

April 29, 2015

VIA EMAIL (puc.filingcenter@state.or.us) and FIRST CLASS MAIL

Public Utilities Commission of Oregon
Attn: Filing Center
3930 Fairview Industrial Drive SE
P.O. Box 2148
Salem, Oregon 97308

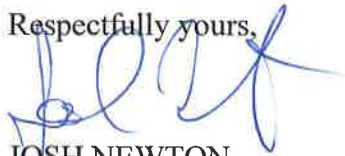
Re: *In the Matter of Sunriver Water LLC Request for Approval of an Affiliated Interest Agreement with Sunriver Environmental, LLC*
OPUC Docket No. UI 355

Dear Sir or Madam:

Enclosed with this letter are the initial written comments from The Sunriver Owners Association (“SROA”) for the staff of the Public Utility Commission of Oregon (“Commission”) to consider in formulating their recommendation to the Commission and for the Commission to consider in determining whether to approve the affiliated interest agreements submitted by Sunriver Water, LLC in the above-referenced proceeding.

Please contact me if you have any questions or would like any additional information relating to SROA’s initial comments.

Respectfully yours,



JOSH NEWTON
JN/sdm

cc: UI 355 Service List

April 29, 2015

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Public Utilities Commission of Oregon
Attn: Filing Center
3930 Fairview Industrial Drive SE
P.O. Box 2148
Salem, Oregon 97308

Re: In the Matter of Sunriver Water LLC (OPUC Docket No. UI 355)
The Sunriver Owners Association – Initial Written Comments

Dear Sir or Madam:

The Sunriver Owners Association (“SROA”) is an Oregon nonprofit corporation comprised of approximately 4,188 members. SROA is organized to provide for the management, maintenance, protection, and preservation of Sunriver, and to promote the health, safety, and welfare of its members, not for profit, but for the mutual advantages to be derived therefrom by the Consolidated Plan of Sunriver. SROA and its members constitute the substantial majority of the customers of Sunriver Water LLC (“Sunriver Water”).

The purpose of this letter is to submit written comments on behalf of the Sunriver Owners Association (“SROA”) with respect to Sunriver Water’s application for approval of two new affiliated interest agreements between Sunriver Water and its affiliate Sunriver Environmental LLC (“Sunriver Environmental”). The agreements consist of two lease agreements for real property owned by Sunriver Environmental: (a) Industrial/Office Lease (“Office Lease”); and (b) Reservoir Property Lease (“Reservoir Lease”). Sunriver Water seeks approval of those lease agreements in connection with a condition in the final order in *In re Sunriver Water LLC*, UW 160, Order 14-405 (“Rate Order”).

SROA submits these written comments in an effort to ensure that any affiliated interest agreement that may be approved by the Commission is fair and reasonable and not contrary to the public interest. ORS 757.495. SROA expressly reserves the right to submit additional written comments upon receipt and review of the staff recommendation memorandum.

SROA first addresses the fact that Sunriver Water's affiliated interest application does not satisfy the express condition in the Rate Order requiring Sunriver Water to submit an affiliated interest application for "all of the charges" from affiliates that it seeks to recover in its next rate proceeding. SROA next addresses its concern about the limited procedural due process that it has been afforded in this proceeding. Finally, SROA provides its comments in connection with each proposed lease.

I. Rate Order Condition Requiring a New Affiliated Interest Application

In February 2014, Sunriver Water filed an application for a general rate increase with the Public Utility Commission of Oregon ("Commission"). Rate Order at 1. SROA intervened as a party in the rate case. The parties agreed on a stipulation settling all issues in the case. The parties then filed the stipulation along with Commission staff testimony to the Commission for approval.

The parties' stipulation contained two conditions. The first condition provides:

"[Sunriver Water] will file a new affiliated interest agreement within 90 days of the date of the final order. The application will address all of the charges from affiliates that [Sunriver Water] plans to seek rate recovery of in its next rate application." Rate Order, Appendix A, at 2.

