

91-02421

FACILITY SITE AND ACCESS EASEMENT AGREEMENT

227 - 1720

Dated: as of December 27, 1990

BETWEEN: The Association of Unit Owners of the
Inn of the Seventh Mountain
c/o Ridgepine, Inc.
P.O. Box 3400
Sun River Village Mall
Sunriver, Oregon 97707

"GRANTOR"

AND: PACE Group, Inc., dba District Utility
Services Company
851 SW Sixth Ave., Suite 810
Portland, Oregon 97204

"GRANTEE"

This Facility Site and Access Easement Agreement ("Easement Agreement") is entered into by and between Grantor and Grantee, successor-in-interest to District Utility Services Company, Inc., pursuant to that certain Energy Services Agreement ("Agreement") by and between Grantor and District Utility Services Company, Inc., dated April 4, 1990 which is hereby incorporated by this reference into this Easement Agreement. Grantor owns, leases or otherwise has the right to grant the rights set forth in this Easement Agreement with respect to the real property described on Exhibit A, including the "AUO Site" and the "AUO Facilities" (as those terms are defined in the Agreement) (the "Property").

RECITALS

A. Pursuant to the Agreement, Grantee agreed to design, construct, interconnect, operate, and maintain an energy facility on the Property and to provide energy as requested by Grantor to the AUO Facility, the AUO Site, and also, to the "Core Facilities" (as that term is defined in the Agreement)

EAFF1118

AFTER RECORDING, RETURN TO:
Karen Yurka
Stoel Rives Boley Jones & Grey
900 SW Fifth Avenue, Suite 2300
Portland, OR 97204-1268

including, but not limited to a convention center, a restaurant, ice rink and warming hut, housekeeping building, gas station, grocery store, game room building and other related properties (the "Customer Facilities") owned or leased by Klug Management, Inc., or its successor and located on the Property.

B. The parties wish to enter into this Easement Agreement to allow Grantee to site an energy facility known as the "DUSCO Facility" (as that term is defined in the Agreement) and all related wells, pipelines, equipment, fixtures, pipelines, cables, conduits, wires, poles, guys, braces, telephone, water and electric lines, and all other facilities or equipment related to such energy facility and to provide Grantee all rights of access to any portion of the Property, and to any portion of the Customer Facilities as reasonably required to enable Grantee to perform its obligations under the Agreement.

NOW THEREFORE, in consideration of the covenants of the parties contained in the Agreement and in this Easement Agreement, the parties hereby agree as follows:

1. Grant.

1.1 Site Easement. Grantor hereby grants to Grantee an exclusive easement, upon, under, and through that portion of the Property described on attached Exhibit B (the "Plant Site Easement") for the purposes of excavating, constructing,

drilling, operating, maintaining, replacing and removing the DUSCO Facility energy plant and related wells and systems.

1.2 Access and Pipeline Easement. Grantor hereby grants to Grantee nonexclusive pipeline and access easements upon, under, and through the Property (the "Access Easements") for the purposes of access to the Plant Site Easement described in Subsection 1.1 above and for the further purposes of accessing, excavating, installing, laying, inspecting, repairing, maintaining, replacing and removing one or more pipelines and related equipment, facilities or installations that may now or hereafter exist or be required (the "Pipelines") to be used for providing heating and cooling services to any part of the Property, AUO Facilities, AUO Site or Customer Facilities. The initial Pipelines are diagrammed on attached Exhibit C.

1.3 Telephone, Power and Other Easements. Grantor hereby grants to Grantee nonexclusive easements over, under and through the Property (the "Utility and Service Easements") for the purposes of accessing, excavating, erecting, constructing, drilling, operating, maintaining, replacing and removing such telephone, electric and gas lines together with such wires, conduits, poles, guys, anchors and such other utilities or services or facilities as Grantee now or hereafter may deem necessary or beneficial for the efficient exercise of Grantee's rights or the performance of Grantee's obligations under the Agreement.

1.4 Third Party Energy Services Easements. Grantor hereby grants Grantee such easements over and across the Property as may be reasonably required from time to time in connection with the provision of energy services to third parties from the DUSCO Facility for the purposes of excavating, erecting, installing, laying, inspecting, repairing, maintaining, replacing and removing such pipes, wires, conduits, poles, guys, anchors, equipment and other facilities in connection with the provision of such services from the DUSCO Facility, subject to the approval of Grantor's Board of Directors, which approval shall not be unreasonably withheld.

