



Oregon Water Resources Department  
 725 Summer Street NE, Suite A  
 Salem Oregon 97301-1266  
 (503) 986-0900  
 www.wrd.state.or.us

# Certificate of Water Right Ownership Update

## NOTICE TO SELLERS & BUYERS:

By law, all water belongs to the public (ORS 537.110). In almost every instance, a permit or water right certificate from the Water Resources Department is needed before using, diverting or storing water (ORS 537.130). However, most domestic wells do not require water rights. A certificate of water right stays with the land. In order to keep track of water right ownership, the Department requests that this form be submitted to the Department. **If for multiple rights, a separate form for each right will be required.**

Water that has been used for a long time in one place or that involves a water structure (like a dam) that already exists is no guarantee that there is a water right which would allow the water use to continue.

If you have any questions about this form or water right requirements, please contact your local watermaster or call the Water Resources Department at 503-986-0900.

Note: Please type or print legibly when filling in the following information. Use additional paper if necessary.

## PROPERTY SELLER INFORMATION

Applicant(s): Gibson Ridge Vineyard, LLC ATTN: Dana Sexton Vivier  
First Last  
 Mailing Address: c/o GI Partners, 2180 Sand Hill Road #210  
Menlo Park CA 94025  
City State Zip  
 Phone: 650-233-3600  
Home Work Other

## PROPERTY BUYER INFORMATION

RECEIVED BY OWRD

Applicant(s): Roserock East, LLC   
First Last  
 Mailing Address: c/o Domaine Drouhin Oregon PO Box 700  
Dundee OR 97115 SALEM, OR  
City State Zip  
 Phone: 503-864-2700  
Home Work Other

## PROPERTY DESCRIPTION (attach additional pages if necessary):

County: Polk Township: 7S Range: 4W Section: 7

Tax Lot Number(s): 1002

Street address of water right property: N/A

Water Right Information (attach copy of water right permit or certificate & final proof map):

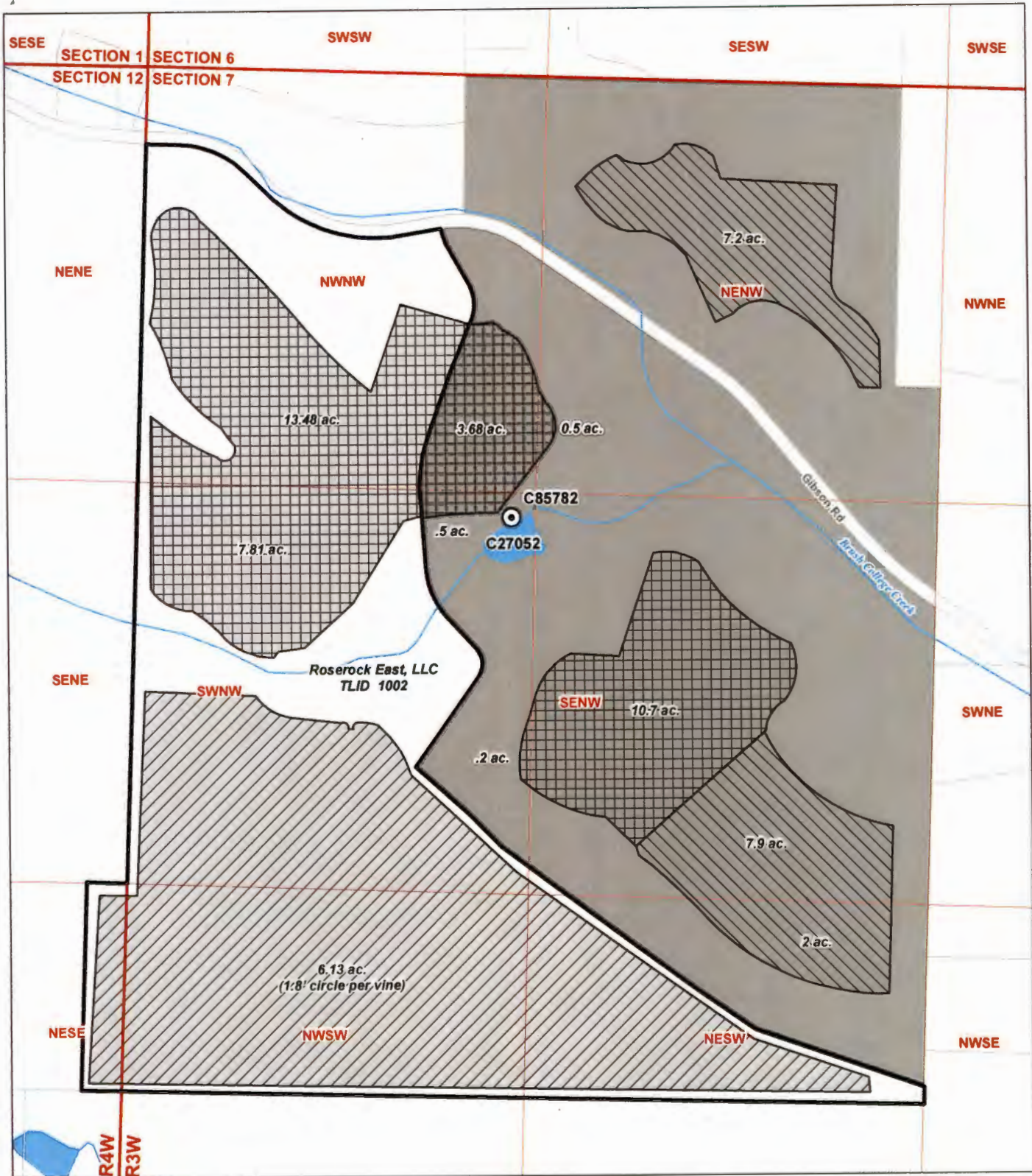
Application #: S-27159 Permit #: S-22419 Certificate or Page #: 85783

Will all the lands associated with this water right be owned by the buyer?  Yes  No

Name of individual completing this form: DAVID MILLMAN Phone: 503-864-2700

Signature: [Signature] Date: AUGUST 17, 2015

Please be sure to attach a copy of your property deed or legal description of the property.



**LEGEND**

⊙ Point of Diversion (POD)

**Place of Use**

- C85782, Primary Irrigation
- C85782, Supplemental Irrigation
- C85783, Primary Irrigation
- T10440, Transfer - To Lands (Primary and Supplemental Irrigation)

**All Other Features**

- Roserock East, LLC (tax lot 1002)
- Portion of Water Right NOT Owned by Roserock East, LLC
- Tax Lot
- Watercourse
- Waterbody

**MAP NOTES:**

Date: July 30, 2015  
Data Sources: BLM, OWRD, Polk Co.

**Ownership Update and Assignment**

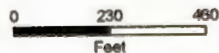
**Roserock East**  
Certificates 85782 and 85783  
Transfer T-10440

Township 7 South, Ranges 3 & 4 West (W.M.)

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AUG 25 2015

SALEM, OR



STATE OF OREGON

COUNTY OF POLK

CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

FRED L MEYER  
 RT 1 BOX 802  
 SALEM OR 97309

confirms the right to use the waters of SPRINGS and an UNNAMED STREAM and a RESERVOIR, constructed under Application R-28532, Permit R-1526, tributary to BRUSH COLLEGE CREEK, for DOMESTIC and IRRIGATION of 36.87 ACRES.

This right was perfected under Permit S-22419. The date of priority is MAY 6, 1952. The amount of water to which this right is entitled is limited to an amount actually used beneficially, and shall not exceed 0.20 CUBIC FOOT PER SECOND (CFS), being 0.01 cfs from Spring #1, 0.01 cfs from Spring #2, 0.01 cfs from Spring #3 and 0.01 cfs from Spring #4 for domestic; and 0.16 cfs for irrigation from the unnamed stream and reservoir, or its equivalent in case of rotation, measured at the points of diversion.

The points of diversion are located as follows:

Twp	Rng	Mer	Sec	Q-Q	Name
7 S	3 W	WM	7	NE NW	SPRING #3
7 S	3 W	WM	7	NE NW	SPRING #4
7 S	3 W	WM	7	SW NW	SPRING #1
7 S	3 W	WM	7	SW NW	RESERVOIR AND UNNAMED STREAM
7 S	3 W	WM	7	SE NW	SPRING #2

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, is limited to a diversion of ONE-EIGHTIETH of one cubic foot per second, or its equivalent for each acre irrigated, and shall be further limited to a diversion of not to exceed 2.5 acre-feet per acre for each acre irrigated during the irrigation season of each year. The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

A description of the place of use to which this right is appurtenant is as follows:

IRRIGATION					
Twp	Rng	Mer	Sec	Q-Q	Acres
7 S	3 W	WM	7	NE NW	0.50
7 S	3 W	WM	7	NW NW	17.16
7 S	3 W	WM	7	SW NW	8.51
7 S	3 W	WM	7	SE NW	10.70

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SALEM, OR

This is a final order in other than a contested case. This order is subject to judicial review under ORS 183.484. Any petition for judicial review must be filed within the 60-day time period specified by ORS 183.484(2). Pursuant to ORS 536.075 and OAR 137-004-0080, you may petition for judicial review or petition the Director for reconsideration of this order. A petition for reconsideration may be granted or denied by the Director, and if no action is taken within 60 days following the date the petition was filed, the petition shall be deemed denied.

