

WATER SERVICE AGREEMENT

This Water Service Agreement (the "Agreement") is dated December 26, 2013, and made by and between Desert Canyon Utility Co., a Washington corporation (the "DC Utility"), Pacific Region Investment Co., LLC, a Washington limited liability company ("PRI"), and Birdie Properties, LLC ("Birdie") with reference to the following:

A. PRI owns approximately 40 acres of land adjacent to the Desert Canyon Golf Course and within the authorized place of use of DC Utility's irrigation water rights (the "PRI Property"), located at 742 Oberg Road, as described on Attachment A, which is located in Douglas County, Washington.

B. DC Utility is in the business of providing domestic and irrigation water to properties in the Desert Canyon Master Plan and certain adjacent properties described in its water right documents. DC Utility has water rights available to serve irrigation water for up to 35 acres of orchard on the PRI Property.

C. Certain improvements will be required to the DC Utility system on lands other than the PRI Property in order for DC Utility to supply an adequate quantity of water and pressure to the PRI Property for irrigation of 20 acres and up to a maximum of 35 acres.

D. Birdie is the owner of real property upon which DC Utility maintains its primary pumping, storage and treatment systems for the delivery of water (the "Birdie Property"), described on Attachment B, which is located in Douglas County, Washington.

IN CONSIDERATION of mutual promises and covenants herein contained, the parties hereto agree as follows:

1. Effective Date. This Agreement shall become binding on the parties on the date the Washington Utilities and Transportation Commission ("Commission") approves this Agreement. The effective date of this Agreement ("Effective Date") shall be the date irrigation water is first delivered by DC Utility to the PRI Property.

2. Water Service. Subject to the completion at PRI's expense of necessary system improvements to be determined by DC Utility, DC Utility shall supply PRI with irrigation water for use by PRI to irrigate up to 20 acres of the PRI Property until the end of the irrigation season that occurs ten (10) years after the Effective Date of this Agreement. If PRI elects to irrigate additional acreage up to a maximum of 35 acres, it shall provide notice to DC Utility at least 6 months in advance of the total acreage it intends to irrigate the following season. This Agreement shall be automatically extended for two additional ten (10) year terms; provided that the annual fee for irrigation water shall be adjusted as provided in Section 5, below, prior to each extension. If the parties are unable to agree on such fees prior to the commencement of an extension period, the parties shall submit the matter to binding arbitration as provided herein; however DC Utility shall continue to provide PRI with irrigation water at the then current rate while the arbitration proceedings are pending.

3. Metering Equipment. DC Utility shall furnish, install, operate, and maintain at its own expense the necessary metering equipment, including a meter house or pit, and required device(s) to properly measure the quantity of water delivered to PRI annually and to calibrate such metering equipment whenever requested by PRI but not more frequently than once every twelve (12) months. The metering equipment shall normally be read within thirty days after each irrigation season. DC Utility shall have access to the meter at all reasonable times for the purpose of verifying its readings.

4. Point of Delivery and Pressure. Irrigation water shall be furnished at a reasonably constant pressure (30 P.S.I. minimum) from a supply main to a delivery point on the PRI Property. If a greater pressure than that normally available at the point of delivery is required by the PRI, the cost of providing such greater pressure shall be borne by PRI. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe or occasion beyond DC Utility's control shall excuse DC Utility from this provision for such reasonable period of time as may be necessary to restore service.

5. Irrigation Water Charges. The annual charge for irrigation water under this Agreement ("Annual Charge") shall be paid in equal monthly installments on the first day of each calendar month in arrears, beginning on January 1st of the first calendar year after the Effective Date. Notwithstanding the foregoing, by mutual agreement of DC Utility and PRI, the Annual Charge may be allocated and charged on a seasonal basis, to more accurately allocate the fees based on water usage. Any payment made within ten days of the due date shall be deemed timely made; provided, payments received thereafter shall bear interest at the rate of 12% per annum from the due date thereof until paid in full.

