

**BLACK ROCK UTILITIES, INC.
ANNEXATION AND UTILITIES SERVICES AGREEMENT**

ADDENDUM NO. 2

THIS ADDENDUM No. 2 to the Annexation and Utilities Services Agreement dated effective March 10, 2015, as amended by Addendum No. 1 dated October, 2017 (collectively the "Agreement"), by and between BLACK ROCK UTILITIES, INC., an Idaho corporation ("BRU"), and ROCK CREEK IDAHO HOLDINGS, LLC, an Idaho limited liability company ("RCI"), is made and entered into effective as of the date of the latest signature hereto (the "Effective Date"). Capitalized terms not otherwise defined herein shall have the meanings provided in the Agreement.

WHEREAS:

A. Pursuant to the terms of the Agreement, BRU has agreed to provide water and sewer utility services to the Project for up to four hundred thirteen (413) residential units and thirty three (33) equivalent residential units for the clubhouse, commercial facilities and related uses at Rock Creek, for a total of four hundred forty six (446) equivalent residential units ("ERU's"), and three hundred thirty (330) acres of irrigation.

B. Upon annexation of the Project into the BRU service area, RCI paid a Reserve Fee representing a good faith estimate of RCI's pro-rata share of previously unfunded or under-funded BRU reserves. The initial Reserve Fee of \$963,000 was paid in three annual installments and has been paid in full. Addendum No. 1 to the Annexation Agreement followed the increase in residential density for the Project through the amendment of the Rock Creek Planned Unit Development. With Addendum No. 1, RCI agreed to pay a Reserve Fee for the New Density in the sum of \$174,000, payable in three annual installments of \$58,000 each, without interest. Two of those installments have been paid, with the remaining \$58,000 due and payable on or before April 1, 2020.

C. The Agreement provides for other fees and deposits to be paid by RCI in connection with development of the Project, including but not limited to a Platting Deposit. The Platting Deposit is payable prior to the recordation of a final plat or commencement of construction of any other improvement needing utility services but not requiring a plat. The Platting Deposit is paid by RCI in lieu of any payment or contribution by RCI for water or sewer "off-site" (not within the Project) improvements, or other improvements or costs incurred to expand water or sewer capacity needed to serve all or any portion of new development within BRU's service area, not just new development by RCI.

D. RCI has paid the Platting Deposit in connection with Phase 1 and Phase 2 of the Project, encompassing The Club at Rock Creek, The Club at Rock Creek 1st Addition and The Club at Rock Creek 2nd Addition final plats, for a total of 71 ERU's, leaving 375 ERU's still to be final platted or developed (342 residential and 33 non-residential).

E. The Agreement also provides for a Standby Fee, an administrative fee for unimproved lots or parcels to which service lines have not yet been extended. The amount of the Standby Fee as established in the Agreement was fixed for five (5) years at \$6500 per quarter per applicable ERU. The amount of the Standby Fee is reduced by \$60 per quarter for each new ERU that either has service or has service available to it. The Standby Fee is currently \$2240 per quarter, and will sunset with the final platting or extension of service to 38 additional ERU's.

F. BRU is in the process of constructing a storage reservoir (the "Reservoir") to improve its ability to provide water for irrigation and fire protection within its service area, including the Black Rock Planned Unit Development and the Rock Creek Planned Unit Development. Funding for the Reservoir is through a combination of loans and fees, with each user or potential user being allocated @ \$2300 per ERU (if paid up front in full) for the cost of the Reservoir (the "Reservoir Fee").

G. The Reservoir is being constructed on property owned by the Black Rock Homeowners Association and/or BRU, in the vicinity of the southwest corner of Loffs Bay Road and Estrella Drive, an "off-site" improvement vis. RCI.

H. By this Addendum No. 2, RCI agrees that previously paid Platting Deposits may be used in the construction of the Reservoir. In addition, Rock Creek agrees to prepay Platting Deposits as a credit against future Platting Deposits, for use in the construction of the Reservoir, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration for the foregoing recitals and in consideration for the mutual covenants, conditions and agreements set forth herein, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. RCI Contributions towards Reservoir Construction. RCI agrees that BRU may apply the Platting Deposit paid to BRU in conjunction with the recording of the final plat for The Club at Rock Creek Second Addition (\$215,000 for 43 ERU's) towards the costs of construction of the Reservoir. In addition, Rock Creek shall pay to BRU the sum of \$948,100.00 computed as follows:

- a. \$862,500.00 as Prepaid Platting Deposit for the remaining 375 ERU's allocated to the Project @ \$2300 per ERU;
- b. \$27,600.00 for the twelve cottages owned by RCI located in Phase 1 of the Project and in The Club at Rock Creek subdivision; and
- c. \$58,000.00 representing the final payment for the New Density Reserve Fee established by Addendum No. 1 to the Annexation Agreement.

All payments by RCI shall be used in connection with the Reservoir project.