DOMESTIC				
Twp	Rng	Mer	Sec	Q-Q
7 S	3 W	WM	7	NE NW
7 S	3 W	WM	7	SE NW

This certificate describes that portion of the water right confirmed by Certificate 27051, State Record of Water Right Certificates, NOT modified by the provisions of an order of the Water Resources Director entered AUG 3 1 2009, approving Transfer Application T-10440, and corrects the description of the tributary stream.

The issuance of this superseding certificate does not confirm the status of the water right in regard to the provisions of ORS 540.610 pertaining to forfeiture or abandonment.

The right to the use of the water for the above purpose is restricted to beneficial use on the lands or place of use described.

WITNESS the signature of the Water Resources Director, affixed AUG 3 1 2009.



\_\_\_\_\_  
Phillip C. Ward, Director *fw*

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO

Garvey Shubert Barer  
Bank of America Financial Center  
121 SW Morrison Street, 11th Floor  
Portland, OR 97204-3141  
Attn: Joseph West

MAIL TAX STATEMENTS TO

Domaine Drouhin Oregon  
PO Box 700  
Dundee, OR 97115

NCS-549215-17

RECORDED IN POLK COUNTY		<b>2013-012943</b>
Valerie Unger, County Clerk		12/17/2013 03:18:21 PM
REC-WD	Cnt=1 Stn=1 K. WILLIAMS	\$71.00
\$30.00	\$11.00 \$10.00 \$5.00 \$15.00	

FATCO: NCS-549215-17

SPECIAL WARRANTY DEED

Gibson Ridge, LLC, a Delaware limited liability company ("Grantor"), hereby conveys and specially warrants to Roserock East, LLC an Oregon limited liability company ("Grantee"), the real property described in Exhibit A, attached hereto and incorporated herein by this reference, free of encumbrances created or suffered by Grantor except as specifically set forth in Exhibit B, attached hereto and incorporated herein by this reference.

The true consideration for this conveyance is other consideration.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

Dated: December 17, 2013.

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AUG 25 2015

SALEM, OR

IN WITNESS WHEREOF, the undersigned has executed this Special Warranty Deed as of the date first hereinabove written.

GIBSON RIDGE, LLC, a Delaware limited liability company

By: Meriwether Farms, LLC, a California limited liability company

Its: Sole Member

By: GI Manager L.P., a Delaware limited partnership

Its: Asset Manager

By: GI Manager LLC, a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: David Mace

Its: Vice President

STATE OF \_\_\_\_\_ } ss:  
COUNTY OF \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, a Notary Public, personally  
(here insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature See Attached Certificate

(This area for notary stamp)

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**  
**CIVIL CODE § 1189**

State of California

County of San Mateo }

On 12/12/2013 before me, M. Gordon, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared David E. Mace  
Name(s) of Signer(s)



Place Notary Seal Above

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

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

WITNESS my hand and official seal.

Signature: [Handwritten Signature]  
Signature of Notary Public

**OPTIONAL**

*Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.*

**Description of Attached Document** Special Warranty Deed

Title or Type of Document: Gibson Ridge LLC + Rosecrans East LLC Document Date: \_\_\_\_\_

Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

- Signer's Name: \_\_\_\_\_
- Corporate Officer — Title(s): \_\_\_\_\_
  - Partner —  Limited  General
  - Individual  Attorney in Fact
  - Trustee  Guardian or Conservator
  - Other: \_\_\_\_\_

- Signer's Name: \_\_\_\_\_
- Corporate Officer — Title(s): \_\_\_\_\_
  - Partner —  Limited  General
  - Individual  Attorney in Fact
  - Trustee  Guardian or Conservator
  - Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

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SALEM, OR

EXHIBIT A

Legal Description

PARCEL I:

PARCEL 2, PARTITION PLAT NO. 2005-0006, IN THE COUNTY OF POLK AND STATE OF OREGON.

PARCEL IA:

AN EASEMENT FOR ACCESS AS SHOWN ON THE MAP OF PARTITION PLAT NO. 2005-0006.



EXHIBIT B

Encumbrances

Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.

Easement, including terms and provisions contained therein:

Recording Information: July 22, 1953 in Book 151, Page 0268, Deed Records  
In Favor of: Portland General Electric Company  
For: Utility purposes

Easement, including terms and provisions contained therein:

Recording Information: May 15, 1970 in Book 5, Page 0001, Book of Records  
In Favor of: Portland General Electric Company, an Oregon corporation  
For: Distribution line easement

Easement, including terms and provisions contained therein:

Recording Information: September 14, 1989 in Book 226, Page 0913, Book of Records  
In Favor of: Polk County  
For: Maintenance of cuts, fills, drainage structures and utilities

Restrictive Covenant, including terms and provisions thereof.

Recorded: January 10, 2005 as Fee No. 2005 000426, Book of Records

Restrictions shown on the recorded plat of Partition Plat No. 2005-0006.

Easements for access purposes as shown on the recorded plat of Partition Plat No. 2005-0006.

The terms and provisions contained in the document entitled "Memorandum of Water Sharing Agreement" recorded May 12, 2005 as Fee No. 2005 007504 and re-recorded July 29, 2005 as Fee No. 2005 012566 of Book of Records.

Consent to Water Sharing Agreement and Nondisturbance Agreement

Recorded: May 12, 2005 as Document No. 2005 007505, Book of Records

Re-recorded: July 29, 2005 as Document No. 2005 012567, Book of Records

The terms, provisions and easement(s) contained in the document entitled "Declaration of Water Transport, Access, Diversion and Reservoir Easements and Covenants" recorded May 12, 2005 as Fee No. 2005 007506 and re-recorded July 29, 2005 as Fee No. 2005 012564, Book of Records.

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SALEM, OR

Consent to Declaration of Reciprocal Easements and Covenants and Nondisturbance Agreement  
Recorded: May 12, 2005 as Document No. 2005 007507, Book of Records  
Re-recorded: July 29, 2005 as Document No. 2005 012565, Book of Records

The terms, provisions and easement(s) contained in the document entitled "Declaration of Reciprocal Easements and Covenants" recorded May 12, 2005 as Fee No. 2005 007508 of Book of Records.

Consent to Declaration of Reciprocal Easements and Covenants and Nondisturbance Agreement  
Recorded: May 12, 2005 as Document No. 2005 007509, Book of Records.

The assessment roll and the tax roll disclose that the within described premises were specially zoned or classified for Farm use. If the land has become or becomes disqualified for such use under the statute, an additional tax or penalty may be imposed.

RECORDED IN POLK COUNTY  
Valerie Unger, County Clerk

2005-012566



\$36.00

00137875200500125660030039

07/29/2005 03:31:29 PM

REC-AGM Cnt=1 Stn=1 C.TRUDELL  
\$15.00 \$10.00 \$11.00

Recording Requested by and  
When Recorded mail to:

Eugene A. Frassetto, Esq.  
Stoel Rives LLP  
900 SW Fifth Avenue, Suite 2600  
Portland, OR 97204

RECORDED IN POLK COUNTY  
Valerie Unger, County Clerk

2005-007504



\$36.00

00132214200500075040030038

05/12/2005 09:52:36 AM

REC-AGM Cnt=1 Stn=1 A. CAPTAIN  
\$15.00 \$10.00 \$11.00

MEMORANDUM OF WATER SHARING AGREEMENT

DATED:

May 11, 2005

BETWEEN:

DONALD L. MEYER and SHIRLEY K. MEYER,  
husband and wife  
3795 Gibson Rd., N.W.  
Salem, Oregon 97304

"MEYER"

AND:

GIBSON RIDGE, LLC,  
a Delaware limited liability company  
Attn: Robert deOcampo  
P.O. Box 3989  
Napa, CA 94558

"LLC"

1. Meyer is the owner of certain real property in Polk County, Oregon, more particularly described as Parcel 1, Partition Plat 2005-0006 in the Southwest Quarter of Section 6 and the West Half of Section 7, Township 7 South, Range 3 West, Willamette Meridian, Polk County, Oregon ("Parcel 1").

2. LLC is the owner of certain real property in Polk County, Oregon, adjacent to Parcel 1, more particularly described as Parcel 2, Partition Plat 2005-0006, in the West Half of Section 7, Township 7 South, Range 3 West, and the Southwest Quarter of Section 12, Township 7 South, Range 4 West, Willamette Meridian, Polk County, Oregon ("Parcel 2").