The Commission adopted the stipulation, including the above condition, in the Rate Order. SROA's understanding of the intent of that condition was to require Sunriver Water to file an application seeking Commission approval of a new Management Agreement between Sunriver Water and its parent entity, Sunriver Resort Limited Partnership ("SRLP"). SROA's understanding is reinforced by the Commission staff testimony in the rate case. *See* Staff Exhibit 100, Staff Testimony of Celeste Hari at 11 (explaining that the adoption of "Condition No. 2 [*sic*]" ameliorates the Commission staff's concern with the Management Agreement).¹

Despite that condition, Sunriver Water did not file an application within 90 days of the Rate Order seeking approval of a new Management Agreement with SRLP. Consequently, SROA believes that Sunriver Water is in violation of the Rate Order and asks that the Commission promptly enforce the Rate Order by requiring Sunriver Water to file an application for a New Management Agreement with SRLP forthwith.

II. Procedural History of UI 355

Sunriver Water filed its application for approval of the Office Lease and Reservoir Lease on March 2, 2015. Based on communications with Commission staff, SROA understood that this

¹ Ms. Hari refers to Condition No. 2. SROA believes that is a typographical error and that Ms. Hari intended to refer to Condition No. 1.

matter would be handled as a contested case proceeding that it would be allowed to intervene in and participate in as a party. Based on that understanding, SROA filed a petition to intervene on March 26, 2015.

No action has been taken on SROA's petition. Last week, SROA inquired about the status of its petition, and Commission staff informed it that the Commission is not treating the matter as a contested case proceeding. SROA responded by filing a letter requesting that the Commission rule on its petition to intervene. Instead of ruling on the petition, the Chief Administrative Law Judge sent SROA's legal counsel an email explaining that SROA's petition to intervene is premature because the Commission is initially using an "informal process" to consider Sunriver Water's application.

While SROA appreciates the explanation, it is not sufficient, and SROA is disappointed. The lease agreements for which Sunriver Water is seeking approval are inextricably intertwined with the outcome of UW 160. More importantly, the outcome of this affiliated interest proceeding will be significant precedent for Sunriver Water's next rate proceeding.

The proposed lease agreements have the potential to impact Sunriver Water customers, the substantial majority of whom are SROA members, in the approximate combined amount of \$60,000 per year. As noted below, SROA has significant concerns about the fairness and reasonableness of both leases. Without party status and the right of discovery, however, SROA has limited ability to obtain information to fully analyze its concerns.

III. Lease Comments

SROA focuses its lease comments on what it understands to be two of the key issues that the Commission staff analyzes in connection with proposed affiliated interest leases—that is, transfer pricing (*i.e.*, rent) and lease terms and conditions (other than rent).

By focusing on the foregoing issues, SROA does not mean to imply (and rejects any suggestion to the contrary) that the Commission should not undertake its public interest compliance assessment or that any terms not discussed here are necessarily acceptable to SROA. SROA also believes that the Commission should not approve any lease unless its approval is conditioned on:

- (a) an express reservation of the right by the Commission to review, for reasonableness, all aspects of any approved lease in any rate proceeding or alternative form of regulation; and
- (b) appropriate records availability, audit provisions, and reporting requirements.

A. Office Lease Comments

SROA's Office Lease comments center on the appropriate rental amount for the Office Lease and other nonmonetary terms and conditions of the Lease. SROA strongly encourages the Commission staff to consider whether a zero value for rent is justified, which SROA believes

likely approximates Sunriver Environmental's costs of providing any services or supplies under the Office Lease.

1. Appropriate Rent, If Any

Affiliate transactions must be priced at the lower of the affiliate's cost or at market rate. OAR 360-036-0739(4)(e). The affiliate's cost must be calculated using the water utility's most recently authorized rate of return. *Id.* Market rate means the lowest price that is available from nonaffiliated suppliers for comparable services or supplies. OAR 360-036-0739(2)(f).

In its application, Sunriver Water does not provide any information about its affiliate's (Sunriver Environmental's) cost of providing services or supplies to Sunriver Water. Instead, Sunriver Water states that

*“[f]or all locations being leased pursuant to the affiliated contract, the cost paid by the water utility is actual cost charged to the water utility * * *. Consequently, the water utility is paying its actual costs, and the actual costs are at or below market rates.”* (Emphasis added.)