1.5 Relocation of Easements. In the event relocation, expansion or modification of the DUSCO Facility or any portion thereof, is ever required under the terms of Sections 2.3 or 3.5 of the Agreement, the easements and rights granted herein shall be relocated, expanded or modified from time to time as may be required to accommodate such relocation, expansion or modification. The parties hereto shall execute and acknowledge and record in the records of Deschutes County, Oregon any and all further documents reasonably required to memorialize such relocation, expansion or modification.

1.6 Extinction of Easements. The easements granted in this Easement Agreement shall be perpetual, provided, however, that the easements granted hereunder shall be extinguished one year after the date that the DUSCO Facility

permanently ceases all operations and no longer provides energy services to Grantor, the AUO or any third party.

2. Grantor's Use of Easements. Grantor shall not erect any building or other improvement on, in or under the area covered by the Site Easement or the Access Easement or any Utility Easement or Third Party Services Easement, as any of the same may now or hereafter be located; or do or permit anything else that would unreasonably interfere with Grantee's rights hereunder. Notwithstanding the above, Grantor may place such landscaping, paving, fencing, roads or accessways on and across the surface of the easement areas (except the Plant Site Easement) described in Section 1.1 as do not unreasonably interfere with the rights granted Grantee herein or in the Agreement, provided Grantor shall bear the sole risk, cost and expense of any disturbance, destruction, damage, reconstruction or replacement of such improvements as is occasioned or reasonably required for the efficient and economic exercise of Grantee's rights or performance of Grantee's obligations under this Easement Agreement or the Agreement.

3. Miscellaneous.

3.1 Title. Grantor warrants and represents to Grantee that the easements and rights granted herein shall not be disturbed or extinguished by any prior easementholder or encumbrancer or third party interests, and Grantor shall indemnify, hold harmless, and at Grantee's election and with counsel satisfactory to Grantee, defend Grantee and such

easements and rights from and against any and all claims, actions, damages, fines or other liability or losses arising out of or related to any breach of the above, except to the extent arising from Grantee's breach of the limitations on the consent given by Pioneer Trust Bank, N.A., as Trustee under the Last Will and Testament of Lewis B. Huff, deceased, and Doris J. Huff, fee owners, as set forth in that letter dated April 11, 1990 from James G. Heltzel on behalf of the above fee owners.

3.2 Assignment; Binding Effect. The parties' respective rights and obligation with respect to assignments, conveyances or transfers shall be governed by Section 19.5 of the Agreement. This Facility Site and Access Easement Agreement shall run with the land and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

3.3 Notices. Notices allowed or required hereunder shall be in writing and shall be effective when served upon the party to whom such notice is directed, or, if mailed, two days after such notice is deposited in the United States mail, certified or registered, correct postage prepaid, and addressed to the parties at their respective addresses as set forth above, or at such other address as such party shall notify the other party beforehand.

IN WITNESS WHEREOF, the parties have executed this Facility Site and Access Easement Agreement as of the date first written above.

GRANTOR:

THE ASSOCIATION OF UNIT OWNERS OF THE INN AT THE SEVENTH MOUNTAIN, a

By: [Signature]
Its: CHAIR

GRANTEE:

PACE, INC, dba DISTRICT UTILITY SERVICES COMPANY

By: [Signature]
Its: PRESIDENT

STATE OF OREGON

County of Deschutes) ss.

This instrument was acknowledged before me on December 27, 1990, by [Signature] of THE ASSOCIATION OF UNIT OWNERS OF THE INN AT THE SEVENTH MOUNTAIN, on behalf of the association.

[Signature]
Notary Public for Oregon
My commission expires: 10-1-91

STATE OF OREGON

County of MULTNOMAH) ss.

This instrument was acknowledged before me on DECEMBER 28, 1990, by SCOTT R. HANNIGAN, as PRESIDENT of PACE, INC., dba DISTRICT UTILITY SERVICES, an Oregon corporation, on behalf of the corporation.

[Signature]
Notary Public for Oregon
My commission expires: 11-1-91



EXHIBIT A

(THE PROPERTY)

The Lessee's interest under that certain lease, including the terms and provisions thereof, between Condominium Land Co., an Oregon corporation, Lessor, and Condominiums Northwest, Inc., an Oregon corporation, Lessee, dated February 13, 1970, recorded February 25, 1970, in Book 168, Page 374, Deed Records, and as amended by instruments recorded August 20, 1971, in Book 178, Page 302, Deed Records, December 16, 1971, in Book 180, Page 991, Deed Records, June 13, 1972, in Book 185, Page 574, Deed Records, July 28, 1972, in Book 186, Page 902, Deed Records, and March 16, 1973, in Book 193, Page 449, Deed Records.