3. Meyer and LLC have entered into a Water Sharing Agreement dated the same date as this Memorandum (the "Agreement"), which Agreement is hereby incorporated in its entirety by this reference into this Memorandum as if fully set forth herein, pursuant to which Meyer and LLC have agreed, among other things, on sharing of costs, responsibilities and use of the "Common Water System," "Water Rights," and "Points of Diversion" as those terms are defined in the Agreement, on certain terms and conditions more particularly specified in the Agreement to which this Memorandum refers. The term "Water Rights" is defined in the Agreement to mean State of Oregon Certificate of Water Right 27052,

\*THIS DOCUMENT IS BEING RERECORDED TO CORRECT THE RECORDING ORDER

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AUG 25 2015

FIRST AMERICAN TITLE 482338

perfected under Permit R-1526, issued pursuant to Application 28532; State of Oregon Certificate of Water Right 27051, perfected under Permit 22419, issued pursuant to Application 27159; and State of Oregon Certificate of Water Right 39173, perfected under Permit 32583, issued pursuant to Application 43569.

4. The Agreement runs with the land as to Parcel 1 and Parcel 2 (as such may now or hereafter be developed, divided or partitioned) and is binding upon and for the benefit of the parties and their respective heirs, successors and assigns.

5. This Memorandum may be executed in one or more counterparts, all of which shall be considered one and the same instrument. Nothing in this Memorandum shall be construed to amend, modify, change, alter, amplify, limit, interpret or supersede any of the terms and provisions of the Agreement, which shall in all things control.

IN WITNESS WHEREOF, the undersigned have caused this Memorandum of Water Sharing Agreement to be executed as of the day and year first above written.

**MEYER:**

Donald L. Meyer  
Donald L. Meyer

Shirley K. Meyer

By: Donald L. Meyer  
Donald L. Meyer, as attorney-in-fact for Shirley K. Meyer

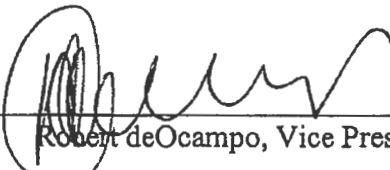
**LLC:**

GIBSON RIDGE, LLC,  
a Delaware limited liability company

By: MERIWETHER FARMS, LLC,  
a California Limited Liability Company, its Member

By: PREMIER PACIFIC VINEYARDS, L.P.,  
a Delaware limited partnership, its Manager


By: PREMIER PACIFIC VINEYARDS, INC.,  
a California corporation, its general partner

By:   
Robert deOcampo, Vice President

STATE OF California )  
 ) ss.  
County of Napa )

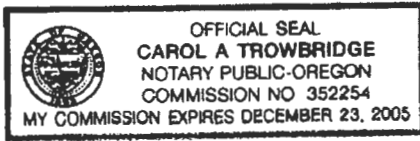
This instrument was acknowledged before me on this 5th day of May, 2005 by Robert deOcampo, as Vice President of Premier Pacific Vineyards, Inc., a California Corporation, general partner in Premier Pacific Vineyards, L.P., a Delaware limited partnership, Manager of MERIWETHER FARMS, LLC, a California limited liability company, sole member in GIBSON RIDGE, LLC, a Delaware limited liability company, on behalf of the limited liability company.

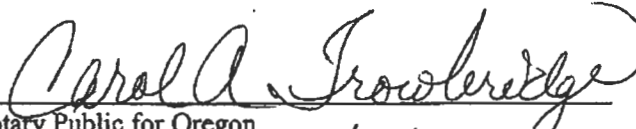


  
\_\_\_\_\_  
Notary Public for California  
My commission Expires: March 2, 2009

STATE OF OREGON )  
 ) ss.  
County of POLK )

The foregoing instrument was acknowledged before me this 11 day of May, 2005, by DONALD L. MEYER, individually, and in his capacity as attorney-in-fact on behalf of SHIRLEY K. MEYER.



  
\_\_\_\_\_  
Notary Public for Oregon  
My commission Expires: 12/23/2005

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AUG 25 2015

SALEM, OR

FIRST AMERICAN TITLE 4862503

We hereby certify that this is a true and actual copy of the original.  
FIRST AMERICAN TITLE INS. CO. OF ORE.  
BY: \_\_\_\_\_

RECORDED IN POLK COUNTY  
Valerie Unger, County Clerk

2005-012567



\$31.00

00137676200500125670020029

07/29/2005 03:31:45 PM

REC-CT Cnt=1 Stn=1 C.TRUDELL  
\$10.00 \$10.00 \$11.00

\*THIS DOCUMENT IS BEING RERECORDED TO CORRECT THE RECORDING ORDER

RECORDED IN POLK COUNTY  
Valerie Unger, County Clerk

2005-007505



\$31.00

00132215200500075050020025

05/12/2005 09:53:14 AM

REC-CT Cnt=1 Stn=1 A. CAPTAIN  
\$10.00 \$10.00 \$11.00



(Res.)  
**CONSENT TO WATER SHARING AGREEMENT  
AND NONDISTURBANCE AGREEMENT**

ODVA Account Number 8400947	Tax Account Number 266912, 267092
--------------------------------	--------------------------------------

The State of Oregon, acting by and through its Director of Veterans' Affairs (the "ODVA"), is the mortgagee and holder of that certain Mortgage dated June 6, 1980, recorded on June 6, 1980, in Book 149 page 915 (the "Mortgage"), in Polk County, Oregon Records, given by Donald L. Meyer and Shirley K. Meyer as tenants in common (the "Meyers") to the ODVA against certain premises as described therein, including the parcel currently described as Parcel 1, Partition Plat 2005-0006, Polk County, Oregon (the "Parcel 1").

The Meyers and Gibson Ridge LLC, a Delaware limited liability company ("Gibson"), as owner of Parcel 2, Partition Plat 2005-0006, Polk County, Oregon ("Parcel 2") are parties to that certain Water Sharing Agreement dated as of May 11, 2005 (the "Water Sharing Agreement") referenced in the Memorandum of Water Sharing Agreement to which this consent is attached, which Water Sharing Agreement is hereby incorporated herein by this reference in its entirety. In connection with and as a condition to the acquisition of Parcel 2 by Gibson from Meyers, Gibson has required certain assurances from the ODVA that Gibson's (and its successors' and assigns') rights under the Water Sharing Agreement will not be disturbed by virtue of the Mortgage or any foreclosure of enforcement thereof.

The Water Sharing Agreement among other things, provides for other allocation of water from certain points of diversion on Parcel 1, its' distribution, and the maintenance of certain conveyance systems for the water and irrigation rights

AFTER RECORDING RETURN TO:

Until a change is requested, all tax statements shall be sent to the following address:

OREGON DEPARTMENT OF VETERANS' AFFAIRS  
700 SUMMER ST NE  
SALEM OREGON 97301-1285

GIBSON RIDGE LLC  
C/O EUGENE A FRASSETTO  
STOEL RIVES LLP  
900 SW 5TH AVE (SUITE) 2600  
PORTLAND OR 9704

ODVA Account Number

authorized under Water Right Certificate 27051 and Certificate 3917 as more particularly described in the Water Sharing Agreement.

The ODVA (i) hereby consents to the Water Sharing Agreement for the purposes described therein, and (ii) agrees that (A) the ODVA shall recognize and honor the Water Sharing Agreement and the rights of Gibson under the Water Sharing Agreement and (B) the ODVA will not join Gibson as a party defendant in any action or proceeding foreclosing the Mortgage against Parcel 1 or any portion thereof or interest therein, and (C) no foreclosure or other enforcement of the Mortgage will terminate, disturb or limit the right of Gibson under the Water Sharing Agreement.

This Consent to the Water Sharing Agreement and Nondisturbance Agreement shall be binding upon and inure to the benefit of the ODVA, the Meyers and Gibson and their respective successors and assigns.

"THIS INSTRUMENT WILL NOT ALLOW USE OF THE WATER RIGHTS DESCRIBED ABOVE TO BE IN VIOLATION OF APPLICABLE STATE LAWS AND LAND USE LAWS AND REGULATIONS OR ALLOW USERS OF THESE RIGHTS TO WASTE OR OTHERWISE HARM THE UNDERLYING PROPERTY EXCEPT TO THE EXTENT REASONABLY RELATED TO THE LAWFUL EXERCISE OF THE RIGHTS PROVIDED IN THE WATER SHARING AGREEMENT."

IN WITNESS WHEREOF, the State of Oregon, represented and acting by the Director of Veterans' Affairs, has caused these presents to be executed May 3, 2005, at Salem, Oregon. The foregoing is true as I verily believe.

DIRECTOR OF VETERANS' AFFAIRS - Lender

By: *Dona D. Lanterman*  
Dona D. Lanterman, Loan Processing Manager

STATE OF OREGON )  
                          ) ss.  
County of Marion )

On May 3, 2005,

this instrument was acknowledged before me by the above-named Dona D. Lanterman, Loan Processing Manager, who personally appeared, and, being first duly sworn, did say that she is authorized to sign the foregoing document on behalf of the Oregon Department of Veterans' Affairs by authority of its Director.

Before me:

*Laurie Beach*  
Notary Public for Oregon



RECEIVED BY OWRD

AUG 25 2015

SALEM, OR

**WATER SHARING AGREEMENT**

THIS AGREEMENT (the "Agreement") is entered into as of the 11 day of May, 2005 (the "Effective Date"), between DONALD L. MEYER and SHIRLEY K. MEYER, husband and wife ("Meyer"), and GIBSON RIDGE, LLC, a Delaware limited liability company (or its assignee) ("GR") (collectively, the "Parties").

