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**STATE OF IDAHO**  
**DEPARTMENT OF WATER RESOURCES**  
**NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP**

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OCT 22 2002

Department of Water Resources  
Eastern Region

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.  
 Incomplete forms will be returned.

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided, if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

| Water<br>Right No(s). | Adjudication<br>Claim No(s). | Split | Water<br>Right No(s). | Adjudication<br>Claim No(s). | Split |
|-----------------------|------------------------------|-------|-----------------------|------------------------------|-------|
| 35-13255              |                              |       |                       |                              |       |
| 35-13256              |                              |       |                       |                              |       |
|                       |                              |       |                       |                              |       |
|                       |                              |       |                       |                              |       |
|                       |                              |       |                       |                              |       |

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Department of Water Resources

2. The following **REQUIRED** information must be submitted with this form:

- A. The appropriate **FILING FEE**. See instructions for fee amounts. \$50-
- B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.
- C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):  
**PLAT OF PROPERTY** or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).

OR

If your water right(s) and/or adjudication claim(s) are for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s)

R+R Farms Partnership  
 % Raymond Matsumura

4. New Owner/Claimant(s)

R+R Farms, LLC

Name Connector (Check one): ☐ and, ☐ or, ☐ and/or

New Mailing Address

395 W 150 N

City, State and ZIP Code

Blackfoot, ID 83221

New Telephone Number

(208) 785-2011

5. Date you acquired the property

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6. If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7. If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

| DESCRIPTION OF YOUR PORTION OF WATER RIGHT<br>(If the right(s) will not be split, skip this area and proceed to item 7) |                                                                            |                                                              |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------|
| Water Right and/or Adjudication Claim Number _____                                                                      |                                                                            |                                                              |
| Water Use                                                                                                               | Diversion Rate or Volume<br>(cubic feet per second or acre-feet per annum) | Description<br>(acres, number and type of stock, homes, etc) |
| Irrigation                                                                                                              | _____                                                                      | _____                                                        |
| Stock                                                                                                                   | _____                                                                      | _____                                                        |
| Domestic                                                                                                                | _____                                                                      | _____                                                        |
| Other _____                                                                                                             | _____                                                                      | _____                                                        |
| Total                                                                                                                   | _____                                                                      | _____                                                        |

| DESCRIPTION OF YOUR PORTION OF WATER RIGHT<br>(If the right(s) will not be split, skip this area and proceed to item 7) |                                                                            |                                                              |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------|
| Water Right and/or Adjudication Claim Number _____                                                                      |                                                                            |                                                              |
| Water Use                                                                                                               | Diversion Rate or Volume<br>(cubic feet per second or acre-feet per annum) | Description<br>(acres, number and type of stock, homes, etc) |
| Irrigation                                                                                                              | _____                                                                      | _____                                                        |
| Stock                                                                                                                   | _____                                                                      | _____                                                        |
| Domestic                                                                                                                | _____                                                                      | _____                                                        |
| Other _____                                                                                                             | _____                                                                      | _____                                                        |
| Total                                                                                                                   | _____                                                                      | _____                                                        |

7. Signature of New Owner(s) or Claimant(s) \_\_\_\_\_  
(include title if applicable)

*Raymond Watson*

*Member*

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

**For Office Use Only**

Received by JC Date 10-24-02 Fee \$50  
 Received by JC Date 10-24-02 Receipt No. E028258  
 Processed by AJ Date \_\_\_\_\_ WR \_\_\_\_\_ Date \_\_\_\_\_

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**NOV 18 2002**

**OPERATING AGREEMENT**

**of**

**R & R FARMS, L.L.C.**

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**NOV 18 2002**

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This Operating Agreement of R & R Farms, L.L.C., a limited liability company organized pursuant to the Act, is entered into and shall be effective as of the Effective Date, by the Company and Richard Matsuura and Raymond Matsuura.

