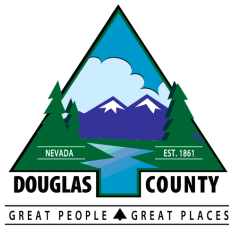


WENDY LANG
Assistant County Manager

KATHY LEWIS
Chief Operating Officer



JENIFER DAVIDSON
County Manager

www.douglascountynv.gov
775-782-9821

OFFICE OF THE COUNTY MANAGER

April 3, 2026

VIA CERTIFIED MAIL AND EMAIL

Park Ranch Holdings, LLC
Attn: David Park, Manager
1300 Buckeye Road, Suite A
Minden, Nevada 89423
david@parklivestock.com

Ashland Park, LLC
Attn: Matt Carter, Manager
1571 Putter Lane
Gardnerville, NV 89460
matt@thecartergroupe.com

Re: Muller Parkway Project

Mr. Park and Mr. Carter,

I am writing to propose a resolution framework regarding the construction of Muller Parkway. As previously discussed, and as described more fully below, the County has significant concerns about the feasibility of the project going forward. However, the resolution proposed herein provides a path forward that not only makes the project feasible, but provides benefits to all parties.

For many reasons, completing construction of Muller Parkway under current circumstances may now be impossible. This is in large part due to the fact that, throughout the construction process, Park Ranch has taken inconsistent and unreasonable positions that do not offer the County a way forward. For example, although Park Ranch has continuously demanded that the County complete construction of Muller Parkway, Park Ranch has also opposed the County's efforts to complete construction, including its refusal to allow the County to access Park Ranch land for activities as innocuous as conducting surveys, including aerial drone surveys, up to the construction and the installation of culverts (which is required by the Development Agreement).

As another example, Park Ranch has also demanded that the County continue construction while simultaneously asserting that the time for completion of the project has

past and refusing to acknowledge that the County is entitled to an extension of time.¹ As another example, Park Ranch has consistently demanded that the County construct Muller Parkway above grade to divert floodwater, but Park Ranch has also opposed the County's efforts to purchase additional land and easements necessary for such construction. These inconsistent and unreasonable demands from Park Ranch have disrupted and delayed the construction process.

Construction is also proving to be impossible because of Park Ranch's ever-evolving legal positions. In its proposed amended complaint, Park Ranch has now asserted that, because Muller Parkway was not completed by December of 2025, the Muller right-of-way has reverted or should revert to Park Ranch, and the County should be compelled to remove any completed sections of the roadway at the County's expense.² Under Park Ranch's position, any further construction by the County could amount to a trespass or an unlawful taking, and it would only increase the amount of roadway the County should be ordered to remove. Further, even if the roadway were allowed to remain, if the right-of-way reverts to Park Ranch, the public will obtain no benefit from the improvements because they will be unable to access them. The County is obligated to promote and protect the health, safety, and welfare of Douglas County citizens and to safeguard taxpayer funds. The County therefore cannot continue to invest public funds toward Muller Parkway improvements while Park Ranch actively seeks to re-acquire the land on which those improvements will be constructed.

Park Ranch has also now asserted in this litigation that the completion of Muller Parkway – a roadway that Park Ranch negotiated for – will cause millions of dollars of damages to Park Ranch. While the County strongly disputes both the amount of damages and Park Ranch's contractual ability to recover them, the County must consider all of Park Ranch's claims and make decisions that will serve the public welfare and protect the substantial amount of taxpayer funds at issue. This consideration requires analyzing whether completing construction is the appropriate land use decision.

Completing construction may also not be currently feasible due to the ballooning cost of the project. As Park Ranch is aware, in 2019, the two-lane Muller Parkway project was estimated to cost approximately \$12-\$14 million. Park Ranch was aware of those estimates and never objected to them or expressed any concerns about what the County intended to build with that money—two lanes of road. Nevertheless, in this litigation, Park Ranch and Ashland Park have continually asserted that the County is contractually

¹ As you know, the County advised Park Ranch in February 2024 that the deadline under the Development Agreement needed to be extended due to FEMA's delay in processing the County's Conditional Letter of Map Revision ("CLOMR"). The County also previously requested an extension of the deadline to explore alternative drainage options to examine Park Ranch's concerns. Park Ranch has refused to acknowledge or grant the County an extension of time for any reason whatsoever.