**RECITALS**

A. The Parties have entered into a Declaration of Water Transport, Access, Diversion and Reservoir Easements and Covenants, dated effective as of this same date and recorded in the records of Polk County, Oregon, hereby incorporated herein by this reference ("**Declaration**"), which contemplates this Water Sharing Agreement for the purpose of agreeing to and establishing a sharing arrangement for the flow of the Parties' respective allocations of water through the existing diversion, pumping, and storage facility and any additional facilities that may accommodate or implement GR's use or rights related to the Water Rights being assigned and/or transferred to GR pursuant to the Restated and Amended Purchase and Sale Agreement (as amended to date, the "**Sale Agreement**") dated effective November 2, 2004, between Meyer and Meyer Nursery & Orchards, Inc., an Oregon corporation, as seller, and GR, as buyer. The parties intend that any water rights appurtenant to the Meyer Property being transferred to the GR Property pursuant to the Sale Agreement will be transferred subsequent to the closing of the Sale Agreement.

B. The Parties wish to enter into this Agreement to set forth their understandings concerning the sharing arrangement and operation of the existing and future facilities.

C. It is anticipated that this Agreement will terminate in whole or in part if GR is able to secure the appropriate permits and installs an independent water diversion and storage system as provided in this Agreement.

**NOW, THEREFORE**, for valuable consideration, the Parties agree as follows:

**ARTICLE 1**

**DEFINITIONS**

The following defined terms (as indicated by initial capitalization) shall have the following meanings when used in this Agreement:

"**Agreement**" has the meaning given to that term in the preamble of this Agreement.

"**cfs**" means cubic feet per second.

"**Common Water System**" means the water system to be used and shared by both Parties, as contemplated in the Declaration, and including but not limited to the following: (a) Spring Branch Point of Diversion and related works, (b) the Gibson Creek Point of Diversion and related works, (c) conveyance facilities to transport and convey water from the Gibson Creek Point of Diversion to the Reservoir, and (d) the Reservoir and related works. Related works



include all facilities, headgates, check structures, pumps, dams, ditches, canals, lines, pipes, pipelines, conduits, valves, manifolds, control systems and panels, weirs, gates, and other fixtures, equipment, and improvements and related power and communication lines and facilities necessary or convenient to the diversion of water at the Points of Diversion, and/or necessary or convenient to the diversion, monitoring, storage, conservation, distribution, conveyance and/or passage of water from the Points of Diversion to the Reservoir. The Common Water System does not include the conveyance structures for delivering water from the Reservoir (or directly from the Point of Diversion) to the Meyer Property (i.e., Meyer's Distribution System), and does not include the conveyance structures for delivering water from the Reservoir (or directly from the Point of Diversion) to the GR Property (i.e., GR's Distribution System). A schematic depiction of the Common Water System as originally configured is shown in Exhibit A.

**“Common Water System Operating Costs”** means the total costs actually and reasonably incurred to pump water from the Spring Branch Point of Diversion and the Gibson Creek Point of Diversion to the Reservoir, and from the Reservoir into Meyer's Distribution System and into GR's Distribution System, and to operate and maintain the Common Water System in accordance with the terms of the Agreement, including primarily (i) the cost of power to operate the pump at the Gibson Creek Point of Diversion, and the Reservoir, (ii) costs incurred to purchase replacement parts for the Common Water System, and (iii) the wages of workers engaged to operate and maintain the Common Water System (as determined by the actual hours spent by those workers in performing operations and maintenance work for the benefit of the Common Water System. The cost of a capital improvement that exceeds \$1,000 individually (or that will cause the total of all capital expenditures in a given calendar year to exceed \$10,000) may be included in Common Water System Operating Costs only with each Party's prior written approval, which shall not be unreasonably withheld, conditioned, or delayed.

**“Common Water System Percentage Use”** shall have the meaning given to that term in Section 4.1.

**“Declaration”** means that certain Declaration of Easements and Covenants dated this same date between the parties and recorded in the records of Polk County, Oregon.

**“Effective Date”** has the meaning given to that term in the preamble of this Agreement.

**“Gibson Creek Point of Diversion”** means the point of diversion(s) described in State of Oregon Certificate of Water Right 39173, as shown on attached Exhibit A and as within the perimeter defined as points N-R on the Plat.

**“GR Property”** means the real property located in Polk County, Oregon substantially as depicted on attached Exhibit A and more specifically describe as Parcel 2 on Partition Plat 2005-0006, in the West Half of Section 7, Township 7 South, Range 3 West, and the Southwest Quarter of Section 12, Township 7 South, Range 4 West, Willamette Meridian, Polk County, Oregon.

**“GR's Distribution System”** means the water delivery and distribution system originating at the Reservoir for purposes of delivering and distributing water to the GR Property.

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**“Independent Water System”** means any water system, or component thereof, that is not to be used and shared by both Parties, and is separate and distinct from the water system, or any component thereof, defined as the Common Water System above. Independent Water System will include contemplated installations by GR of pumps at the Gibson Creek Point of Diversion and the existing reservoir and the necessary connecting piping.

**“Irrigation Season”** means the period beginning on March 1 and ending October 31 of each year.

**“Meyer’s Distribution System”** means the water delivery and distribution system originating at the Reservoir for purposes of delivering and distributing water to the Meyer Property.

**“Meyer Property”** means the real property located in Polk County, Oregon substantially as depicted on attached Exhibit A and more specifically described as Parcel 1 on Partition Plat 2005-0006 in the Southwest Quarter of Section 6 and the West Half of Section 7, Township 7 South, Range 3 West, Willamette Meridian, Polk County, Oregon.

**“Non-Irrigation Season”** means the period beginning on November 1 and ending February 28 of each year.

**“Parties”** means both Meyer and GR.

**“Party”** means Meyer or GR, as the context requires.

**“Plat”** means Partition Plat 2005-0006, Polk County, Oregon.

**“Point of Diversion”** and **“Points of Diversion”** mean the Gibson Creek Point of Diversion and/or the Spring Branch Point of Diversion, as applicable.

**“Reservoir”** means the existing reservoir constructed and maintained pursuant to State of Oregon Certificate of Water Right 27052, and as shown on attached Exhibit A and as within the perimeter defined as points A-H on the Plat.

**“Spring Branch Point of Diversion”** means the point of diversion(s) described in State of Oregon Certificate of Water Right 27051, as shown on attached Exhibit A.

**“Term”** shall have the meaning given to that term in Article 2.

**“Water Rights”** means State of Oregon Certificate of Water Right 27052, perfected under Permit R-1526, issued pursuant to Application 28532; State of Oregon Certificate of Water Right 27051, perfected under Permit 22419, issued pursuant to Application 27159; and State of Oregon Certificate of Water Right 39173, perfected under Permit 32583, issued pursuant to Application 43569. Copies of the Certificates are attached hereto as Exhibit B. Pursuant to the terms of the Sale Agreement, Water Rights appurtenant to the GR Property shall be transferred to GR at the closing of the Sale Agreement. Water Rights appurtenant to the Meyer Property to be transferred to GR pursuant to the Sale Agreement shall be transferred to GR pursuant to the Sale Agreement upon requisite approval of such transfer by the Oregon Water Resource Department.

AUG 25 2015

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## ARTICLE 2

### TERM

The term of this Agreement (the "Term") shall begin on the Effective Date and expire on December 31, 2045. The Agreement may be extended by mutual written agreement of the Parties. The Parties anticipate this Agreement may be terminated before the expiration of the Term by mutual written agreement as provided herein after GR secures the appropriate easements, rights, permits and new water rights for planned additions to its Independent Water System and installs, tests and begins effective use of such Independent Water System to serve the GR Property in place of the Common Water System. This may include, but is not limited to (a) water rights to divert winter flows from Gibson Creek for off-stream storage in a to-be-constructed reservoir, (b) water rights for utilization of this reservoir water for irrigation use, and (c) the pumping and piping facilities necessary to fully utilize such new water rights. The termination of this Agreement will not alter the respective ownership of the Water Rights or rights to use established easements and rights useful or necessary for the GR Independent Water System, or as to any partial termination, will not terminate this Agreement as to portions of the Common Water System that remain in common use pursuant to this Agreement.

## ARTICLE 3

### OPERATIONS

3.1 Common Water System. Meyer shall operate and maintain the Common Water System in compliance with all applicable laws so that the Common Water System will remain in substantially the same condition as it is in on the Effective Date, reasonable wear and tear excepted. If the Common Water System or any of its components are damaged or destroyed or do not function at the levels and times required to provide the service contemplated by this Agreement, Meyer shall promptly make repairs, with the costs shared according to Article 4. Meyer shall use reasonable efforts to schedule and complete required maintenance of the Common Water System during the Non-Irrigation Season. If emergency repairs or maintenance are required during the Irrigation Season, Meyer shall perform the repairs or maintenance in a manner that minimizes disruption in water deliveries to GR. In addition, GR shall have the right to maintain or repair the Common Water System to the extent that (i) Meyer fails to do so, and (ii) the repair or maintenance is reasonably required to protect GR's ability to use and benefit from the Common Water System in the manner contemplated by this Agreement, with the costs shared according to Article 4.