## **ARTICLE I FORMATION**

**1.1 Organization.** The Members hereby organize the Company as an Idaho limited liability company pursuant to the provisions of the Act.

**1.2 Name.** The name of the Company is R & R Farms, L.L.C., and all business of the Company shall be conducted under that name or under any other name selected by the members.

**1.3 Effective Date.** This Agreement shall be effective as of the filing of the Articles with the Idaho Secretary of State.

**1.4 Term.** The Company shall be dissolved and its affairs wound up as of the date stated in the Articles unless the term shall be extended by amendment to the Articles, or unless the Company shall be sooner dissolved and its affairs wound up in accordance with the Act or this Agreement.

**1.5 Registered Agent and Office.** The registered agent for the service of process and the registered office shall be that Person and location reflected in the Articles as filed in the office of the Secretary of State. The registered agent may be changed by indicating the change on the annual report prescribed by the Act or by delivering to the Secretary of State the Statement of Change of Registered Agent meeting the requirements of the Act.

**1.6 Nature of Business.** The Company is created to own, lease and operate farms and farming properties, and to own, lease, develop and sell real estate. The Company shall have the authority to do all things necessary or convenient to accomplish its purpose and operate its business as described in this Agreement.

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## ARTICLE II DEFINITIONS

For purposes of this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

**Act.** The Idaho Limited Liability Company Act and all amendments to the Act.

**Agreement.** This Operating Agreement including all amendments adopted in accordance herewith and the Act.

**Article.** The major divisional headings in this Agreement.

**Articles.** The Articles of Organization of the Company as properly adopted and amended from time to time by the Members and filed with the Secretary of State.

**Assignee.** A Person to whom one or more Units has been transferred but who has not been admitted as a Member. An Assignee is treated as a Member for the limited purposes specified under the definition of Member.

**Bankrupt Member.** A Member who: (1) has become the subject of an order for relief under the United States Bankruptcy Code, (2) has initiated, either in an original Proceeding or by way of answer in any state insolvency or receivership Proceeding, an action for liquidation arrangement, composition, readjustment, dissolution, or similar relief.

**Capital Account.** The account maintained for a Member or Assignee determined in accordance with Article III.

**Capital Contribution.** Any contribution of Property, services or the obligation to contribute Property or services made by or on behalf of a Member or Assignee.

**Code.** The Internal Revenue Code of 1986 as amended from time to time.

**Company.** R & R Farms, L.L.C., a limited liability company formed under the laws of the State of Idaho, and any successor limited liability company.

**Company Liability.** Any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

**Company Minimum Gain.** An amount determined by first computing for each Company Nonrecourse Liability any gain the Company would realize if it disposed of the

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Company Property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. The amount of Company Minimum Gain includes such minimum gain arising from a conversion, refinancing, or other change to a debt instrument, only to the extent a Member is allocated a share of that minimum gain. For any Taxable Year, the net increase or decrease in Company Minimum Gain is determined by comparing the Company Minimum Gain on the last day of the immediately preceding Taxable Year with the Minimum Gain on the last day of the current Taxable Year. Notwithstanding any provision to the contrary contained in this Agreement, Company Minimum Gain and increases and decreases in Company Minimum Gain are intended to be computed in accordance with § 704 of the Code and the Regulations. A Member's share of Company Minimum Gain at the end of any Taxable Year equals: the sum of Nonrecourse Deductions allocated to that Member (and to that Member's predecessors in interest) up to that time and the distributions made to that Member (and to that Member's predecessors in interest) up to that time of proceeds of a nonrecourse liability allocable to an increase in Company Minimum Gain minus the sum of that Member's (and that Member's predecessors' in interest) aggregate share of the net decreases in Company Minimum Gain plus their aggregate share of decreases resulting from revaluations of Company Property subject to one or more Company Nonrecourse Liabilities.

**Company Nonrecourse Liability.** A Company Liability to the extent that no Member or Related Person bears the economic risk of loss (as defined in §1.752-2 of the Regulations) with respect to the liability.

