

AFFILIATED INTEREST CONTRACT APPLICATION

Instructions: All applications submitted to the Commission must be filed electronically with the Commission's Filing Center. Documents may be electronically filed by sending the filing as an attachment to an electronic mail message addressed to the Commission's Filing Center at puc.filingcenter@state.or.us.

DATE: 11/19/18

COMPANY NAME: Aspen Lakes Utility Co.
ADDRESS: 16900 Aspen Lakes Dr.
CITY, STATE, ZIP: Sisters OR 97759

RE: (Name of Company) Affiliated Interest Application with (Affiliate Name) pursuant to ORS 757.495 and OAR 860-036-2210

This affiliated interest application is submitted in the manner and form indicated by OAR 860-036-2210.

INFORMATION REQUIREMENTS

(a) The applicant's exact name and the address of its principal business office;
(Utility's exact name and address.) Wildhorse Meadows
16900 Aspen Lakes Dr.
Sisters OR 97759

(b) The name and address of the person authorized on the water utility's behalf, to receive notices, inquiries, and communications regarding the information;
Vicky Kumle, Kelly Cyrus

(c) A statement describing the relationship between the water utility and the contracting entity as defined by ORS 757.015 and 757.490;

Wildhorse Meadows owns the ground under the pump and facilities. ALU pays a royalty to WAM.

(d) The amount, kind, and ratio to total voting securities held, if applicable; WAM.

(e) A list of all officers and directors of the affiliated interest who are also officers or directors of the applicant;

O. Keith Cyrus
Matt Cyrus
Pam Mitchell

(f) The pecuniary interest, directly or indirectly, of any officer or director who is a party to the contract;

(g) A description of the goods or services to be provided, the cost incurred in providing each of the goods or services, the market value of the goods or services if different from the costs, and the method or methods proposed for pricing those goods or services;

ALU pays to WTM 10% of all revenues that ALU receives from the supplying of water and sewer and waste water treatment services to ALGC and all other customers of ALU.

(h) An estimate of the amount the water utility will pay annually for the goods or services and the accounts in which it will record the charges;
\$16,000 it will record the charges in ALU Co books

(i) The reasons, in detail, relied upon by the water utility for procuring the proposed goods or services from the affiliate and benefits, if any, utility customers and the general public will derive from the provision of goods or services,

It allows the utility Co access to the water and sewer facilities and sewer improvements

(j) A description of the procurement process and the reasons, in pertinent detail appropriate to the complexity of the procurement, relied upon by the water utility for procuring the proposed goods or services without a competitive procurement process, if such a process is not used.

no official procurement process was used

(k) Transfer prices in contracts or agreements for the procurement of goods or services under competitive procurement shall be presumed to be the market value, subject to evaluation of the procurement process;

ATTACHMENTS

(l) A copy of the proposed contract or agreement between the water utility and the contracting entity; and

(m) Copies of all resolutions of directors authorizing the proposed transactions and, if stockholders' approval has been obtained, copies of the resolutions approved by the stockholders.

For the reasons set forth above, Aspen Lakes Utility Co.
(Company Name)

respectfully requests that the Commission issue an order approving the affiliated
interest contract between ALU (Company Name) and wild horse meadows
(Affiliate Name),

pursuant to the provisions of ORS 757.495 and OAR 860-036-2210.

DATE: 11/19/18

NAME OF COMPANY: Aspen Lakes Utility Co., LLC
16900 Aspen Lakes Dr.
Sisters, OR 97759

Kelly Cyrus
(SIGNATURE OF AUTHORIZED PERSON)

Kelly Cyrus
(PLEASE PRINT NAME)

Bookkeeper
(TITLE)

RECORDATION REQUESTED BY:

Wildhorse Meadows, LLC
16900 Aspen Lakes Drive
Sisters, OR 97759

WHEN RECORDED MAIL TO:

David R. Ludwig
Farleigh Wada & Witt PC
121 S.W. Morrison Street, Suite 600
Portland, OR 97204

SEND TAX NOTICES TO:

Wildhorse Meadows, LLC
16900 Aspen Lakes Drive
Sisters, OR 97759

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

EASEMENT AGREEMENT

THIS EASEMENT AGREEMENT (the "Agreement") is entered into this ____ day of _____, 2004, by and between WILDHORSE MEADOWS, LLC, an Oregon limited liability company ("Wildhorse"), and ASPEN LAKES UTILITY COMPANY, L.L.C., an Oregon limited liability company ("Utility Company").