The Lessors' interest therein has been duly assigned to Lewis B. Huff and Doris J. Huff. NOTE: Lessors' interest now held by Devisees of Lewis B. Huff, deceased, and Doris J. Huff.

The Lessees' interest therein has been duly assigned to the Association of Unit Owners of the Inn of the Seventh Mountain.

Addendum and Correction to Lease, including the terms and provisions thereof, recorded March 16, 1973, in Book 193, Page 449, Deschutes County Records.

Amendment to Lease, including the terms and provisions thereof, recorded June 18, 1985, in Book 97, Page 1824, Deschutes County Records.

TOGETHER WITH all Grantor's right, title and interest, if any, in and to (as lessee, owner, purchaser or otherwise) real and personal property and improvements located on the real property described as:

Parcel A: That portion of the Southeast Quarter of the Southwest Quarter (SE1/4SW1/4) and the Southwest Quarter of the Southeast Quarter (SW1/4SE1/4) of Section Twenty-two (22) Township Eighteen (18) South, Range Eleven (11) East of the Willamette Meridian, Deschutes County, Oregon, which is described as follows:

Beginning at the Northwest corner of the Southwest Quarter of the Southeast Quarter (SW1/4SE1/4) of Section 22, Township 18 South, Range 11 East of the Willamette Meridian, thence South 23°43'15" East 826.29 feet; thence South 69°45'45" West 305.00 feet; thence North 79°45'45" West 300.00 feet thence South 73°09'15" West 855.00 feet; thence North 75°35'45" West 276.00 feet to the west line of the Southeast Quarter of the Southwest Quarter (SE1/4SW1/4) of said Section 22; thence along said West line North 00°48'25" East 995.28 feet to the Northwest corner

of the Southeast Quarter of the Southwest Quarter (SE1/4SW1/4) of said Section 22, thence along the North line of said Southeast Quarter, of the Southwest Quarter, South 89°40'45" East 1320.63 feet to the point of beginning, in Deschutes County, Oregon; EXCEPTING THEREFROM the right-of-way of the Century Drive Highway, formerly known as the Century Drive Market Road, as the same is now laid out and established over the Northwestern corner of said Southeast Quarter of the Southwest Quarter of said Section 22.

Excepting therefrom the Right-of-way of the Century Drive Highway, formerly known as the Century Drive Market Road, as the same, is now laid out and established over the Northwestern corner of said SE1/4 of the SW1/4 of said section 22.

Also excepting therefrom that portion conveyed to the State of Oregon, Dept. of Transportation by instrument dated, February 5, 1981 and recorded February 18, 1981 in Book 336 at Page 541 Deed records.

Parcel B: That portion of the Southeast Quarter of the Southwest Quarter (SE1/4SW1/4) and the Southwest Quarter of the Southeast Quarter (SW1/4SE1/4) of Section Twenty-two (22), Township Eighteen (18) South, Range Eleven (11) East of the Willamette Meridian, Deschutes County, Oregon, which is described as follows:

Beginning at the Northwest corner of the Southwest Quarter of the Southeast Quarter (SW1/4SE1/4) of Section 22, Township 18 South, Range 11 East of the Willamette Meridian, thence South 89°49'30" East 362.43 feet along the North line of said Southwest Quarter of the Southeast Quarter; thence South 11°15'45" East 200.00 feet; thence South 51°16'10" East 561.91 feet; thence South 00°30'45" East 80.00 feet; thence South 77°44'15" West 417.00 feet; thence South 69°45'45" West 108.00 feet thence North 23°43'15" West 826.29 feet to the Point of beginning, all in Deschutes County, Oregon.

EXCEPTING, however, from the foregoing property described as Parcels A and B the leasehold estate in that portion of said property which was submitted to Unit Ownership as THE INN OF THE SEVENTH MOUNTAIN.

PARCEL C:

All of Buildings 24, 25A, R-1, R-2, and R-3, being respectively the restaurant, convention center, ice rink and warming hut, TOGETHER WITH the housekeeping building and maids' service closets in each condominium building as described in those certain Declarations of Unit Ownership for the Inn of the

227 - 1729

Seventh Mountain, Phases I, II-A, II-B, II-C, II-D, II-E,
III-A, III-B, III-C, III-D, III-E, and IV.

including the AVO Facilities and AVO Site, as those terms are
defined in the Agreement.