3.2 Water Availability and Delivery of Water. Meyer anticipates having a low level of demand for water from the Common Water System. Meyer and GR anticipate this will allow for an informal arrangement for the operation and sharing of the Common Water System. If a mutually agreeable, informal system is not created, the following will govern the operations. GR shall give Meyer written notice of the rate at which it desires to have water made available to GR and otherwise delivered into GR's Distribution System during specified times of the day (the "Rate"). The Rate shall not exceed the maximum rate authorized under Certificates 27051 and 39173, and shall be subject to availability as described in Section 3.4. Subject to the Declaration, the Water Rights, and Section 3.4 of this Agreement, Meyer shall make water available to GR

and otherwise deliver water into GR's Distribution System through the Common Water System at the Rate. Once GR has specified a Rate, the Rate shall remain in effect until GR notifies Meyer in writing of a change in the Rate. Meyer may suspend or terminate delivery of water into GR's Distribution System after prior written notice to GR, but only to the extent that Meyer reasonably believes that such termination or suspension is necessary to avoid material damage to the Common Water System. Meyer shall coordinate the suspension or termination with GR so as to minimize injury to GR's crops and the crops of its tenants, if any, and shall act promptly to end the termination or suspension as quickly as possible.

3.3 Disagreements Regarding the Rate. If the Parties cannot agree on the Rate, or cannot agree as to the timing of the delivery of the Rate, then each Party shall be allocated all of its share according to the ratio of the Parties' owned acres of primary irrigation rights to the total acres of primary irrigation rights authorized under Certificate 27051 and Certificate 39173, such that Meyer shall be entitled to receive the full rate under Certificate 27051 and Certificate 39173 for its lands 47% of the time each day (11.3 hours each day), and GR shall be entitled to receive the full rate under Certificate 27051 and Certificate 39173 for its lands 53% of the time each day (12.7 hours each day). These percentages are based on Meyer's ownership of 28.3 acres and GR's ownership of 31.8 acres of primary irrigation rights under Certificate 27051 and Certificate 39173. If primary irrigation water under Certificate 27051 is not fully available to irrigate the place of use lands identified in Certificate 27051, and supplemental irrigation water is required to irrigate some or all of the place of use lands identified as primary in Certificate 27051 and supplemental in Certificate 39173, then the Rate shall remain based on the same ratio, such that Meyer shall be entitled to 47% and GR shall be entitled to 53% of all irrigation water under Certificate 39173. This is because Meyer owns 28.3 acres of total irrigation rights under Certificate 39173 (17.1 acres of primary irrigation and 11.2 acres of supplemental irrigation water), and GR owns 31.8 acres of total irrigation rights under Certificate 39173 (31.8 acres of supplemental irrigation).

3.4 Water Shortages. The Parties acknowledge that a shortage of water may be caused by factors beyond the control of the Parties, including physical conditions such as a drought, governmental orders or impositions, or an event of force majeure (individually or collectively, a "Water Shortage"). If there is not enough water available at the Spring Branch Point of Diversion, the Gibson Creek Point of Diversion, and/or the Reservoir for Meyer to make available to GR and to otherwise deliver into GR's Distribution System the full Rate, because of a Water Shortage, the Parties shall negotiate in good faith to agree upon a water allocation and delivery schedule that will minimize the effect of the shortage on their respective properties. If the Parties are unable to reach such an agreement within 24 hours of the time at which one Party notifies the other of the need to enter into such an agreement, Meyer shall operate the Common Water System so that 47% of the available instantaneous flow from the Spring Branch Point of Diversion, the Gibson Creek Point of Diversion, and/or the Reservoir is available to Meyer for the benefit of the Meyer Property, and 53% of the available instantaneous flow from the Spring Branch Point of Diversion, the Gibson Creek Point of Diversion, and/or the Reservoir is available to GR and delivered into GR's Distribution System for the benefit of the GR Property. Nothing in this Agreement, and in particular, nothing in this Section 3.4, relieves Meyer of the representations and warranties contained in the Sale Agreement, including without limitation Section 10.17(e) of Exhibit D to that agreement.

AUG 25 2015

SALEM, OR

3.5 Independent Water Systems. GR plans to install a separate pumping facility and power box at the Gibson Creek Point of Diversion and at the Reservoir. Once such respective installation is completed and operational (together with all required infrastructure to transport all of GR's water from such respective source into GR's Distribution System) GR shall so notify Meyer. Upon receipt of such notice by Meyer, Meyer shall no longer be obligated to maintain the applicable existing pumping facilities and power boxes at the Gibson Creek Point of Diversion and/or at the Reservoir, as applicable, as part of the Common Water System and this Agreement shall terminate as to such existing pumping facilities and power boxes. In addition, once GR completes the separate pumping facility and power box at the Reservoir and such is operating and connected to GR's Distribution System GR shall so notify Meyer. Upon receipt of such notice by Meyer, Meyer shall no longer be obligated to deliver water into GR's Distribution System at the Reservoir, but shall continue to be obligated to make water available to GR, as set forth in Sections 3.1 through 3.4 above. GR may also pursue the construction and operation of one or more Independent Water Systems, such as a pipeline directly from the Gibson Creek Point of Diversion to the GR Property, or from the Gibson Creek Point of Diversion to a new reservoir on the GR Property that would be for GR's sole and exclusive use. If and to the extent installation and operation by GR of such an Independent Water System or Systems on Parcel 1 installed by GR pursuant to the easements described in the Declaration make the continued operation and maintenance of some or all of the remaining Common Water System unnecessary pursuant to this Agreement, as reasonably determined by GR, for the transportation of water from the Points of Diversion and/or Reservoir to the GR Parcel or the GR Independent Water System(s), then (A) GR shall notify Meyer in writing that such portion(s) of the Common Water System are no longer required for the benefit of GR; (B) Meyer is no longer obligated to maintain the relevant portions of the Common Water System for the benefit of GR identifying such portions, and this Agreement shall terminate with respect to such portions; and (C) GR shall not be obligated to pay or reimburse Meyer for any Common Water Operating Costs related to such portions to the extent such costs are incurred or relate to the period after the effective date of such notice from GR to Meyer and Common System Operating Costs shall be prorated as of such effective date. In no event shall such notice from GR or Installation of any Independent System by GR or discontinuance of any portion of the Common Water System reduce, limit or waive any rights or easements of GR or otherwise appurtenant to the GR Parcel under the Declaration or otherwise, each of which easements and rights shall remain in full force and effect and exercisable by GR pursuant to their respective terms.

3.6 Additional Water Development. GR plans to pursue additional water rights to cover lands within the GR Property that do not currently have an appurtenant water right. In the event that any new water rights obtained by GR have as the point of diversion either the Spring Branch Point of Diversion and/or the Gibson Creek Point of Diversion, and/or involve the diversion of water into and out of the existing Reservoir, then the Parties will continue to share and allocate water pursuant to Section 3.2 above, except that GR shall be entitled to any additional water (including both rate and duty) made available under the additional water rights. If the Parties cannot agree on the Rate, or cannot agree as to the timing of the delivery of the Rate, then each Party shall continue to be allocated all of its share according to the ratio of the Parties' owned acres of primary irrigation rights to the total acres of primary irrigation rights, except that the ratio shall be modified to include all primary acres authorized under Certificate 27051, Certificate 39173, and the new water right or rights. Such modification is intended to result in an equitable apportionment of available water, taking into consideration the capacity of the Common Water System and the priority of the respective water rights.

3.7 Coordination of Water Systems. Meyer and GR shall exercise efforts to best coordinate their use and operations of the Common Water System and any Independent Water System in order to satisfy the terms of this Agreement. The Parties shall not take, divert, or store any water beyond that authorized in the Water Rights if any such action would reduce the amount of water available to the other Party under this Agreement, without the written authorization of the other Party.

## ARTICLE 4

### COST SHARING

4.1 Common Water System Percentage Use. Each Party shall bear the Common Water System Operating Costs incurred in a given calendar month in accordance with the percentage of water used by or stored for that Party in the calendar month, calculated as follows (the “**Common Water System Percentage Use**”):

$$\frac{\text{Common Water System-Party}}{\text{Common Water System-Total}} \times 100\%$$

Where:

“**Common Water System-Party**” is the quantity of water pumped and conveyed through the Common Water System for the benefit of a given Party during that calendar month. Meyer’s Common Water System-Party will be measured by either (a) totalizing flow meters at the existing pumping facility at the Reservoir, which will measure water diverted into Meyer’s Distribution System, or (b) monitoring the time of pump use per the power meter readings. GR’s Common Water-System-Party will be measured by totalizing flow meters at the existing pumping facility at the Reservoir, which will measure water diverted into GR’s Distribution System, or (b) monitoring the time of pump use per the power meter readings. The Parties will use the same method of measurement as mutually agreed.