Based on that statement, Sunriver Water appears to misunderstand the applicable legal standard. The proper inquiry is not the cost paid by the water utility, but, instead, is the affiliate's cost of providing services or supplies.

The Office Lease purports to lease to Sunriver Water certain areas of Sunriver Environmental's sewage treatment plant for office, shop and storage uses. Based on information currently available to it, SROA believes that Sunriver Environmental's cost of providing the supplies and services contemplated by the Office Lease is at or near zero. A zero value for rent may be required to ensure that the Office Lease is fair and reasonable and not contrary to the public interest.

SROA understands that the developer of Sunriver, Sunriver Properties, Inc. and/or Sunriver Properties Oregon LTD (collectively “Developer”), built and paid for the water and sewer plants. Staff Testimony, David T. Werner, OPUC Docket No. UW 29, March 22, 1990, page 3. The Developer then transferred units of those assets to Sunriver Utilities Company, Inc. (“SUC”) as it completed each subdivision within Sunriver. *Id.*

With respect to the water plant, the Developer included a portion of the plant cost in the sale price of each lot that it sold. *Id.* As a result, the Commission staff took the position in UW 29, a rate proceeding filed in 1989, that “[t]he company was paid by the property owners for the water plant, so inclusion of that plant in the rate base would result in a second payment.” *Id.* At 4. The Commission staff also stated:

“[W]e have a less-than-arm’s length transaction between the parent [Developer] and subsidiary [SUC] that has no substance because the parent has attempted to sell something (water plant) to the subsidiary that it has already sold to the property owners. Because the parent has sold the plant to the property owners, it has no ownership interest in the plant to ‘sell’ to its subsidiary.” *Id.* at 6 -7.

In its final order, the Commission agreed with staff that the Developer recovered the cost of its water plant through lot sales, resulting in a zero rate base for the plant. *In the Matter of Sunriver Sunriver Utilities Company*, UW 29, Order No. 90-1413, entered September 20, 1990.

Because the sewer plant was not regulated by the Commission, the Commission staff did not address whether the lot purchasers paid for the sewer plant as they did for the water plant. SROA believes, however, that the lot purchasers also paid for the sewer plant. SROA’s belief is reinforced by the fact that SUC paid the Developer only \$1.00 for the sewage treatment plant facility. *See* Quit Claim Deed, recorded in Book 319 at Page 682 of the Deschutes County Deed Records. Similarly, in 1998, when SUC conveyed its assets to Sunriver Water and Sunriver Environmental, the true and actual consideration for such transfers was for “value other than money.” *See* Bargain and Sale Deeds, dated June 30, 1998, Deschutes County Real Property Records Recording Nos. 98-28480 and 98-28481.

To SROA’s knowledge, Sunriver Water’s staff has always been co-located with Sunriver Environmental’s staff at the sewage treatment plant. Given the likelihood that SROA members (or their predecessors) likely paid for the sewage treatment plant and that Sunriver Environmental did not pay for the sewage treatment plant, SROA believes that a zero value for rent may be justified. SROA asks that the Commission staff take a hard look at this issue to ensure that SROA and its members would not be required to pay rent for an asset for which they likely have already paid.

2. Office Lease Terms and Conditions

Because of the staff’s decision with respect to the appropriate rent, if any, SROA only briefly comments on the terms and conditions of the Office Lease. SROA provides comments on the: lease term paragraph (Paragraph 2.); rent escalation sub-paragraph (Paragraph 3.1(d)); improvements and alterations paragraph (Paragraph 5.1); and events of default paragraph (Paragraph 10).

a. Office Lease Term

The Office Lease term is for sixty months. Sunriver Water, however, has the right to extend the term of the lease for three additional sixty month terms. The Office Lease does not contain any provisions as to how Sunriver Water is to exercise the option. The Office Lease also does not provide whether the terms of the lease remain the same during the renewal terms. SROA

recommends that the Office Lease term provisions be clarified to more particularly describe how to exercise the option and the effect, if any, the lease term has on the existing lease provisions.

b. Rent Escalation Clause

Assuming that the Commission staff determines that some amount of rent is justified, SROA questions whether the rent escalation clause is commercially reasonable. The Office Lease provides:

“Base Rent shall increase annually * * * in the same proportion as any increase in the ‘Consumer’ Index during the immediately prior twelve-month period. The ‘Consumer Index’ shall mean the Consumer Price Index for Wage Earners and Clerical Workers (1982-1984=100) U.S. Average for All Items, as published by the United States Departments of Labor, Bureau of Labor Statistics.”
Office Lease, Paragraph 3.1(d).