770 / \$25,420⁰⁰ a. Initial Annual Charge. The Annual Charge for the initial 10-year term shall be per year (the "Initial Annual Charge") for irrigation of up to 20 acres. The Annual Charge for each year shall be increased by 2.5% of the Annual Rate charged for the preceding 12 month period. The Initial Annual Charge, as adjusted each year, is an all-inclusive fee and there will be no other costs charged for providing irrigation water to the PRI Property. If PRI elects to irrigate more than 20 acres, up to a maximum of 35 acres, the Initial Annual Charge or Extension Term Annual Charges shall be increased pro rata by acreage.

b. Extension Term Annual Charges. The Annual Charge for each 10-year term extension term (the "Extended Term Annual Charge") shall be determined by calculating the average annual cost to DC Utility or its successors of delivering irrigation water to PRI for the final three years of the previous term, excluding administrative and overhead expenses, and adding ten percent for administration and overhead. The Extended Term Annual Charge for each year shall be increased by 2.5% of the Extended Term Annual Charge for the preceding 12 month period.

c. Overage Charges. If the irrigation water consumed by PRI in connection with the PRI Property exceeds 80 acre feet per year, then PRI shall pay to DC Utility the actual cost of delivering such additional water plus ten percent for administrative and overhead, within thirty days after receipt of a billing for such additional usage. If PRI elects to irrigate over 20 acres

then the annual quantity limit shall be increased by 4 acre feet per acre over 20 acres, up to a maximum of 140 acre feet for 35 acres.

d. **Most Favorable Rate.** If at any future time DC Utility establishes a lower rate for irrigation water for any customer than provided in this Agreement, that rate must be offered to PRP as a replacement rate for the remainder of the term or extension terms of this Agreement.

6. **Successors and Assigns.** DC Utility acknowledges that PRI's rights under this Agreement will automatically be assigned to a subsequent owner of the PRI Property. The successors by purchase or assignment of both parties shall be bound by the terms of this agreement.

7. **Grant of Easements.** DC Utility hereby grants to PRI, and its successors and assigns, an easement and license covering all facilities and properties owned, used, leased or operated by DC Utility for the express purpose of permitting PRI (or its successors and assigns) to ensure a continued supply of water to the PRI Property pursuant to this Agreement. The facilities and properties covered hereby include, without limitation, water right certificate G4-25768(A)(P), any and all water transmission and distribution systems, pipelines, water pumping systems and other facilities and properties necessary to provide water to the PRI Property. Birdie hereby grants to PRI, and its successors and assigns, an easement and license to enter upon the Birdie Property, and PRI and its successors and assigns shall have the right at all times to enter on to such property in order to ensure the continued supply of water to the PRI Property. DC Utility and Birdie shall execute the easements attached hereto as Attachments C and D, respectively, which shall be recorded in the real property records of Douglas County.

9. **Arbitration.** Any dispute concerning the interpretation of this Agreement, which cannot be resolved within 60 days after the commencement of the dispute, shall be determined by binding arbitration in accordance with the Superior Court Mandatory Arbitration Rules for the State of Washington. If the parties are not able to agree upon a single arbitrator within ten (10) days following demand therefor, then the arbitrator shall be appointed by the Washington Arbitration and Mediation Service. Any arbitrator must be independent, and shall have no prior business or personal relationship with any of the parties or their Affiliates and no prior business or personal relationship with the attorneys, accountants or other professional advisors of any of the parties or their affiliates of such nature as to cause actual bias or a reasonable appearance of bias. The decision of the arbitrator shall be final and binding upon the parties as to the question or questions submitted, and a judgment upon an award rendered in the arbitration proceedings may be entered in any court of competent jurisdiction. Each party shall pay one-half of the arbitrator's fees and costs, unless one party is ruled the prevailing party by the arbitrator, in which case the arbitrator, subsequent to the arbitration itself, may direct the non-prevailing party to pay the prevailing party's arbitrator's fees, as well as the prevailing party's attorney' fees and costs. The arbitration shall be brought in King County, Washington unless the parties mutually agree on a location outside said County.


10. **Memorandum.** This Agreement shall run with the Land, and the Memorandum of

Water Service Agreement attached hereto as Attachment C shall be executed at the time this Agreement is executed, and may be recorded by any party in the real estate records of Douglas County, Washington.

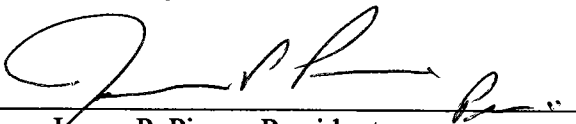
11. Miscellaneous. This Agreement: (i) shall be governed by and construed in accordance with the laws of the state of Washington without reference to principles of choice or conflicts of laws; (ii) contains the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements and understandings with respect thereto; (iii) may not be amended, waived or modified except in writing signed by the party to be bound; (iv) inures to the benefit of and is binding upon the parties hereto, their heirs, personal representatives, successors and assigns; (v) is severable, so that if any provision hereof shall be deemed illegal or unenforceable, the remaining provisions hereof shall remain in full force and effect; (vi) may be executed in any number of counterparts with the same effect as if all the parties had signed the Agreement, and all counterparts shall be construed together and evidence only one agreement; and (vii) subject to the arbitration clause above may be enforced in law or in equity by any court of competent jurisdiction, the losing party or parties in any final adjudication paying all of the costs and expenses (including reasonable attorneys' fees) of the prevailing party or parties in the dispute. This Agreement is not intended to confer any rights or remedies upon any person or entity other than the parties hereto. A facsimile or e-mail transmission of any signed original hereof, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, the other party or parties hereto will confirm e-mail or facsimile-transmitted signatures by signing an original hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