**Company Property.** Any Property owned by the Company.

**Disposition (Dispose).** Any sale, assignment, transfer, exchange, mortgage, pledge, grant, hypothecation, or other transfer, absolute or as security or encumbrance (including but not limited to Dispositions by operation of law).

**Dissociation.** Any action which causes a Person to cease to be Member as described in Article X of this Agreement.

**Distribution.** A transfer of Property to a Member on account of Units as described in Article VI.

**Incapacity.** The Incapacity of a Member who is an individual shall be established by a written statement from a qualified physician regularly attending the Member, or may be established by a finding of a court having jurisdiction. Incapacity shall mean impairment by reason of mental illness, mental deficiency, physical illness or disability, advanced age, chronic use of drugs, chronic intoxication, or other cause to the extent one lacks sufficient

understanding or capacity to make or communicate responsible decisions concerning one's person.

**Initial Capital Contribution.** The Capital Contribution agreed to be made by the Initial Members as described in Article III.

**Initial Members.** Those persons identified on Exhibit "A" attached hereto and made a part of this Agreement by this reference who have executed this Agreement.

**Majority.** Units in excess of one half of the Units of all the Members entitled to vote on, consent to, or approve a particular matter shall constitute a Majority of the Units. Assignees shall not be considered Members with Units entitled to vote for the purpose of determining a Majority.

**Management Right.** The right of a Member to participate in the management of the Company, including the right to consent to or approve actions of the Company.

**Member.** A Person or Organization who holds Units and who also has the right to exercise the Management Rights attributable to those Units by reason of being (i) an Initial Member, or (ii) admitted as a Member pursuant to Article IX. An Assignee is treated as a Member for the limited purposes of accounting, taxation and Distributions, whether or not specifically referred to in those sections of this Agreement dealing with such matters. The treatment of an Assignee as a Member for such limited purposes does not confer upon the Assignee any rights to vote or to participate in management of the Company.

**Member Minimum Gain.** An amount determined by first computing for each Member Nonrecourse Liability any gain the Company would realize if it Disposed of the Company Property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. The amount of Member Minimum Gain includes such minimum gain arising from a conversion, refinancing, or other change to a debt instrument, only to the extent a Member is allocated a share of that minimum gain. For any Taxable Year, the net increase or decrease in Member Minimum Gain is determined by comparing the Member Minimum Gain on the last day of the immediately preceding Taxable Year with the Member Minimum Gain on the last day of the current Taxable Year. Notwithstanding any provision to the contrary contained in this Agreement, Member Minimum Gain and increases and decreases in Member Minimum Gain are intended to be computed in accordance with § 704 of the Code and the Regulations.

**Member Nonrecourse Liability.** Any Company Liability to the extent the liability is nonrecourse under state law, and on which a Member or Related Person bears the

economic risk of loss under § 1.752-2 of the Regulations because, for example, the Member or Related Person is the creditor or a guarantor.

**Net Losses.** The losses and deductions of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting adopted by the Company and as reported separately or in the aggregate, as appropriate, on the tax return of the Company filed for federal income tax purposes.

**Net Profits.** The income and gains of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting adopted by the Company and as reported separately or in the aggregate, as appropriate, on the tax return of the Company filed for federal income tax purposes.

**Nonrecourse Liabilities.** Nonrecourse liabilities include Company Nonrecourse Liabilities and Member Nonrecourse Liabilities.

**Notice.** Notice shall be in writing. Notice to the Company shall be considered given when mailed by first class mail postage prepaid addressed to any Member in care of the Company at the address of Registered Agent. Notice to a Member shall be considered given when mailed by first class mail postage prepaid addressed to the Member at the address reflected in this Agreement unless the Member has given the Company Notice of a different address.