RECITALS:

A. Wildhorse is the owner of certain real property located in Deschutes County, Oregon, a legal description of which is attached as **Exhibit "A"** and by this reference incorporated herein (the "Golf Course Property");

B. Utility Company has installed, maintains, and operates two (2) water wells and the pumps, pipelines, meters, ditches, facilities, structures, and all other equipment, appurtenances and improvements relating to the wells (collectively, the "Wells") on the Golf Course Property, and desires to continue to maintain and operate the Wells located on the Golf Course Property;

C. Utility Company also has installed, maintains, and operates a sewer system and the pumps, pipelines, ditches, facilities, structures, and all other equipment, appurtenances and improvements relating to the sewer system (collectively, the "Sewer System") on the Golf Course Property and desires to continue to maintain and operate such Sewer System on the Golf Course Property; and

Utility Company desires that Wildhorse grant an easement for purposes of: (i) access, ingress and egress on, over, under, through and across certain areas of the Golf Course

Property, as more particularly described on **Exhibit "B-1"** and as more particularly depicted on **Exhibit "B-2"** attached hereto and incorporated herein by reference (the "Easement Area"); (ii) using, operating, maintaining, improving, repairing and/or replacing the Wells and/or the Sewer System; (iii) extracting and distributing water from the Wells for irrigation, drinking and fire prevention relating to the Golf Course Property and the operation thereof; and (iv) constructing, using, operating, maintaining, improving, repairing and/or replacing all other water works, pumps, meters, ditches, structures, facilities and other equipment necessary to accomplish the foregoing purposes (collectively, the "Improvements"). NOW, THEREFORE, the parties agree as follows:

1. Easement. Wildhorse conveys to Utility Company a nonexclusive easement for purposes of: (i) access, ingress and egress on, over, under, through and across the Easement Area; (ii) using, operating, maintaining, improving, repairing and/or replacing the Wells and/or Sewer System; (iii) extracting and distributing water from the Wells for irrigation, drinking and fire prevention relating to the Golf Course Property and the operation thereof; and (iv) constructing, using, operating, maintaining, improving, repairing and/or replacing all other Improvements necessary to accomplish the foregoing purposes (collectively, the "Easement"). A map of the Golf Course Property showing the location of the Wells, the Sewer System, and any and all Improvements is attached hereto as **Exhibit "C"** and by this reference incorporated herein.

2. Consideration. The Utility Company shall pay to Wildhorse ten percent (10%) of all revenues that Utility Company receives from the supplying of water and from the provision of sewer and waste water treatment services to the Golf Course Property and all other customers of the Utility Company per quarter in arrears in consideration for this Easement. The first payment shall be on the tenth (10th) day following the end of the first full quarter of the term of this Agreement and subsequent payments shall be due on the tenth (10th) day following the end of each quarter thereafter. In the event of the commencement of this Agreement at a time other than the beginning of a month, the amount due for the first quarter shall include the period between the date of the commencement of this Agreement and the beginning of the first full quarter hereunder. If this Agreement is terminated, pursuant to Section 10 hereof, at a time other than the end of a full quarter, then the amount due shall be for a period between the date of the end of the last full quarter of this Agreement and the date of the termination of this Agreement. The Utility Company shall accompany each payment due hereunder with a statement of the Utility Company's revenues from the provision of water and of sewer and waste water treatment services to the Golf Course Property and all other customers of the Golf Course Property during such quarter.

3. Limitations on Use of Easement. The parties agree that the Easement shall be used exclusively for the purposes set forth in Section 1 hereof, and shall not be used for any other purpose without Wildhorse's prior written consent.

4. Term. The term of this Agreement shall commence on the date hereof and shall continue in perpetuity or on such date that this Agreement is terminated pursuant to Section 10.

5. Maintenance, Repair, and Replacement. The Utility Company shall, at its sole cost and expense, and for the benefit of Wildhorse, as fee owner of the Easement Area, maintain, or cause to be maintained, the Wells, the Sewer System and the Improvements in good working order and condition and shall improve, repair, and/or replace the Wells, the Sewer System and/or Improvements as needed during the term of this Agreement. Wildhorse shall maintain the surface of the Easement Area. In the event of any damage or destruction to the Wells, the Sewer System, the Improvements and/or Easement Area, the Utility Company shall promptly repair same at the sole cost and expense of the Utility Company in order that the Golf Course Property is restored to its original condition prior to such damage or destruction. Any damage or destruction to the Wells, the Sewer System, the Improvements and/or the Easement Area caused by Wildhorse shall be repaired or replaced at the sole cost and expense of Wildhorse.

6. Compliance with Laws. Utility Company shall at all times during the term of this Agreement comply with all applicable local, state, and federal laws that govern or regulate the Wells, the Sewer System, the Improvements and the use of the water.

7. Permits. Utility Company shall at all times during the term of this Agreement at its sole cost and expense obtain and maintain all required permits, licenses, and approvals required by applicable local, state, or federal agencies for the Wells, the Sewer System, the Improvements and the use of the water.

8. Insurance. Utility Company shall maintain during the term of this Agreement insurance with financially sound and reputable insurance companies in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated. If requested by Wildhorse, Utility Company shall furnish reasonably satisfactory evidence of such insurance.