² The latter part of this claim for relief is inconsistent with the Development Agreement. The Development Agreement plainly limits the remedies available to the parties in the event of breach. Primarily, and as Justice Hardesty stated in the injunction order, the sole remedy in the event of the County's failure to timely complete the road is reversion.

obligated to pay well in excess of that amount. Park Ranch has asserted that the County is obligated to build regional drainage improvements, buy large tracts of land for floodwater, purchase easements, and pay millions of dollars in damages to Park Ranch. Ashland Park has made similar demands. If the County were to acquiesce to all of Park Ranch and Ashland Park's demands, the County estimates completion of the two-lane road project would now cost \$60-\$80 million, more than five times what the parties contemplated the County would be required to pay. Even Park Ranch's proposed settlement offer of \$15 million and permission to operate a gravel pit would ultimately cost the county nearly \$35 million, still nearly three times what the parties contemplated. Both positions are also inconsistent with the Development Agreement and the stated intent of the Board at the time the agreement was adopted. They are also not a prudent or responsible use of tax payer funds.

Another significant impediment to constructing Muller Parkway has been Park Ranch's unreasonable use of the dispute over Muller Parkway as leverage to obtain Park Ranch's actual objective: County approval or facilitation of a commercial gravel pit on land owned by the Douglas County Lake Tahoe Sewer Authority. This gravel pit concept would not only violate Douglas County Code, it was never a part of the Development Agreement or the discussions that led to the agreement. In fact, during public hearings related to the adoption of the Development Agreement, the public were specifically informed, without objection by Park Ranch, that approval of the Agreement would not result in a commercial gravel pit operation. It is therefore improper for Park Ranch to use this litigation as a means to coerce the County into approving Park Ranch's ambition to operate a gravel pit. This fixation on a gravel pit has also derailed all attempts at resolving or settling any actual issues related to the construction of Muller Parkway.

Construction is also becoming impossible because both Ashland Park and Park Ranch have disavowed any liability for the cost of the Ashland Segment of Muller Parkway. The County relied on that cost share provision of the Development Agreement when it developed its budget and moved forward with construction. The failure of Park Ranch and its successor-in-interest, Ashland Park, to contribute fifty percent of the cost of the Ashland Segment is especially problematic in light of Park Ranch's demand that the County upgrade the Ashland Segment to an Urban Standard. It is frustrating that the County and Ashland Park agreed to the current design³ but now a new design standard is demanded while both Park Ranch and Ashland refuse to help pay for the improvements that have been made. The estimated cost of such work is \$1.4 million. The County cannot proceed with further upgrades to the Ashland Segment if neither Ashland nor Park Ranch are willing to satisfy their payment obligations under the Development Agreement.

Given these substantial legal, financial, and practical uncertainties, the County must undertake a comprehensive assessment of the project's feasibility and the County's options moving forward. What was once a fairly straightforward exchange of right-of-way for the County's construction of two lanes of road has evolved into something else. Undertaking an analysis of where we are today is not only prudent fiscal management but

³ See the approval of Ashland Park's most recent planned development and tentative subdivision map amendment.

is also an exercise of the County's fundamental powers. The County must honor its obligation to protect the health, safety, and welfare of Douglas County residents. The County must ensure that any land use and infrastructure decisions advance legitimate public purposes, safeguard public funds, and do not expose the County to avoidable legal and financial risk.

The County has tried to work with Park Ranch and Ashland Park to implement the Development Agreement. The County and/or its contractors have provided Park Ranch and Ashland Park with the various iterations of its construction plans, often with feedback from both parties' principals. County representatives met regularly with Park Ranch during the planning stages of Muller Parkway to discuss the County's progress, the various issues that have arisen, and to address issues raised by Park Ranch. As Park Ranch and Ashland Park are aware, the County has invested substantially in drainage studies for the relevant areas to better understand the floodplain issues as part of its long term goals for regional drainage.