2. Reimbursement of Prepaid Platting Deposit. RCI shall receive a credit against future Platting Deposits equal to 4/5 of the amount of the Platting Deposit in effect at the time of

recordation of each final plat or commencement of construction of any other improvement needing utility services but not requiring a plat, following the Effective Date, until the Prepaid Platting Deposit. For example, the Platting Deposit is currently assessed at the rate of \$5000 per ERU. RCI would pay \$1000 per ERU and receive a credit of \$4000 per ERU until the \$862,500.00, without interest, has been fully reimbursed. All other sums paid by RCI towards the Reservoir, described in section 1.b. and 1.c., above, are not reimbursable.

3. Reimbursement of Second Addition Lots. The Reservoir Fee for the ERU's in The Club at Rock Creek 2nd Addition are covered by the Platting Deposit paid by RCI for the 2nd Addition. Owners of lots in the 2nd Addition who have been billed and paid for the Reservoir Fee shall be reimbursed by BRU within ten (10) days following RCI's payment hereunder. Owners of lots in the 2nd Addition who have been billed but not yet paid shall be advised promptly by BRU that no payment is due or owing.

4. Fixing of Standby Fee. The Standby Fee for unimproved lots or parcels to which service lines have not yet been extended shall remain fixed at \$2240 per quarter (reduced by \$60 per quarter for each ERU to which service is extended) for an additional five (5) years from the March 2020 expiration date.

5. Board Representation. Not less than one-third (1/3) of the positions on the BRU Board of Directors shall be allocated to RCI. The RCI representative shall be appointed by RCI and/or the Rock Creek Homeowner's Association as RCI shall deem fit. If the size of the Board of Directors for BRU shall be increased, the RCI representation shall increase proportionally (i.e. if the Board is increased to five members, RCI shall be entitled to two (2) members on the Board. The size of the Board shall be increased to five (5) members at such time as the Rock Creek PUD accounts for 40% or more of the active hookups for BRU. The organizational documents for BRU, including but not limited to its Articles of Incorporation and Bylaws, shall be amended to provide for the representation for RCI as described on a permanent basis, prohibiting further amendment thereto without RCI's express consent, all as may be mutually agreed between the parties.

6. Payment. Payment of the contributions towards the Reservoir project described in section 1, above, shall be made within ten (10) days following the Effective Date or confirmation of RCI's representation on the BRU Board described in section 5, above, whichever is later.

7. Representations and Warranties. BRU represents and warrants as follows:

- a. It is the legal owner or the holder of all necessary rights and interests to the use of the real property on which the Reservoir is constructed, and those areas over, under and across which the infrastructure necessary to connect the Reservoir to the BRU water system, whether by fee title, easement, or otherwise;
- b. It has secured all permits, licenses, and approvals necessary to construct, operate, and maintain the Reservoir and facilities relating thereto; and

- c. It has the full power and authority to enter into the Agreement and this Addendum No. 2, and to perform and fulfill all of the duties and obligations to be performed by it in accordance with their terms.

8. Binding Effect. The persons signing this Addendum No. 2 represent and warrant that he/she are authorized to sign, with full power and authority to bind BRU and RCI, respectively, hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

9. Continued Force and Effect. Except as expressly modified, amended, or provided for in this Addendum No. 2, all other terms, covenants, conditions and agreements set forth in the Annexation Agreement and Addendum No. 1 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date of the latest signature hereto.

ROCK CREEK IDAHO HOLDINGS, LLC

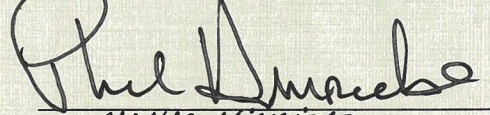


By: Richard L. Cox

Its: Manager

Date: January 20, 2020

BLACK ROCK UTILITIES, INC.



By: Phillip Hinrichs

Its: President

Date: 12-28-19

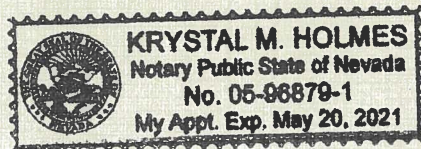
STATE OF Nevada)

: ss.

County of Clark)

On this 9th day of JANUARY, 2020, before me KRYSTAL HOLMES, the undersigned Notary Public, personally appeared RICHARD L COX, known or identified to me to be the Manager of Rock Creek Idaho Holdings, LLC, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company executed the same.

(SEAL)



Notary Public for NEVADA

Residing at LAS VEGAS

Commission Expires: May 20, 2021

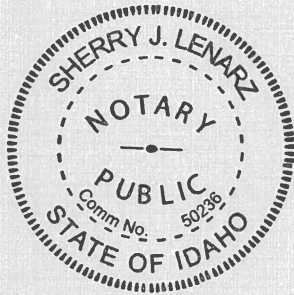
STATE OF Idaho)

: ss.

County of Kootenai)

On this 28 day of December, 2019, before me Sherry J. Henay, the undersigned Notary Public, personally appeared Phil Hinrichs, known or identified to me to be the president of Black Rock Utilities, Inc., the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

(SEAL)



Sherry J. Henay
Notary Public for Idaho
Residing at Coeur d'Alene
Commission Expires: June 21, 2025

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