“**Common Water System-Total**” is (a) the total quantity of water pumped during the month from the Reservoir into Meyer’s Distribution System and into GR’s Distribution System, or (b) the total change in the pump’s power meter reading over the month.

If the flow meter method of measurement is chosen, Meyer shall be responsible for installing and maintaining accurate flow meters at the existing pumping facility at the Reservoir to measure water diverted into Meyer’s Distribution System. GR shall be responsible for installing and maintaining accurate flow meters at the existing pumping facility at the Reservoir to measure water diverted into GR’s Distribution System. Either Party may from time to time inspect the meters operated by the other Party to confirm that the meters are accurate and in good repair. If a meter is found to be in error, it shall be promptly repaired at the cost of the Party who has the responsibility to maintain the meter.

4.2 Allocation of Operating Costs. Each Party shall bear the total of all Common Water System Operating Costs in accordance with its Common Water System Percentage Use.

AUG 25 2015

SALEM, OR

For example, if the Common Water System Operating Costs for a given calendar month are \$1,000 and GR's Common Water System Percentage Use is 84%, GR would bear \$840 of the Common Water System Operating Costs and Meyer would bear the remaining \$160. By the fifteenth day (15<sup>th</sup>) of each month, Meyer shall deliver a written report to GR describing in reasonable detail the Common Water System Operating Costs paid or incurred by Meyer during the preceding calendar month, together with receipts and other information reasonably required to support the calculation of the allocation of Common Water System Operating Costs, and GR shall pay or reimburse Meyer for its allocation by the first (1<sup>st</sup>) day of the following month.

4.3 Independent Water System Costs. Meyer shall be solely responsible for the costs of constructing, operating, and maintaining any Independent Water System that benefits only the Meyer Property, and GR shall be solely responsible for the costs of constructing, operating, and maintaining any Independent Water System that benefits only the GR Property. The Party that constructs the Independent Water System shall own such system. Moreover, to the extent that GR constructs and operates an Independent Water System that makes the continued operation and maintenance of some or all of the remaining Common Water System for the benefit of both Meyer and GR unnecessary, and if GR has notified Meyer in writing that Meyer is no longer obligated to maintain the relevant portions of the Common Water System for the benefit of GR pursuant to Section 3.5 above, then costs associated with those relevant portions of the Common Water System would no longer be included in the Common Water System Operating Costs. Thus, for example, when GR installs a separate pumping facility and power box at the Gibson Creek Point of Diversion and at the Reservoir, and notifies Meyer that Meyer is no longer required to maintain the existing pumping facilities and power boxes at the Gibson Creek Point of Diversion and at the Reservoir for the benefit of GR, then, to the extent that Meyer is no longer obligated to maintain the existing pumping facilities and power boxes at the Gibson Creek Point of Diversion and at the Reservoir as part of the Common Water System for the benefit of both Meyer and GR pursuant to Section 3.5 above, such existing pumping facilities and power boxes, to the extent applicable, would no longer be considered part of the Common Water System and the costs associated with operating and maintaining such existing pumping facilities and power boxes would no longer be included in the Common Water System Operating Costs. In such example, Meyer would be solely responsible for the costs of operating and maintaining such existing pumping facilities and power boxes previously included in the Common Water System, and GR would be solely responsible for the costs of operating and maintaining its separate pumping facilities and power boxes. In the event that an Independent Water System were to alter or eliminate a Party's diversion of water into its Distribution System from the existing Reservoir, thereby altering or eliminating the basis of the measurements taken by the totalizing flow meters described in Section 4.1 above, and yet there remains some portion of the Common Water System then subject to this Agreement that benefits both Parties, then the Parties will agree upon a new method for determining the Common Water System Percentage Use that takes into account the new Independent Water System. Further, in such example, as provided above, GR's installation of a separate pumping facility and power box at the Gibson Creek Point of Diversion and at the Reservoir would not reduce, limit or waive any rights or easements of GR or otherwise appurtenant to the GR Parcel under the Declaration or otherwise, each of which easements and rights shall remain in full force and effect and exercisable by GR pursuant to their respective terms.

## ARTICLE 5

### LIABILITY

5.1 Indemnification. Each Party shall defend, reimburse, indemnify, and hold the other Party harmless for, from and against all damages, losses, liabilities, liens, fines, penalties, and other claims to the extent caused by the indemnifying Party's negligence, willful misconduct, recklessness, or breach of this Agreement. Section 5.3 of this Agreement does not limit the indemnifying Party's duty to defend, indemnify, and hold the other Party harmless against claims for special, indirect, incidental, consequential, or economic damages asserted by a third party as a result of the indemnifying Party's negligence, willful misconduct, recklessness, or breach of this Agreement.

5.2 Insurance. During the Term, each Party shall obtain and maintain insurance with the following limits and coverages:

5.2.1 Workers' Compensation. Workers' compensation (or its equivalent) as required by all applicable laws, including federal compensation laws and employer's liability laws, with limits of \$1,000,000 each occurrence.

5.2.2 Commercial General Liability. Broad form commercial general liability with combined limits of \$1,000,000 each occurrence for personal injury and property damage.

5.2.3 Comprehensive Automobile Liability. Comprehensive automobile liability, including non-ownership and hired vehicle coverage as well as owned vehicles coverage, with limits of \$1,000,000 each occurrence for bodily injury and \$250,000 each occurrence for property damage.

Each Party shall provide certificates of insurance to the other Party indicating that each such policy has been issued, is in force, and will not be canceled or annulled except upon thirty (30) days' prior written notice to the other Party. The insured Party shall not cancel any policies of insurance required under this Agreement (or allow the same to lapse without having qualifying replacement coverage in place) without the written consent of the other Party. All policies shall name the other Party as an additional insured and shall provide for waiver of subrogation rights against such additional insureds.

5.3 LIMITATION OF DAMAGES. NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR ECONOMIC DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY BREACH OF THIS AGREEMENT. THIS LIMITATION APPLIES TO ALL CLAIMS, DEMANDS, OR ACTIONS ARISING UNDER THIS AGREEMENT, INCLUDING STATUTORY, CONTRACT, TORT, AND STRICT LIABILITY CLAIMS.

## ARTICLE 6

### REMEDIES

6.1 Exercise of Remedies. If either Party defaults in its performance under this Agreement, the non-defaulting Party may give notice of the default to the defaulting Party.



AUG 25 2015

SALEM, OR

Upon receipt of this notice, the defaulting Party shall immediately take action to cure or remedy the default. If the default consists of a failure to pay money when due, the defaulting Party shall cure the default within ten (10) days after the notice is given. If the default involves any other default or breach under this Agreement, the defaulting Party shall cure the default within twenty (20) days after the notice is given. If the default cannot reasonably be cured within the 20-day period and the default will not cause irreparable damage pending a cure, the defaulting Party shall be deemed to be in compliance with this Agreement if it commences the cure within the 20-day period and thereafter diligently pursues the cure to completion. If the default is not cured within the applicable cure period, the non-defaulting Party may institute an arbitration proceeding under Section 8.1 of this Agreement; *provided, however*, that if the defaulting Party's failure to cure the default will cause irreparable damage, the non-defaulting Party shall be entitled to seek and obtain court-ordered equitable relief either before or after the cure period has expired.

6.2 Cumulative Remedies. Subject to the duty to arbitrate under Section 8.1, each Party's rights and remedies shall be cumulative with all other rights and remedies under this Agreement, at law and in equity.

## ARTICLE 7

### REPRESENTATIONS AND WARRANTIES

7.1 Meyer's Representations and Warranties. Meyer represents and warrants to GR that:

7.1.1 Ownership. Meyer is record, fee simple owner of the Meyer Property free and clear of any lien, claim or encumbrance that is not subject and inferior to the Declaration and this Agreement excepting only any prior lien, claim or encumbrance with respect to which the holder thereof has provided GR a recordable instrument approved by GR agreeing to honor and not disturb or interfere with said Declaration and this Agreement, which instrument Meyer shall cause to be recorded immediately following the recorded Memorandum of this Agreement in the Records of Polk County, Oregon. GR shall provide a signed writing evidencing GR's approval of the nondisturbance instrument(s) required under this Section.

7.1.2 Power and Authority. Meyer has the requisite power and authority to enter into this Agreement and to perform according to the terms of this Agreement.

7.1.3 No Violation. The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Meyer or the Meyer Property or any valid order of any court, regulatory agency, or other body.

7.1.4 Enforceability. This Agreement is a valid and legally binding obligation of Meyer, enforceable against Meyer in accordance with its terms, except as enforceability may be affected by (i) bankruptcy, insolvency, bank moratorium, or similar laws affecting creditors' rights generally, (ii) laws restricting the availability of equitable remedies, or (iii) general principles of equity, whether considered in a proceeding at equity or in law.

7.2 GR's Representations and Warranties. GR represents and warrants to Meyer that:

7.2.1 Organization. GR is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware.

7.2.2 Power and Authority. GR has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.

7.2.3 Due Authorization. GR has taken all actions required to be taken by its Articles of Organization, its Operating Agreement, or otherwise to authorize the execution, delivery, and performance of this Agreement.