The County has also discussed various options for drainage infrastructure within the Muller right-of-way or on Park Ranch's industrial parcel, which were specifically contemplated in the Development Agreement. The County has honored its commitment to work with Park Ranch to facilitate Park Ranch's ability to flood irrigate as a part of its construction of Muller Parkway. When Park Ranch stated its intent to construct the road in 2023, the County provided Park Ranch with its plans for construction and approved Park Ranch's Site Improvement Permit. When Park Ranch raised concerns about floodwater diversion, the County explored options that would be adequate to appease Park Ranch's concerns, including paying Park Ranch for drainage easements or changing the grade of the road. Park Ranch initially expressed interest in drainage easements only to eventually change its position.

In contrast to the County's efforts at resolving issues associated with the construction of Muller Parkway, Park Ranch, in various settings, including at public meetings, has made clear that its goal is for the County to pay Park Ranch \$15,000,000 to \$20,000,000, and to facilitate the approval of a commercial gravel pit for Park Ranch. These are not benefits provided to Park Ranch under the Development Agreement, and these concessions, even if granted, will not address the road design or floodwater issues that Park Ranch is supposedly concerned with, especially in the short term. As such, it is very unlikely that Park Ranch will obtain either a monetary judgment anywhere near this magnitude or a gravel pit in the litigation.

The path forward must be focused on finding a realistic and reasonable resolution that is consistent with the Development Agreement. Thus, the County makes the following alternative offers to resolve all claims in the litigation, and to avoid further time and expenses associated with litigation:⁴

⁴ In crafting these offers, the County was mindful of certain opinions offered by Justice Hardesty in his October 2025 injunction order. While the County does not fully agree with all the factual findings or legal conclusions made by Justice Hardesty in that order, the order does present a view of possible outcomes for Muller Parkway, should the case proceed to trial.

Option 1:

As set forth more specifically herein, the County will agree to the following:

1. Complete construction of Muller Parkway pursuant to the current design plans for Phases 1–3, with the following modifications and enhancements:
 - a. For Muller Parkway Phase 3 (the Ashland Park Segment), the County will improve this section of road by adding curbs and gutters to both sides of Muller Parkway, as well as a landscape strip on the west side of Muller Parkway. The construction of sidewalks will be deferred to correspond with the construction of adjacent onsite phases of development, and Ashland Park shall pay to install them per Section 5.3(a) of the Development Agreement. No sidewalk or landscape strip will be installed on the east side of Muller Parkway as the County has already installed a multi-modal path as contemplated in the Development Agreement.
 - b. For Muller Parkway Phases 1 and 2 (the segments north of Ashland Park), the County will continue to improve the shoulders of these segments to meet or exceed the Rural Arterial/Collector Road standard, except in areas where the County has already installed curb.
2. Complete construction of certain drainage infrastructure in conjunction with the completion of Muller Parkway, as follows:
 - a. The County will design, permit, construct and maintain drainage infrastructure within the existing Muller Parkway right-of-way. Such infrastructure is anticipated to consist of shallow, unconnected stormwater retention ponds along the east side of Muller Parkway. The ponds will avoid existing constraints such as road crossings, existing irrigation facilities and easements while also allowing for the future widening of Muller Parkway and construction of a multimodal trail. The estimated cost of such improvements is approximately \$2.1 million which will be paid by the County.
 - b. The County will design, permit, construct and maintain a stormwater pond on APN: 1320-28-000-042, Park Ranch’s industrial parcel adjacent to Muller, as contemplated in Section 5.9 of the Development Agreement. The County contemplates a retention pond approximately 9-feet deep. The estimated cost of such pond is approximately \$3.4 million.
 - c. While the ponds described in this section are not expected to mitigate the 1% or “100-year” flood events, it is anticipated they will provide benefits during more typical storm events.

3. Following construction of the improvements set forth above, complete and file a Letter of Map Revision (LOMR) application with FEMA.
4. Pay Park Ranch Holdings \$635,000 as just compensation for property interests acquired through eminent domain, including fee simple takings along the Muller right-of-way and easements for and adverse impacts from flooding caused by the construction of Muller Parkway, as described more fully in the County's complaint for eminent domain.