SROA questions whether an indexed rent-escalation clause without a market check-in to confirm that the reasonableness of the rent is appropriate for the Office Lease.² SROA would like the Commission staff to consider whether any rent escalation should instead be based on the actual increase in Sunriver Environmental’s operating and maintenance costs, including taxes, that are attributable to Sunriver Water’s use of the leased premises.

c. Events of Default

SROA observes that the Events of Default paragraph (Paragraph 10) in the Office Lease does not contain any notice and opportunity to cure provisions that are commonly included in commercial leases. SROA asks the Commission staff to assess whether such provisions should be included in the Office Lease.

B. Reservoir Lease Comments

SROA’s Reservoir Lease comments concentrate on whether a lease is necessary and suitable for Sunriver Water’s proposed reservoir. SROA does not believe a lease is either necessary or appropriate. If the Commission staff recommends otherwise, SROA expressly reserves the right to submit additional comments on the terms and conditions of the Reservoir Lease, including the appropriate rental amount, if any.

The Rate Order includes \$2,032,967 as construction work in progress (CWIP) that is to be used solely for the completion of a capital improvement reservoir project. The reservoir project consists of: (1) preliminary engineering studies and reports; (2) site preparation; (3) foundations, such as providing a road, electricity, and pipes and valves to the site; (4) laying water

² SROA also questions whether the CPI-W, rather than the CPI-U, is the appropriate index.

transmission and distribution pipes; and (5) construction of a new 1.25 million gallon reservoir. *Id.* The reservoir project is needed to provide Sunriver with additional water to address current peak capacity, water pressure, and fire flow issues. *Id.* The new reservoir is also intended to remedy water pressure issues at the north end of Sunriver. *Id.*

On December 22, 2014, SROA and Sunriver Water entered into a Water Line Easement Agreement (Deschutes County Official Records No. 2014-043219) (“Water Line Easement”) in connection with the reservoir project. A copy of the Water Line Easement is enclosed. The recitals in the Water Line Easement provides that Sunriver Water “owns and operates the ‘North Reservoir’ on real property legally described in that certain quitclaim deed dated January 7, 2000 and recorded at Recorder’s No. 2000-2194 * * * constructing an additional water line from [Sunriver Water’s property] to connect with existing water lines within Sunriver.” Sunriver Water did not pay SROA any monetary consideration for the Water Line Easement.

Despite reciting that it *owns and operates* the North Reservoir and the fact that in an *arms-length* transaction SROA did not require any monetary payment for the Water Line Utility Easement, Sunriver Water is now proposing the Reservoir Lease with Sunriver Environmental.³ SROA cannot reconcile the Water Line Easement, including its recitals, with the proposed Reservoir Lease. If the recitals are correct, Sunriver Water owns the property and needs no lease in order to install the reservoir.

Moreover, the Water Line Easement is perpetual, while the Reservoir Lease is for a maximum term of eighty years. The Water Line Easement is an arms-length transaction and does not include any monetary payment to SROA, yet the proposed Reservoir Lease contains annual rent payments to *Sunriver Water’s affiliate* of at least \$15,350.40 per year for a total rent amount of about \$1.23 million over eighty years.

In the event that the Commission determines that Sunriver Water does not own the reservoir site, SROA believes that it is contrary to public interest for Sunriver Water to merely lease the real property upon which the reservoir assets will be located. Sunriver Water should acquire fee title to the reservoir site from Sunriver Environmental along with perpetual utility easements for the pipes, valves and other fixtures. Such an arrangement is consistent with how Sunriver Water’s other assets are owned and consistent with the historic development of Sunriver. The arrangement will also provide Sunriver Water with durable ownership and operational control of the site at a lower cost than an eighty year lease with uncertain rent escalation.