9. Indemnification. Utility Company shall defend, indemnify, and hold Wildhorse harmless from any and all claims, actions, proceedings, costs, damages, and liabilities, including reasonable attorney's fees, arising out of or in any way related to the use, operation, maintenance, improvements, repair and/or replacement of the Wells, the Sewer System, any Improvements and the supplying of water and the provision of sewer and waste water treatment services.

10. Termination. Upon any default by the Utility Company under that certain Water and Sewer Services Agreement, dated November 17, 2004, by and between the Utility Company and Aspen Lakes Golf Course, L.L.C., an Oregon limited liability company, as amended, this Agreement shall automatically terminate and the parties shall have no further liability to one another.

11. Miscellaneous Provisions.

a. Binding Effect. This Agreement shall run with the land and shall be binding on and inure to the benefit of the parties and their respective heirs, personal representatives, successors, and assigns.

b. Assignment. The Utility Company shall not assign this Agreement or any of the rights, interests or obligations herein without the prior written consent of Wildhorse.

c. Notices. All notices and other communications under this Agreement must be in writing and shall be deemed to have been given if delivered personally, sent by facsimile (with confirmation), mailed by certified mail, or delivered by an overnight delivery service (with confirmation) to the parties to the following addresses or facsimile numbers (or at such other address or facsimile number as a party may designate by like notice to the other parties):

If to Wildhorse: Wildhorse Meadows, LLC
Attn: Matt Cyrus
16900 Aspen Lakes Drive
Sisters, OR 97759
Phone: (541) 548-0835
Facsimile: (541) 548-0481

If to Utility Company: Aspen Lakes Utility Company, L.L.C.
Attn: Matt Cyrus
16910 Aspen Lakes Drive
Sisters, OR 97759
Phone: (541) 548-0835
Facsimile: (541) 548-0481

Any notice or other communication shall be deemed to be given (a) on the date of personal delivery, (b) at the expiration of the second (2nd) day after the date of deposit in the United States mail, or (c) on the date of confirmed delivery by facsimile or overnight delivery service.

d. Amendments. This Agreement may be amended only by an instrument in writing executed by all the parties.

e. Counterparts. This Agreement may be executed in counterparts, each of which will be considered an original and all of which together will constitute one and the same agreement.

f. Facsimile Signatures. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, the parties shall confirm facsimile transmitted signatures by signing an original document.

g. Waiver. Any provision or condition of this Agreement may be waived at any time, in writing, by the party entitled to the benefit of such provision or condition. Waiver of any breach of any provision shall not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

h. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon, without regard to conflict-of-laws principles.

i. Attorney's Fees. If any suit or action is instituted to interpret or enforce the provisions of this Agreement, to rescind this Agreement, or otherwise with respect to the subject matter of this Agreement, the party prevailing on an issue shall be entitled to recover with respect to such issue, in addition to costs, reasonable attorney's fees incurred in preparation or in prosecution or defense of such suit or action as determined by the trial court, and if any appeal is taken from such decision, reasonable attorney's fees as determined on appeal.

j. Severability. If any provision of this Agreement shall be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Agreement shall not be in any way impaired.

k. Entire Agreement. This Agreement (including the documents and instruments referred to in this Agreement) constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior understandings and agreements, whether written or oral, among the parties with respect to such subject matter.

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

WILDHORSE:

WILDHORSE MEADOWS, LLC, an Oregon limited liability company

By: _____
Title: _____

UTILITY COMPANY:

ASPEN LAKES UTILITY COMPANY, L.L.C., an Oregon limited liability company

By: _____
Title: _____

STATE OF OREGON)
) ss.
County of _____)

On this ____ day of _____, 2004, before me, the undersigned Notary Public, personally appeared _____, _____, of Wildhorse Meadows, LLC, an Oregon limited liability company (the "Limited Liability Company"), personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the Limited Liability Company and that he/she executed the Agreement and acknowledged the Agreement to be the free and voluntary act and deed of the Limited Liability Company, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute this Agreement and in fact executed the Agreement on behalf of the Limited Liability Company.

Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON)
) ss.
County of _____)

On this ____ day of _____, 2004, before me, the undersigned Notary Public, personally appeared _____, _____, of Aspen Lakes Utility Company, L.L.C., an Oregon limited liability company (the "Limited Liability Company"), personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the Limited Liability Company and that he/she executed the Agreement and acknowledged the Agreement to be the free and voluntary act and deed of the Limited Liability Company, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute this Agreement and in fact executed the Agreement on behalf of the Limited Liability Company.

Notary Public for Oregon
My Commission Expires: _____

EXHIBIT "A"

Legal Description of Golf Course Property

See attached.

EXHIBIT "B-2"

Depiction of Easement Area

See attached.

EXHIBIT "C"

**Map of Golf Course Property Showing
Location of Wells, Sewer System, and Ditches and Pipelines**

See attached.