For Option 1 to proceed, Park Ranch, Ashland Park, and all other successors-in-interest, must agree to the following:

1. Grant the County an extension of time. The original deadline to construct Muller Parkway has passed. With the FEMA-caused delay, and with additional delays caused by Park Ranch and the litigation between the parties, the County anticipates that 15 months will be needed to complete construction from the time that all plan revisions are approved by all permitting agencies, including federal agencies.
2. Share the costs for Muller Parkway Phase 3 (Ashland Park Segment). Park Ranch is the "Owner" under the Development Agreement, signed the Development Agreement, and is contractually bound by the Development Agreement's terms. Separately, Ashland Park has at times presented itself as a successor-in-interest to Park Ranch and has acted consistent with that position. Therefore, Park Ranch and/or Ashland Park are obligated under Section 5.3 of the Development Agreement to equally share with the County the cost of constructing the two-lane segment of Muller adjacent to Ashland Park. Accordingly, Park Ranch and/or Ashland Park shall remit in full the cost share obligations for the completed improvements and place in escrow an amount sufficient to cover all remaining improvements as more specifically described below.
 - a. Completed improvements. The County has issued both Ashland Park and Park Ranch invoices for work completed to date on the Ashland Segment of Muller Parkway, including Invoice PRH-01, in the amount of \$976,237.99. This amount shall be paid in full, with the understanding that this invoice represents certain work already completed and is not the final invoice for the cost share.
 - b. Remaining future improvements. The installation of curbs, gutters, landscape strips, and drainage improvements on the Ashland Segment of Muller Parkway will increase Park Ranch and/or Ashland Park's cost share responsibilities. The estimate for this additional work is approximately \$1.4 million. Park Ranch and Ashland Park's estimated share will therefore amount to approximately \$700,000. Accordingly, Park Ranch and/or

Ashland Park shall place a total of \$700,000 in escrow for the benefit of the County. Payment will be made from escrow to the County monthly as determined by approved progress billing invoices. If the cost of the improvements exceeds \$1.4 million, Park Ranch and/or Ashland will equally share with the County those costs. If the cost of the improvements is less than \$1.4 million, any remaining money in escrow will be returned to the payor.

3. Share costs of constructing the stormwater pond on APN: 1320-28-000-042. The cost to construct a stormwater pond on this parcel, at a depth of 9-feet, has been estimated to cost \$3.4 million. Per Section 5.9 of the Development Agreement, Park Ranch's share is therefore estimated to be \$1.7 million. Park Ranch shall agree to place this amount in escrow. Payment to the County will be made from escrow monthly as determined by approved progress billing invoices. If the cost of the improvements exceeds \$3.4 million, Park Ranch will equally share with the County those costs. If the cost of the improvements is less than \$3.4 million, any remaining money in escrow will be returned to Park Ranch.
4. Support the County's application for variance to the County code. If the design of any of the stormwater ponds described herein is for retention and infiltration, rather than detention, Park Ranch and Ashland Park promise and agree to support the County's application for a variance to the amount of time it takes stormwater to infiltrate after a storm event under County Code
5. Provide access necessary to complete construction of Muller Parkway and the stormwater infrastructure. Park Ranch must grant the County the right to access Park Ranch property to complete construction and maintenance of Muller Parkway, including the improvements identified herein. In addition to non-destructive surveying (such as aerial drones), these areas of access are identified as "Permission to Construct" on the approved improvement plans.
6. Agree on a definition of adverse impact and release the County from all claims for stormwater damages unrelated to that definition. Park Ranch and Ashland Park must each agree that their compensable damage for adverse impacts caused by the construction of Muller Parkway are limited to areas of land experiencing a rise in the Base Flood Elevation (BFE) by more than 12 inches during a 1% exceedance storm. Park Ranch agrees that the \$635,000 eminent domain payment includes adequate compensation for all adverse impact to Park Ranch property from the construction of Muller Parkway as set forth herein, and that no further compensation is warranted or requested. Park Ranch and Ashland Park further agree that any and all other increases in stormwater flow rates, volumes, and depths caused by the construction of Muller Parkway are nominal, will not cause any negative impact to their properties now or in the future, and are not compensable.