³ SROA acknowledges that the 2000 quitclaim deed described in the Water Line Easements identifies Sunriver Environmental, rather than Sunriver Water, as grantee. From SROA’s perspective, however, the quitclaim deed does not fully resolve the ownership issue. The Commission staff should request all Sunriver Water records supporting its statement that it has ownership and operational control of the reservoir site before making an ownership determination.

Public Utilities Commission of Oregon
Attn: Filing Center (UI 355)
April 29, 2015
Page 8

SROA cannot understand why Sunriver Water would consider entering into a lease arrangement that does not give it permanent site control for its reservoir and associated facilities. SROA is concerned about what happens after the Reservoir Lease expires. Sunriver Water's reservoir will be fully constructed and presumably be serving Sunriver owners. It seems that at that point, Sunriver Water would be in a poor negotiating position regarding any future lease of the site.

SROA asks Commission staff to consider recommending that the Commission reject the Reservoir Lease in its entirety. SROA has not determined whether any purchase price would be fair and reasonable given the relationships among SRLP, Sunriver Environmental, and Sunriver Water. Assuming that some purchase price amount would be fair and reasonable for Sunriver Water's acquisition of the reservoir site and the utility easements, it assumes that such a price would be significantly less than the total minimum rent amount of about \$1.23 million, especially given the fact that SROA has already granted utility easement Sunriver Water for this project for no monetary consideration.

IV. Conclusion

Thank you for the opportunity to provide the foregoing comments. If you have any questions, please direct them to SROA's legal counsel, Josh Newton at Karnopp Petersen LLP, 1201 NW Wall Street, Suite 200, Bend, Oregon 97701; phone number 541 382 3011; and email: jn@karnopp.com.

Respectfully yours,



Hugh Palcic,
General Manager
Sunriver Owners Association

cc: UI 355 Service List

After Recording, Return To:
Sunriver Water, LLC
Attn: Terry Penhollow / Steve Runner
~~57850 W Cascade Rd,~~ PO Box 3609
Sunriver, OR 97707

Deschutes County Official Records	2014-043219
D-EAS	
Stn=2 PG	12/24/2014 10:35:41 AM
\$30.00 \$11.00 \$10.00 \$6.00 \$21.00	\$78.00
I, Nancy Blankenship, County Clerk for Deschutes County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.	
Nancy Blankenship - County Clerk	

WATER LINE EASEMENT AGREEMENT

THIS WATER LINE EASEMENT AGREEMENT (this "Agreement") is made and entered into effective as of December 22, 2014 (the "Effective Date") by and among Sunriver Water, LLC, an Oregon limited liability company ("Grantee") and the Sunriver Owners Association, Inc., an Oregon non-profit corporation ("Grantor").

RECITALS

A. Grantor owns the real property located in Deschutes County, Oregon and described as the Common Area, Blocks 10 and 11, Deer Park II, Deschutes County, Oregon and Common Area, Blocks 17 and 18, Deer Park III, Deschutes County, Oregon, including the portion of the Common Area designated as "Cottonwood Road," Deer Park III, Deschutes County, Oregon ("Grantor's Property").

B. Grantee owns and operates the "North Reservoir" on the real property legally described in that certain quitclaim deed dated January 7, 2000 and recorded at Recorder's No. 2000-2194, Deschutes County, Oregon ("Grantee's Property") and is constructing an additional water line from the Grantee's Property to connect with existing water lines within Sunriver.

C. Grantor desires to grant to Grantee easements over, under, upon, and across a portion of Grantor's Property, on the terms and conditions set forth in this Agreement, for the construction, installation, maintenance, repair, replacement, operation and use of a water line.

AGREEMENT

NOW, THEREFORE, for valuable consideration and the mutual covenants set forth herein, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. Easements.

1.1 Water Line Easement. Grantor hereby grants to Grantee a permanent, non-exclusive easement (the "Water Line Easement") 10 feet on each side of the right of way (the "Right of Way") as depicted on the attached Exhibit A (the "Water Line Easement Area") for the construction, installation, maintenance, repair, replacement, operation and use of a water

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Return to:


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line (the “Water Line Facilities”) and for access over, upon and across Grantor’s Property for ingress to and egress from the Water Line Easement Area, subject to all existing easements and encumbrances but provided that this Water Line Easement shall control between the parties with respect to its subject matter. The Right of Way as depicted on Exhibit A is an approximate location. The actual Right of Way and location of the Water Line Easement shall be based on the actual location of the Water Line Facilities after construction by Grantee. Upon completion, Grantee shall provide Grantor with “as-builts” or other documentation reasonably necessary to identify the precise location of the Water Line Facilities.