7.2.4 No Violation. The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on GR or any valid order of any court, regulatory agency, or other body.

7.2.5 Enforceability. This Agreement is a valid and legally binding obligation of GR, enforceable against GR in accordance with its terms, except as enforceability may be affected by (i) bankruptcy, insolvency, bank moratorium, or similar laws affecting creditors' rights generally, (ii) laws restricting the availability of equitable remedies, or (iii) general principles of equity, whether considered in a proceeding at equity or in law.

## ARTICLE 8

### DISPUTE RESOLUTION

8.1 Arbitration. Except as provided in Section 6.1, any claim or dispute between Meyer and GR arising out of or relating to this Agreement shall be decided by arbitration in accordance with the Expedited Arbitration Rules of the American Arbitration Association currently in effect. After a dispute arises, either Party may file a notice of the demand for arbitration in writing with the other Party and with the American Arbitration Association. The award rendered by the arbitrator shall be final, and judgment may be entered in accordance with applicable law in any court having jurisdiction. There shall be no right to trial de novo or appeal. Unless otherwise agreed by the Parties, any arbitration hearing shall be held in Portland, Oregon. This Article 8, and any other written agreement of the Parties to arbitrate, shall be specifically enforceable under applicable law in any court having jurisdiction.

8.2 Fees and Expenses. If a dispute between the Parties results in the commencement of arbitration proceedings under Section 8.1, the prevailing party shall be entitled to recover from the losing party its reasonable attorneys' and expert witness fees and other legal expenses incurred before and during the arbitration proceedings, as determined by the arbitrator(s), together with the prevailing party's reasonable attorneys' fees, costs, and disbursements incurred in enforcing the arbitrator's award in a court, as determined by the court.

8.3 Continuous Operation. While any dispute arising under this Agreement is pending, each Party shall continue to perform its duties under this Agreement.

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## ARTICLE 9

### MISCELLANEOUS

9.1 Relationship. This Agreement does not create a partnership, joint venture, agency, or fiduciary relationship between the Parties. The relationship between the Parties is one of independent contract only.

9.2 Binding Effect. This Agreement, including the rights created by this Agreement, shall run with the land as to their respective Properties described herein (as such may now or hereafter be developed, divided or partitioned) and shall bind and inure to the benefit of the Parties and their respective successors and assigns with respect to the subject Properties.

9.3 Time of the Essence. Time is of the essence in the performance of this Agreement.

9.4 Choice of Law/Jurisdiction. This Agreement is governed by the internal laws of the State of Oregon. To the extent litigation is permitted or required under Section 6.1 or Section 8.1, above, the parties hereby submit to jurisdiction in Polk County, Oregon and agree that any and all such disputes arising out of or related to enforcement of this Agreement, to the extent such is required or permitted under Sections 6.1 and 8.1, above, subject and subordinate to Sections 6.1 and 8.1, above, shall be litigated exclusively in the Circuit Court for Polk County, Oregon and in no federal court or court of another county or state. Each party to this Agreement further agrees that pursuant to such litigation, the party and the party's officers, employees, and other agents shall appear, at that party's expense, for deposition in Portland, Oregon.

9.5 Further Assurances. Each Party shall take all actions reasonably required to give effect to this Agreement.

9.6 No Third Party Beneficiaries. There are no third party beneficiaries of this Agreement.

9.7 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

9.8 Rules of Interpretation. When the words include(s) or including are used in this Agreement, they mean include(s) or including, but not limited to. Because both Parties and their legal counsel have participated in the drafting of this Agreement, the rule of contract construction that resolves ambiguities against the drafter does not apply.

9.9 Notice. Any notice or notification required, permitted, or contemplated under this Agreement shall be in writing and shall be addressed to the Party to be notified at the address set forth below or at such other address as a Party may designate from time to time by notice given under this Agreement. A notice shall be deemed given (i) five Business Days following deposit in the United States mails, with proper first class postage prepaid, (ii) the next Business Day after the notice was delivered to a regularly scheduled overnight delivery carrier with delivery fees

paid, or (iii) upon receipt of notice given by telecopy, mailgram, telegram, telex, electronic mail, or personal delivery:

If to Meyer: Don and Shirley Meyer  
3795 Gibson Rd., N.W.  
Salem, Oregon 97304  
Telephone: (503) 364-3076  
Facsimile: (503) 364-3407

If to GR: Gibson Ridge, LLC  
Attn: Robert deOcampo  
P.O. Box 3989  
Napa, CA 94558  
Telephone: (707) 224-6565  
Facsimile: (707) 257-2990

9.10 Amendment. This Agreement may not be changed except by a written amendment signed by both Parties.

9.11 Waiver. A Party's failure to exercise any of its rights or remedies under this Agreement shall not waive any right or remedy. A Party shall not be deemed to have waived any right or remedy unless the waiver is expressly set forth in a written waiver signed by that Party.

9.12 Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

9.13 Force Majeure. Except for the obligation to make any payments that are due and payable, a Party shall be excused from performance under this Agreement to the extent that its performance is prevented or delayed by an act or event beyond the Party's reasonable control. The affected party shall use its best efforts to overcome or mitigate the effects of such an act or event; *provided, however*, that nothing in this Agreement shall obligate the affected Party to forestall or settle any strike, lock-out, or other labor dispute against its will.

9.14 Memorandum. The other Parties shall execute and acknowledge a recordable memorandum of this Agreement substantially in the form attached immediately after the Declaration.

9.15 Entire Agreement. This Agreement, together with the attached Exhibits, is the entire agreement between the Parties concerning the specific subject matter of this Agreement. It supersedes all other agreements between the Parties, written or oral, concerning the subject matter of this Agreement, except that this Agreement does not supersede the Declaration. To the extent there is any inconsistency between this

AUG 25 2015

SALEM, OR

Agreement and the Declaration, the Declaration shall control. The Exhibits attached to this Agreement are incorporated by this reference.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

MEYER: Donald L. Meyer  
Donald L. Meyer

Shirley K. Meyer

By: Donald L. Meyer  
Donald L. Meyer as attorney-in-fact for Shirley K. Meyer

GR: **GIBSON RIDGE, LLC**, a Delaware limited liability company

By: **MERIWETHER FARMS, LLC**,  
a California limited liability company, its Member

By: **PREMIER PACIFIC VINEYARDS, L.P.**,  
a Delaware limited partnership, its Manager

By: **PREMIER PACIFIC VINEYARDS, INC.**,  
a California corporation, its general partner

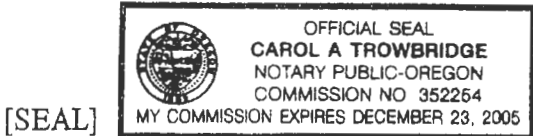
By: [Signature]  
Robert deOcampo, Vice President

Exhibits

- Exhibit A Map showing Gibson Creek Point of Diversion, Spring Branch Point of Diversion, Reservoir, Meyer Property, GR Property and Depiction of Common Water System
- Exhibit B State of Oregon Water Right Certificates

STATE OF OREGON )  
County of Polk ) ss.

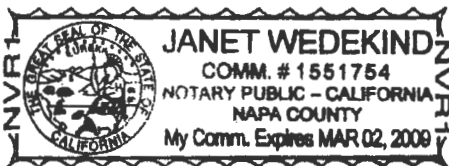
This instrument was acknowledged before me on May 11, 2005, by **DONALD L. MEYER**, individually, and in his capacity as attorney-in-fact of **SHIRLEY K. MEYER**.



Carol A. Trowbridge  
Notary Public for Oregon  
My commission expires: 12/23/2005

STATE OF California )  
County of Napa ) ss.

This instrument was acknowledged before me on this 5th day of May, 2005 by Robert deOcampo, as Vice President of Premier Pacific Vineyards, Inc., a California Corporation, general partner in Premier Pacific Vineyards, L.P., a Delaware limited partnership, Manager of MERIWETHER FARMS, LLC, a California limited liability company, member in **GIBSON RIDGE, LLC**, a Delaware limited liability company, on behalf of the limited liability company.