227 - 1730

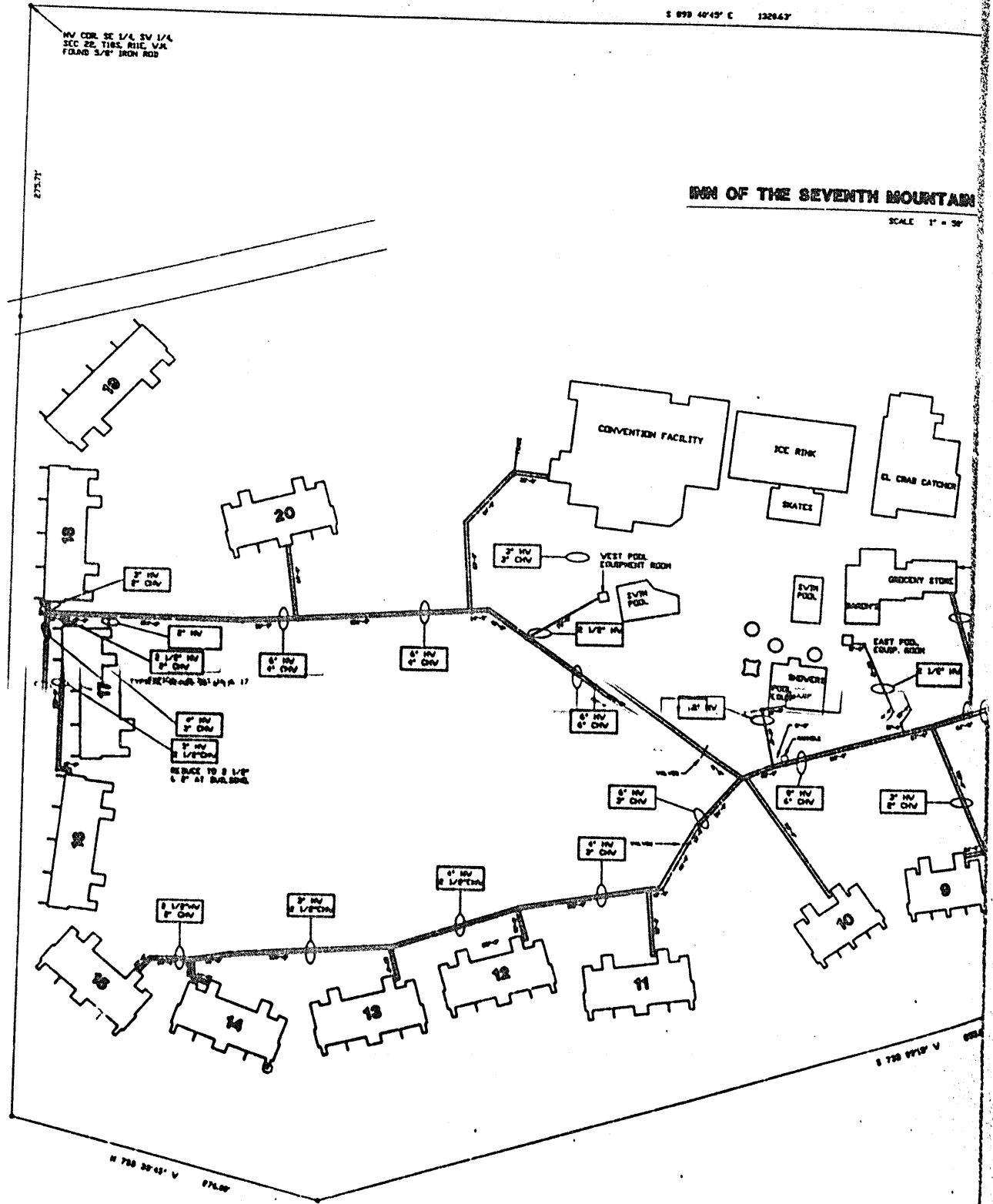
S 89° 40' 45" E 132043'

NV COR. SE 1/4, SW 1/4
SEC 22, T18S, R12E, VA
FOUND 3/8" IRON ROD

273.7'

BN OF THE SEVENTH MOUNTAIN

SCALE 1" = 50'



N 73° 20' 45" E 276.0'

EXHIBIT B

Facility Site and Access
Easement Agreement 227 - 1731

36245

STATE OF OREGON)
COUNTY OF DESCHUTES) SS.