1.2 Temporary Construction Easement. Grantor hereby grants to Grantee a temporary, non-exclusive easement (the “Temporary Construction Easement”) over, under, upon, and across that portion of Grantor’s Property depicted on the attached Exhibit B (the “Temporary Construction Easement Area”) for use in the initial construction and installation of the Water Line Facilities, subject to all existing easements and encumbrances but provided that this Water Line Easement shall control between the parties with respect to its subject matter.

2. Terms of Easements.

2.1 Water Line Easement. The Water Line Easement shall commence on the Effective Date and shall run with the land and continue in full force and effect unless terminated by mutual agreement of the Grantor and Grantee, or their successors and assigns.

2.2 Temporary Easements. The Temporary Construction Easement shall commence on the Effective Date and shall automatically terminate and expire on the date on which the construction and installation of the Water Line Facilities is completed.

3. Effect of Agreement. The rights and restrictions declared, granted and reserved in this Agreement shall be appurtenant to Grantee’s Property and Grantor’s Property, and shall also be deemed to be an easement in gross for the benefit of Grantee, and shall continue in effect until this Agreement is terminated by its terms. The easements, benefits, burdens, obligations and restrictions created in this Agreement shall create covenants, benefits and servitudes upon Grantee’s Property and Grantor’s Property, including any future partitions or subdivisions thereof, and shall run with the land, and shall be binding upon and benefit each of the parties hereto and each of their successors and assigns.

4. Protection of Grantor’s Improvements. In its use of Grantor’s Property, Grantee shall use commercially reasonable efforts to avoid causing any unreasonable damage to, or interference with, any improvements on or within Grantor’s Property.

5. Obligations of Grantee. After the performance by Grantee of any work in connection with Grantor’s Property, Grantee shall replace and restore such area and/or improvements disturbed by such work to the condition of such area and/or improvements prior to the performance of such work.

6. Compliance With Laws; Liens. Grantee shall construct and maintain Grantee’s improvements in accordance with all applicable laws, rules and regulations and maintain Grantee’s improvements on Grantor’s Property in a safe condition. Grantee shall pay in full all

persons who perform labor upon or provide materials in connection with such work. Grantee shall not permit or allow any liens of any nature to be created or enforced against Grantor's property for any work performed or materials provided pursuant to this easement.

7. Indemnity. Grantee shall defend, indemnify and hold harmless the Grantor, its successors and assigns, and its officers, directors, employees, agents, contractors, members, and manager (collectively, "Indemnified Parties") from any and all loss, claim, liability of any nature, including injuries to or death of persons, or damage to property, and including attorney fees and legal expenses arising in any manner out of the Grantee's occupation and use of the easement rights granted herein, except to the extent caused by the gross negligence or willful misconduct of the Indemnified Parties.

8. Attorneys' Fees. The prevailing party in any action or proceeding brought by any party against the other party under this Agreement shall be entitled to recover such court costs, costs and fees of the attorneys, paralegals, experts and consultants in such action or proceeding (whether at the administrative, trial or appellate levels) in such amount as the court may adjudge reasonable.

9. Relocation of Easement Area. Grantor shall have the right to relocate the Water Line Easement Area provided that any such relocation shall be at Grantor's sole expense. In the event of any such relocation, Grantor shall prepare and the parties shall join in recording an amendment to this Agreement in order to identify the revised location of the Water Line Easement Area.

10. Further Cooperation. Grantor and Grantee agree to execute such other documents and to perform such other acts as may be reasonably necessary or desirable to consummate the purposes and intent of this Agreement.

11. Amendments. This Agreement may not be revised, modified, amended or revoked except by a written instrument signed by the parties hereto, or their successors or assigns, as applicable, and recorded in the real property records of Deschutes County, Oregon.