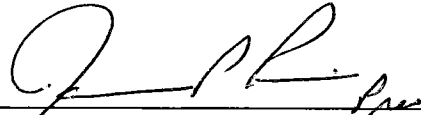
PACIFIC REGION INVESTMENT CO, LLC, a
Washington Limited Liability Company

By: 
William H. Pierre, Jr., President

DESERT CANYON UTILITY CO., a
Washington Corporation

By: 
James P. Pierre, President

BIRDIE PROPERTIES LLC, a
Washington Limited Liability Company

By: 
James P. Pierre, President

ATTACHMENT A

LEGAL DESCRIPTION OF PRI PROPERTY

THE NORTH 1319.9 FEET OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 26, TOWNSHIP 26 NORTH, RANGE 21 E, W.M., DOUGLAS COUNTY, WASHINGTON,

EXCEPT RIGHTS OF WAY FOR COUNTY ROADS,

TOGETHER WITH THAT PORTION OF VACATED ROAD NO. 7, HIGGINS ROAD, ADJACENT TO AND ABUTTING UPON SAID PREMISES AS VACATED BY THE BOARD OF COMMISSIONERS ON OCTOBER 8, 1979, RECORDS OF DOUGLAS COUNTY COMMISSIONERS, WHICH WOULD ATTACH BY OPERATION OF LAW.

SUBJECT TO: EASEMENT INCLUDING ITS TERMS, COVENANTS AND PROVISIONS AS DISCLOSED BY INSTRUMENT RECORDED: APRIL 2, 1970, AUDITOR'S NO. 156529, FOR RIGHT OF WAY FOR INGRESS AND EGRESS OVER THE EXISTING PRIVATE ROADWAY

742 OBERG ROAD, ORONDO, WA 98843

ASSESSORS TAX NO. 26212630005

ATTACHMENT B

ABBREVIATED LEGAL DESCRIPTION OF BIRDIE PROPERTY

PARCEL B, BOUNDARY LINE ADJUSTMENT 08-05 RECORDED UNDER AUDITOR'S
FILE NUMBER 3135062 ON JUNE 5, 2009, DOUGLAS COUNTY, WASHINGTON.

(located with the South ½ of Section 27, Township 26N, Range 21E, W.M.)

ASSESSOR'S FILE NUMBER 26212740005.

Thad L. Duvall, Auditor, Douglas County, WA.
AFN # 3175663 Recorded 10:45 AM 01/15/2014
MEMAGR Page: 1 of 2 \$73.00
THOMAS M PORS LAW

RECORDED AT THE REQUEST OF, AND
AFTER RECORDING RETURN TO:

Thomas M. Pors
Law Offices of Thomas M. Pors
1700 Seventh Avenue, Suite 2100
Seattle, WA 98101

EASEMENT AND MEMORANDUM OF WATER SERVICE AGREEMENT

Grantor: Desert Canyon Utility Company, a Washington corporation
Grantee: Pacific Region Investment Co., LLC, a Washington Limited Liability
Company

Legal Description: Those water rights evidenced by Water Right Certificate G4-25768(A)P,
which water rights are appurtenant to Grantor Desert Canyon Utility Company's service area
located within Section 27, Township 26 North, Range 21 East, W.M.

Assessor's Tax Parcel ID# 26212740005

THIS EASEMENT AND MEMORANDUM OF WATER SERVICE AGREEMENT,
dated as of the 26 day of December 2013, is made by and between Desert Canyon Utility
Company, a Washington corporation ("Grantor") and Pacific Region Investment Co., LLC, a
Washington limited liability company ("Grantee").

1. Affected Property. Grantor has, upon the terms and conditions set forth in that certain
Water Rights Service Agreement Grantor and Grantee dated as of December 26, 2013 (the
"Agreement"), which terms and conditions are incorporated herein by this reference, agreed to
provide Grantee with irrigation water service utilizing Water Right Certificate G4-25768(A)P
(the "Water Rights"), which Water Rights are appurtenant to Grantor's service area situated
within Section 27, Township 26 North, Range 21 East, W.M. in Douglas County, Washington.
Grantor's water system facilities are located on Assessor's Tax Parcel ID# 26212740005,
portions of which are leased by Grantor.