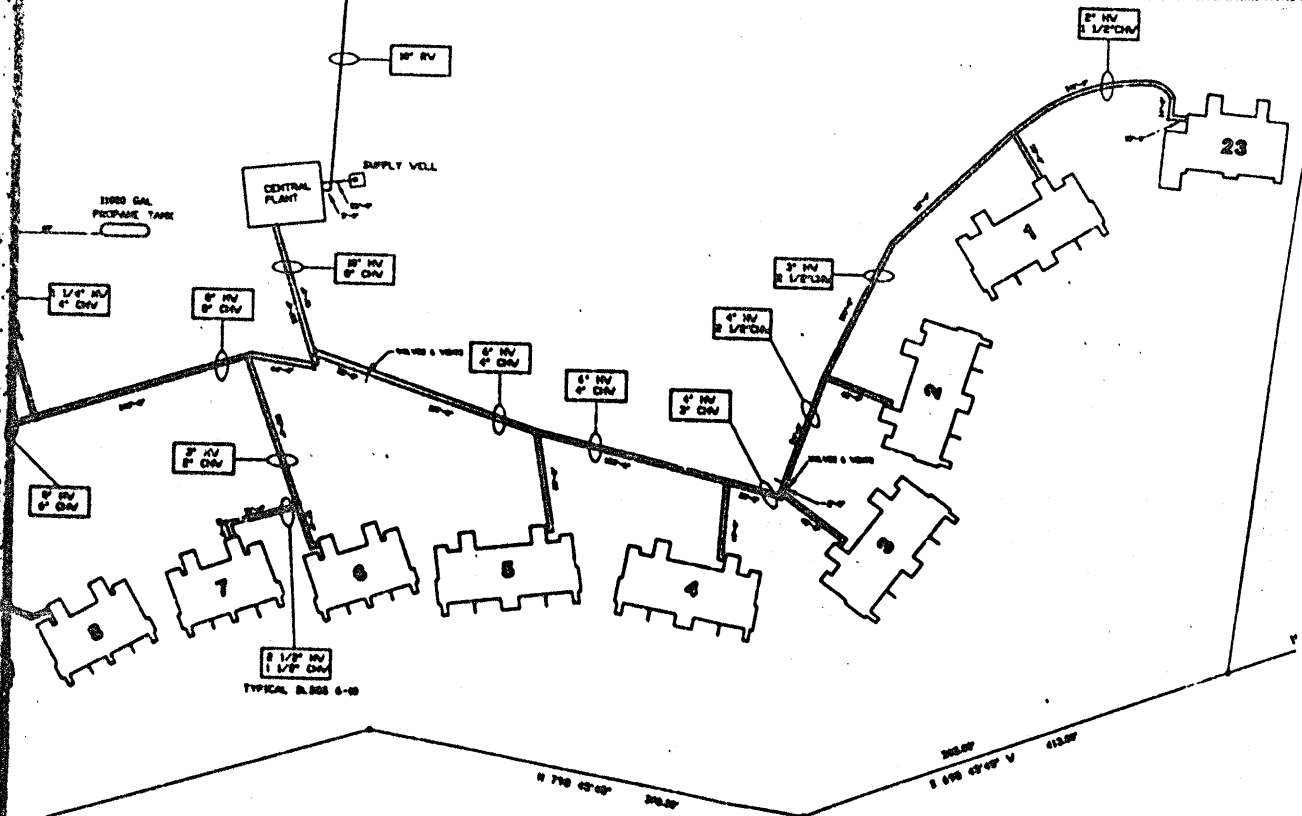
I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

91 JAN 30 PM 12:19

MARY SUE PENHOLLOW
COUNTY CLERK

BY: *B. Buck* DEPUTY
NO. 91-02421 FEE \$5-
DESCHUTES COUNTY OFFICIAL RECORDS

PIPE ROUTING AS BUILT



PIPING INFORMATION	
NOT WATER PIPES	UNLESS OTHERWISE SPECIFIED
CHILLED WATER PIPES	NOT WATER SUPPLY AND RETURN PIPES TO INDIVIDUAL CONDENSER BUILDINGS TO BE 2 1/2\"
NOT WATER PIPES DIAMETER	CHILLED WATER SUPPLY AND RETURN PIPES TO INDIVIDUAL CONDENSER BUILDINGS TO BE 8\"
CHILLED WATER PIPE DIAMETER	

DRAWN BY SILVER SAGE ENGINEERS
NAN
12/04/99
FILE NO. 000001