This Option 1 proposal provides a realistic and reasonable solution that, although beyond what the Development Agreement requires, it addresses the concerns Park Ranch has raised, and is more consistent with the terms of the Development Agreement than Park Ranch's previous requests-- which has included demands for millions of dollars in damages and permitting for a gravel pit, none of which is contemplated by the Development Agreement.

Option 2:

As set forth below, the County will alternatively agree to do the following:

1. Complete construction of Muller Parkway pursuant to the current design plans for Phases 1-3, with the following modifications and enhancements:
 - a. For Muller Parkway Phase 3 (the Ashland Park Segment), no curbs, gutters, or landscape strips will be added at this time, and the County will agree not to require Ashland Park or Park Ranch to add those features at any point in the future.
 - b. For Muller Parkway Phases 1 and 2 (Segments North of Ashland Park), the County will continue to improve the shoulders of these segments to meet or exceed the Rural Arterial/Collector Road standard, except in areas where the County has already installed curb.
2. Following construction of the improvements set forth above, complete and file a Letter of Map Revision (LOMR) application with FEMA.
3. County will pay Park Ranch a lump sum payment of \$3,523,762.01. This lump sum was calculated as follows:
 - a. \$700,000 in savings for not adding curb, gutter, and landscaping to Muller Parkway Phase 3.
 - b. \$2.1 million for not installing stormwater ponds within the Muller Parkway right of way.
 - c. \$1.7 million for not installing a stormwater pond on PRH's industrial parcel, APN 1320-28-000-042.
 - d. Less \$976,237.99, which is the amount owed for work completed on Muller Parkway Phase 3.

The County is willing to deposit this amount in an escrow account or with the Court pending final resolution of Park Ranch's and Ashland Park's separate litigation.

4. County will pay Park Ranch an additional \$635,000 as just compensation for property interests acquired through eminent domain, including fee simple takings along the Muller right-of-way and easements for and adverse impacts from flooding caused by the construction of Muller Parkway, as described more fully in the County's complaint for eminent domain.

For Option 2 to proceed, Park Ranch, Ashland Park, and all other successors in interest, must agree to the following:

1. Grant the County an extension of time as described above for Option 1.
2. Share costs for Muller Parkway Phase 3 (Ashland Park Segment) as described above for Option 1, but with the following differences:
 - a. Completed improvements. Park Ranch and Ashland Park's share for completed improvements (\$976,237.99) will be deducted from the County's payment to Park Ranch, as described above.
 - b. Remaining improvements. No significant additional work is anticipated on Phase 3. The County will bear the cost of any additional work on this phase.
3. Support the County's application for a variance to the County code. If the County elects to design and install any stormwater retention ponds adjacent to Muller Parkway, Park Ranch and Ashland Park promise and agree to support any County application for a variance to the amount of time it takes stormwater to infiltrate after a storm event under County Code.
4. Provide access necessary to complete construction of Muller Parkway and any stormwater infrastructure. Park Ranch must grant the County the right to access Park Ranch property to complete construction and maintenance of Muller Parkway, including the improvements identified herein. In addition to non-destructive surveying (such as aerial drones), these areas of access are identified as "Permission to Construct" on the approved improvement plans.
5. Agree on a definition of adverse impact and release the County from all claims for stormwater damages unrelated to that definition, as described above for Option 1.


The County submits each of these proposals in a good faith effort to resolve the disputes related to the Muller Parkway project and the litigation. The County is hopeful that, with a shared commitment to achieving a global resolution and moving forward, Park Ranch, Ashland Park, any other successors-in-interest, and the County can reach an outcome that meets the public's needs, Park Ranch's and Ashland Park's interests, and the budgetary and scheduling constraints faced by public entities, including Douglas County.

If all parties cannot come to a resolution, the County will schedule a public meeting with the Board of County Commissioners to discuss the foregoing issues and to determine next steps.

Please provide a response to this letter by no later than **April 17, 2025**. If I do not receive a response or indication that these matters can be resolved on reasonable and realistic terms by **April 17**, the County will proceed with the public meeting described above.

Should you have any questions, please advise.

Sincerely,

A handwritten signature in black ink that reads "Jenifer Davidson". The signature is written in a cursive style with a large, looping initial "J".

Jenifer Davidson