Janet Wedekind  
Notary Public for California  
My commission expires: March 2, 2009

**EXHIBIT A  
TO  
WATER SHARING AGREEMENT**

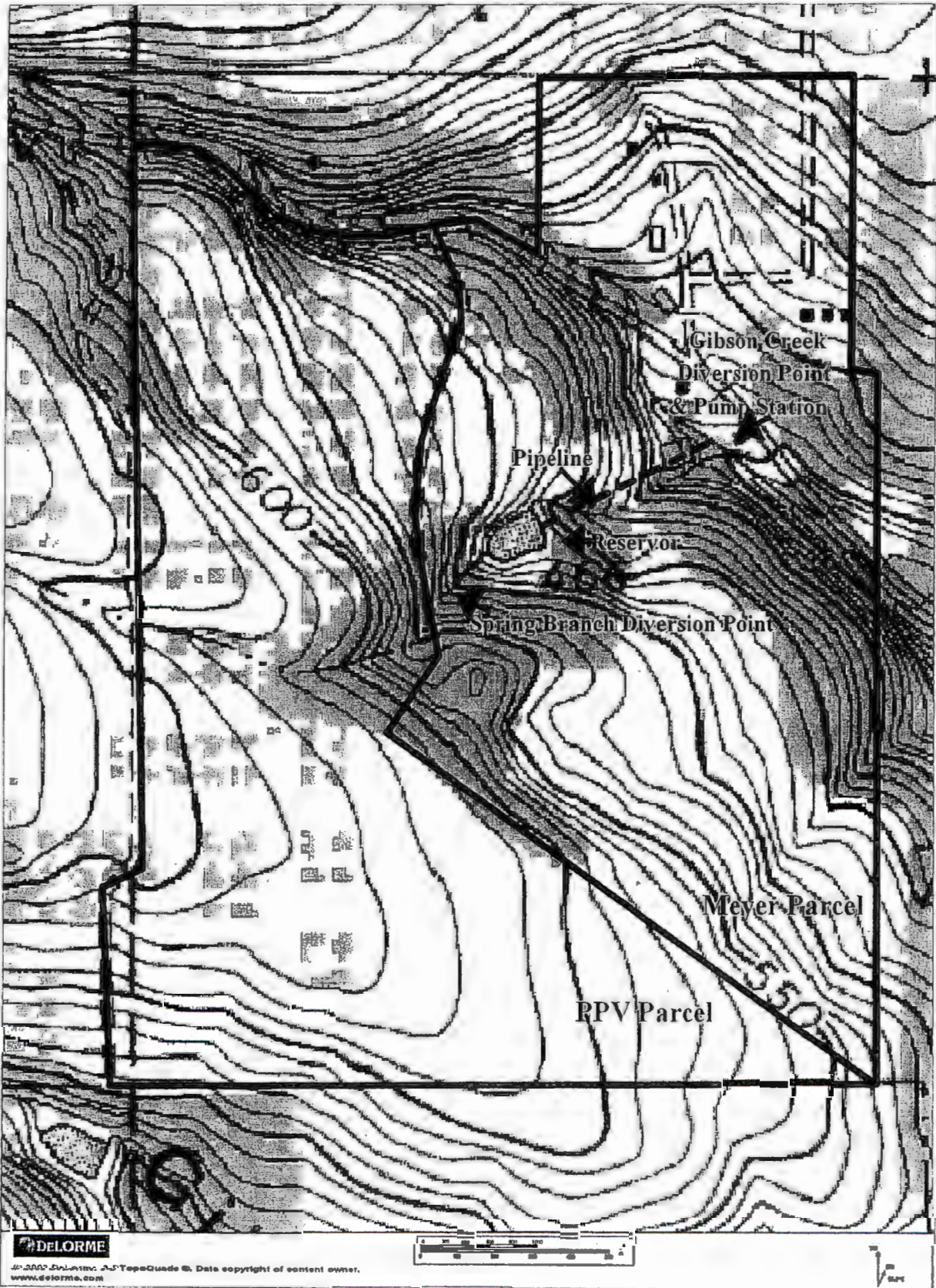
**Diagram of Common Water System**

**SEE ATTACHED**

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STATE OF OREGON  
COUNTY OF POLK  
CERTIFICATE OF WATER RIGHT

This Is to Certify, That FRED L. MEYER

of Route 1, Box 802, Salem, State of Oregon, has made proof to the satisfaction of the STATE ENGINEER of Oregon, of a right to the use of the waters of unnamed stream & res. const. under Appl. No. R-28532, Per. No. R-1526 and unnamed spring & tributary of Spring branch, trib. of Willamette River for the purpose of irrigation of 43.0 acres and domestic use 4 houses and 5 transient labor cabins, under Permit No. 22419 of the State Engineer, and that said right to the use of said waters has been perfected in accordance with the laws of Oregon; that the priority of the right hereby confirmed dates from May 6, 1952,

that the amount of water to which such right is entitled and hereby confirmed, for the purposes aforesaid, is limited to an amount actually beneficially used for said purposes, and shall not exceed 0.23 cubic foot per second; being 0.19 cubic foot per second for irrigation from unnamed stream & res. and 0.01 cubic foot per second from Spring #1; 0.01 cubic foot per second from Spring #2; 0.01 cubic foot per second from Spring #3 and 0.01 cubic foot per second from Spring #4, for a point of diversion from the stream. The point of diversion is located in the #1 - SW 1/4 NW 1/4; #2 - SW 1/4 NW 1/4; #3 & #4 - NE 1/4 NW 1/4; Section 7, Township 7 South, Range 3 West, W.M.

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, shall be limited to one-eighth of one cubic foot per second per acre, or its equivalent for each acre irrigated and shall be further limited to a diversion of not to exceed 2 1/2 acre feet per acre for each acre irrigated during the irrigation season of each year,

and shall conform to such reasonable rotation system as may be ordered by the proper state officer. A description of the place of use under the right hereby confirmed, and to which such right is appurtenant, is as follows:

- domestic & 0.5 acre NE 1/4 NW 1/4
  - 22.8 acres NW 1/4 NW 1/4
  - 9.0 acres SW 1/4 NW 1/4
  - domestic & 10.7 acres SE 1/4 NW 1/4
- Section 7  
Township 7 South, Range 3 West, W.M.

The right to the use of the water for the purposes aforesaid is restricted to the lands or place of use herein described.

WITNESS the signature of The State Engineer, affixed this date. MAY 27 1960

LEWIS A. STANLEY  
State Engineer

Recorded in State Record of Water Right Certificates, Volume 18, page 27051

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STATE OF OREGON  
 COUNTY OF POLK  
 CERTIFICATE OF WATER RIGHT

*This Is to Certify, That* FRED L. MEYER

of Route 1, Box 802, Salem, State of Oregon, has made proof to the satisfaction of the STATE ENGINEER of Oregon, of a right to store the waters of unnamed stream locally known as Wallace Creek, tributary of Gibson Creek (Willamette River), appropriated under Application No. 27159, Permit No. 22419,

for the purposes of irrigation,

under Reservoir Permit No. R-1526 of the State Engineer, and that said right to store said waters has been perfected in accordance with the laws of Oregon; that the priority of the right hereby confirmed dates from June 17, 1953,

that the amount of water entitled to be stored each year under such right, for the purposes aforesaid, shall not exceed 2.0 acre feet.

The reservoir is located in SW $\frac{1}{4}$  E1 $\frac{1}{2}$  & SE $\frac{1}{4}$  NW $\frac{1}{4}$ , Section 7, Township 7 South, Range 3 West, N.M.

WITNESS the signature of the State Engineer, affixed

this date. MAY 27 1960

LEWIS A. STANLEY  
 State Engineer

Recorded in State Record of Water Right Certificates, Volume 19, page 27152

STATE OF OREGON  
 COUNTY OF POLK  
**CERTIFICATE OF WATER RIGHT**

**This Is to Certify, That** FRED L. MEYER

of Route 1, Box 802, Salem, Oregon 97304, State of Oregon, has made proof to the satisfaction of the STATE ENGINEER of Oregon, of a right to the use of the waters of an unnamed stream

a tributary of Gibson Creek for the purpose of irrigation of 17.1 acres and supplemental irrigation of 43.0 acres

under Permit No. 32583 of the State Engineer, and that said right to the use of said waters has been perfected in accordance with the laws of Oregon; that the priority of the right hereby confirmed dates from May 9, 1967

that the amount of water to which such right is entitled and hereby confirmed, for the purposes aforesaid, is limited to an amount actually beneficially used for said purposes, and shall not exceed 0.14 cubic foot per second

or its equivalent in case of rotation, measured at the point of diversion from the stream. The point of diversion is located in the NE 1/4 NW 1/4, Section 7, T. 7 S., R. 3 W., W. M., 1230 feet South and 2060 feet East from NW Corner, Section 7.

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, shall be limited to one-eightieth of one cubic foot per second per acre, or its equivalent for each acre irrigated and shall be further limited to a diversion of not to exceed 2 1/2 acre feet per acre for each acre irrigated during the irrigation season of each year, provided further that the right allowed herein shall be limited to any deficiency in the available supply of any prior right existing for the same land and shall not exceed the limitation allowed herein,

and shall conform to such reasonable rotation system as may be ordered by the proper state officer.

A description of the place of use under the right hereby confirmed, and to which such right is appurtenant, is as follows:

<u>Primary</u>	<u>Supplemental</u>	
7.2 acres	0.5 acre	NE 1/4 NW 1/4
	22.8 acres	NW 1/4 NW 1/4
	9.0 acres	SE 1/4 NW 1/4
7.9 acres	10.7 acres	SE 1/4 NW 1/4
2.0 acres		NE 1/4 NW 1/4
	Section 7 T. 7 S., R. 3 W., W. M.	

The right to the use of the water for the purposes aforesaid is restricted to the lands or place of use herein described.

WITNESS the signature of the State Engineer, affixed

this date. May 10, 1973

CHRIS L. WHEELER  
State Engineer

Recorded in State Record of Water Right Certificates, Volume 31, page 39173

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