2. Benefitted Property. Grantee owns approximately 40 acres of property located at 742
Oberg Road, Orondo, WA 98843, Assessor's Tax Parcel ID# 26212630005, which benefits from
Grantor's water system and water rights.

3. Grant of Easements. DC Utility hereby grants to Grantee, and its successors and
assigns, an easement and license covering all facilities and properties owned, used, leased or
operated by DC Utility for the express purpose of permitting Grantee (or its successors and
assigns) to ensure a continued supply of water to the Grantee's property pursuant to this

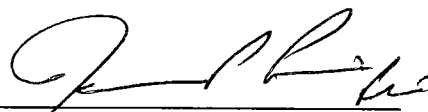
Agreement. The facilities and properties covered hereby include, without limitation, water right certificate G4-25768(A)(P), any and all water transmission and distribution systems, pipelines, water pumping systems and other facilities and properties necessary to provide water to the Grantee's property.

4. Purpose of Memorandum of Water Service Agreement. This Memorandum of Water Service Agreement is prepared solely for the purpose of recordation and in no way modifies the Agreement.

DATED this 26th day of December, 2013.

GRANTOR:
Washington Corporation

DESERT CANYON UTILITY CO., a

By: 
James P. Pierre, President

GRANTEE:


PACIFIC REGION INVESTMENT CO, LLC, a
Washington Limited Liability Company

By: 
William H. Pierre, Jr., President

STATE OF WASHINGTON

COUNTY OF KING

On the 26th day of December in the year 2013 before me personally came James P. Pierre, to me known, who, being by me duly sworn, did depose and say that he is the President of Desert Canyon Utility Company, the corporation described in and which executed the above instrument; and that he signed his name thereto by authority of the said limited liability company.


Notary Public
Printed Name: Naritha Chim
My Commission Expires: 02/01/2014



Thad L. Duvall, Auditor, Douglas County, WA.
AFN # 3175664 Recorded 10:45 AM 01/15/2014
ES Page: 1 of 2 \$73.00
THOMAS M PORS LAW

RECORDED AT THE REQUEST OF, AND
AFTER RECORDING RETURN TO:

Thomas M. Pors
Law Offices of Thomas M. Pors
1700 Seventh Avenue, Suite 2100
Seattle, WA 98101

ACCESS AND MAINTENANCE EASEMENT

Grantor: Birdie Properties LLC, a Washington limited liability company
Grantee: Pacific Region Investment Co., LLC, a Washington limited liability company
Legal Description: Parcel B, Boundary Line Adjustment 08-05 Recorded under Auditor's File Number 3135062 on June 5, 2009

Assessor's Tax Parcel ID# 26212740005

THIS ACCESS AND MAINTENANCE EASEMENT, dated as of the 26th day of December, 2013, is made by and between Birdie Properties LLC, a Washington limited liability company ("Grantor") and Pacific Region Investment Co., LLC, a Washington limited liability company ("Grantee").

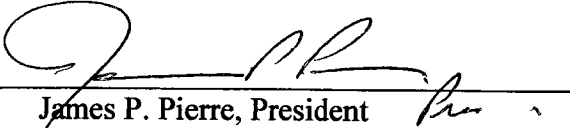
1. Grant of Easements. Grantor hereby grants to Grantee, and its successors and assigns, an easement and license to enter upon the Birdie Property for the purpose of maintaining the continued supply of water to the Grantee's property.

2. Benefited Property. Grantee owns approximately 40 acres of property located at 742 Oberg Road, Orondo, WA 98843, Assessor's Tax Parcel ID# 26212630005, which benefits from the water system and water rights appurtenant to Grantor's property described herein.

DATED this 26th day of December, 2013.

GRANTOR:

BIRDIE PROPERTIES LLC, a
Washington Limited Liability Company

By: 
James P. Pierre, President

GRANTEE:

PACIFIC REGION INVESTMENT CO, LLC, a
Washington Limited Liability Company,

William H. Pierre, Jr. - MGR.
William H. Pierre, Jr., President

STATE OF WASHINGTON

COUNTY OF KING

On the 26th day of December in the year 2013 before me personally came James P. Pierre, to me known, who, being by me duly sworn, did depose and say that he is the President of Birdie Properties LLC, the limited liability company described in and which executed the above instrument; and that he signed his name thereto by authority of the said limited liability company.

N. Chim
Notary Public
Printed Name: Naritha Chim
My Commission Expires: 02/01/2014