12. Counterparts. This Agreement may be executed in multiple counterparts, all of which when taken together, shall constitute one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

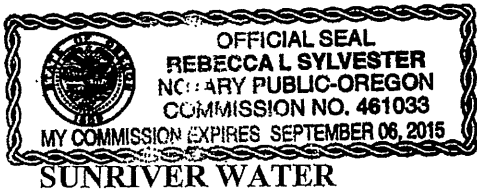
SUNRIVER OWNERS ASSOCIATION

SUNRIVER OWNERS ASSOCIATION,
an Oregon non-profit corporation

By: Patricia A. Hensley
Name: Patricia A. Hensley
Title: President, SROA Board of Directors

STATE OF OREGON)
) ss
County of Deschutes)

This instrument was acknowledged before me on December 22, 2014 by Patricia Hensley, who is the President of Sunriver Owners Association, an Oregon non-profit corporation, on behalf of said limited liability company.



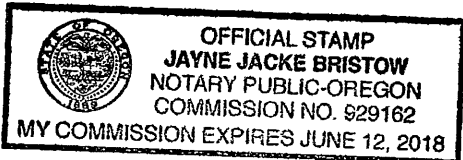
Rebecca L Sylvester
Notary Public for the State of Oregon
My Commission Expires: 9-6-15

SUNRIVER WATER, LLC,
an Oregon limited liability company

By: [Signature]
Name: TOM O'SHEA
Title: MANAGING DIRECTOR

STATE OF OREGON)
) ss
County of Deschutes)

This instrument was acknowledged before me on December 23, 2014 by Tom O'Shea, who is the Managing Dir. of Sunriver Water, LLC, an Oregon limited liability company, on behalf of said limited liability company.



Jayne Jacke Bristow
Notary Public for the State of Oregon
My Commission Expires: 6/12/18

WATERMAIN TIE-IN

Exhibit A

Water Line Right of Way

DEER PARK II
BLOCK 10

SPLITROCK LN

S IMNAHA RD

191128CD00098
SUNRIVER OWNERS ASSOC.
PO BOX 3278
SUNRIVER, OR 97707

DEER PARK II
BLOCK 11

HART MOUNTAIN LN

APPROXIMATE LOCATION
OF FUTURE
WATERMAIN

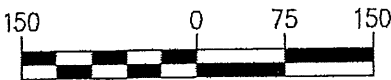
N IMNAHA RD

COTTONWOOD
ROAD

BURLINGTON NORTHERN
RIGHT-OF-WAY



SCALE



(FEET)
1 INCH = 150 FT.

SHEET NUMBER

1 of 1

EXHIBIT MAP
APPROX. LOCATION OF FUTURE WATERMAIN
SUNRIVER WATER LLC
NORTH RESERVOIR AND WATERMAIN

DRAWING INFO

0003397W
037785-V-EX00
1"=150'

SHEET INFO

DRAWN	RM
CHECKED	NB
LAST EDIT	10/5/2014
PLOT DATE	10/8/2014

WATERMAIN TIE-IN

Exhibit B

Construction Easement

2
399
5 ASSOC.
78
97707

DEER PARK II
BLOCK 10

SPLITROCK LN

S IMNAHA RD

191128CD00098
SUNRIVER OWNERS ASSOC.
PO BOX 3278
SUNRIVER, OR 97707

DEER PARK II
BLOCK 11

HART MOUNTAIN LN

APPROXIMATE LOCATION
OF FUTURE
WATERMAIN

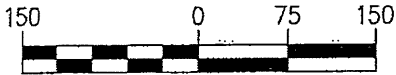
N IMNAHA RD

COTTONWOOD
ROAD

BURLINGTON NORTHERN
RIGHT-OF-WAY



SCALE



(FEET)

1 INCH = 150 FT.

SHEET NUMBER 1 of 1	EXHIBIT MAP APPROX. LOCATION OF FUTURE WATERMAIN SUNRIVER WATER LLC NORTH RESERVOIR AND WATERMAIN	DRAWING INFO	SHEET INFO	
		0003397W	DRAWN	RM
		037785-V-EX00	CHECKED	NB
		1"=150'	LAST EDIT	10/6/2014
			PLOT DATE	10/6/2014

