cases, be construed as a whole and in accordance with its fair meaning. The captions of the sections of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction.

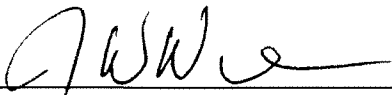
9. **Further Actions and Instruments.** Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in performance of all obligations under this Agreement and the satisfaction of the conditions of this Agreement. Upon the request of either party at any time, the other party shall promptly execute, file or record any required instruments and writings necessary to evidence or consummate the transaction contemplated by this Agreement, and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement.

10. **Contract Administrator.** The County Officer or employee with responsibility for administering this Agreement is Matthew D. Smeltzer, Deputy Director, Roadway Design Division, Department of Transportation, or successor.

11. **Recording.** The parties shall promptly execute this Agreement upon approval of County's Board of Supervisors in such form as will allow the recordation of this Agreement. The County Clerk shall cause the two originals of this Agreement to be recorded with the El Dorado County Recorder no later than ten (10) days following execution of this Agreement by County.

12. **Severability.** If any term, covenant or condition of this Agreement or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, except as otherwise provided in this Agreement, the remainder of this Agreement, or the application of such terms, covenants or conditions to persons, entities or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

Requesting Department Concurrence:

By: 
James W. Ware, P.E.
Director of Transportation

Dated: 8/14/09

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated below.

-- COUNTY OF EL DORADO --

By: _____
Board of Supervisors
"County"

Dated: _____

Attest:
Suzanne Allen de Sanchez
Clerk of the Board of Supervisors

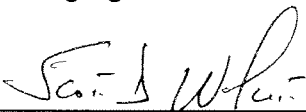
By: _____
Deputy Clerk

Dated: _____

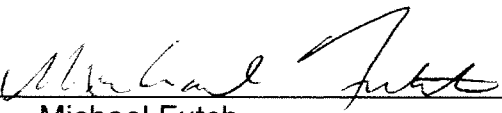
-- GRANITE GRADO VENTURES - PROJECT II, LLC --

A California Limited Liability Company

By: Granite Land Company
A California Corporation
Its Managing Member

By:  _____
Scott D. Wolcott
President

Dated: 8/24/09

By:  _____
Michael Futch
Corporate Secretary

Dated: 8/31/09

Granite Grado Ventures – Project II, LLC

EXHIBIT A

PROPERTY DESCRIPTION

All that portion of the northwest quarter of the southwest quarter of Section 24, Township 10 North, Range 10 East, M.D.M., unincorporated area of El Dorado County, State of California, and more particularly described as follows:

Parcel 1, as said parcel is shown on that map recorded in Book 4, Parcel Maps, at Page 153, in the office of the El Dorado County Recorder, **excepting therefrom** that portion granted to the County of El Dorado in Book 5026, Official Records, at Page 382, in the office of the El Dorado County Recorder, containing 1.244 acres, more or less;

Together with Parcel 2, as said parcel is shown on that map recorded in Book 4, Parcel Maps, at Page 153, in the office of the El Dorado County Recorder, containing 1.0 acres, more or less;

Together with the lands described in Document No. 2007-0016478, containing 1.834 acres, more or less.

End of description.



2-27-09

--ACKNOWLEDGEMENT--

State of California

County of SACRAMENTO

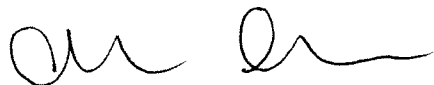
On 08/24/09 before me, DESIREE HOLBERG, NOTARY PUBLIC,
(here insert name and title of the officer)

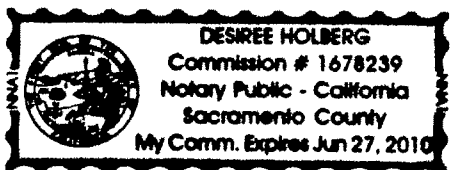
personally appeared
SCOTT D. WOLCOTT

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 



(Seal)

--ACKNOWLEDGEMENT--

State of California

County of Santa Cruz

On 08/31/2009 before me, Pamela J. Burnham, Notary Public,
(here insert name and title of the officer)

personally appeared

Michael Futch

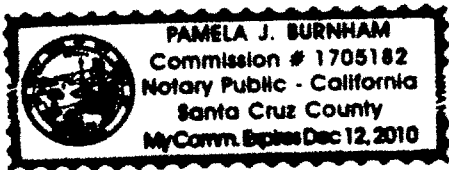
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Pamela J. Burnham

(Seal)



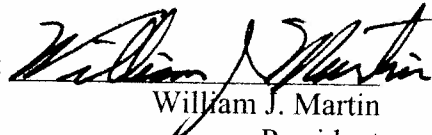


CONSENT OF LIENHOLDER

Bank of Sacramento ("Lienholder") hereby consents to the Annexation Agreement for the Missouri Flat Area CFD No. 2002-01 ("Agreement") by and between Granite Grado Ventures a – Project II, LLC and the County of El Dorado relative to the development known as the Forni Retail Plaza and the imposition of the special tax as provided in said agreement. Lienholder joins in the execution hereof solely as the Lienholder and hereby does agree that in the event of the foreclosure of said mortgage or other sale of said property described in said loan under judicial or non-judicial proceedings, the same shall be sold subject to said Agreement.

Signed and executed this 6th day of August, 2009

Bank of Sacramento, Lienholder

By: 
William J. Martin
President

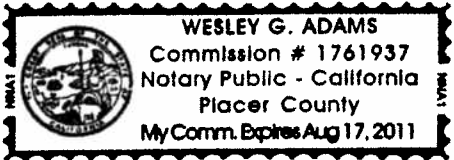
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Sacramento }

On Aug. 6, 2009 before me, Wesley G. Adams, Notary Public

personally appeared William S. Martin



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Wesley G. Adams, Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Consent of Lienholder

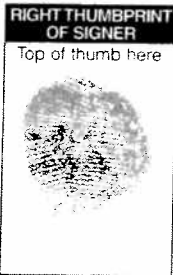
Document Date: Aug. 6, 2009 Number of Pages: 1

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: William S. Martin

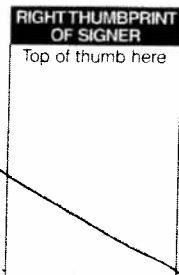
- Individual
- Corporate Officer — Title(s): CEO
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: Bank of Sacramento

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

--ACKNOWLEDGEMENT--

State of California

County of _____

On _____ before me, _____,
(here insert name and title of officer)

personally appeared _____

personally known to me (or provide to me on the basis of satisfactory evidence)
to be the person(s) whose name(s) is/are subscribed to the within instrument and
acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s) or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal.

Signature _____

(Seal)