**Offsettable Decrease.** Any allocation that unexpectedly causes or increases a deficit in the Member's Capital Account as of the end of the taxable year to which the allocation relates attributable to depletion allowances under § 1.704-1(b)(2)(iv)(k) of the Regulations, allocations of loss and deductions under §§ 704(e)(2) or 706 of the Code or under § 1.751-1 of the Regulations, or distributions that, as of the end of the year are reasonably expected to be made to the extent they exceed the offsetting increases to such Member's Capital Account that reasonably are expected to occur during or (prior to) the taxable years in which the such distributions are expected to be made (other than increases pursuant to a Minimum Gain Chargeback).

**Organization.** A Person other than a natural person. Organization includes, without limitation, corporations (both non-profit and other corporations), partnerships (both limited and general), joint ventures, limited liability companies, and unincorporated associations, but the term does not include joint tenancies and tenancies by the entirety.

**Person.** An individual, trust, estate, or any incorporated or unincorporated organization permitted to be a Member of a limited liability company under the Act.

**Proceeding.** Any judicial or administrative trial, hearing or other activity, civil criminal or investigative, the result of which may be that a court, arbitrator, or governmental agency may enter a judgment, order, decree, or other determination which, if not appealed and reversed, would be binding upon the Company, a Member or other Person subject to the jurisdiction of such court, arbitrator, or governmental agency.

**Property.** Any property real or personal, tangible or intangible, including money and any legal or equitable interest in such property, but excluding services and promises to perform services in the future.

**Regulations.** Except where the context indicates otherwise, the permanent, temporary, and proposed regulations of Department of the Treasury under the Code as such regulations may be lawfully changed from time to time.

**Related Person.** A person having a relationship to a Member that is described in § 1.752-4(b) of the Regulations.

**Remaining Members.** In the event of Dissociation of a Member, all of the Members at the time of such Dissociation other than the Member who is Dissociated. In the event of a Member who has any potential conflict of interest or transaction between the Member and the Company, the Members not having the potential conflict of interest or transaction. In the event of a Disposition of Units, the Members not disposing of their Units.

**Sharing Ratio.** With respect to any Member or Assignee, a fraction (expressed as a percentage), the numerator of which is the total of such person's Units and the denominator is the total of all Units of all Members and Assignees.

**Taxable Year.** The taxable year of the Company as determined pursuant to §706 of the Code.

**Taxing Jurisdiction.** Any state, local, or foreign government that collects tax, interest or penalties, however designated, on any Member's share of the income or gain attributable to the Company.

**Units.** Ownership rights of a Member of the Company as further set forth in Article III.

### ARTICLE III

## CONTRIBUTIONS, UNITS AND CAPITAL ACCOUNTS

**3.1. Units.** Ownership rights in the Company are reflected in Units. Each Unit has the following described rights.

3.1.1. Each Unit held by a Member has equal Management Rights with every other Unit held by Members and in matters subject to a vote of Members has one vote.

3.1.2. Each Unit has equal rights with every other Unit with respect to the sharing of profits and losses and with respect to Distributions.

**3.2. Initial Capital Contributions.** The name, address, description and value of the Initial Capital Contributions, and number of Units issued to each Initial Member are as set forth in the attached Exhibit "A".

**3.3. Disposition of Units.**

3.3.1. No Member may Dispose of Units except as provided section VIII of this Agreement. A Disposition normally results in the new holder of the Units being an Assignee, rather than a Member unless the Assignee becomes a Member in accordance with Article IX.

3.3.2. Unless the Assignee becomes a Member in accordance with Article IX, the voting and Management Rights attributable to the transferred Units shall be suspended.

**3.4. Subsequent Capital Contributions.** No Member shall be required or permitted to make additional contributions to the capital of the Company, without the unanimous consent of all Members. If such consent is obtained and additional capital is contributed to the Company, the Capital Account and Units of the contributing Member shall be adjusted to reflect the additional capital contribution.

**3.5. Capital Accounts.** The Company shall establish and maintain a Capital Account for each Member and Assignee. Each Member's Capital Account shall be increased by (1) the amount of any money actually contributed by the Member to the capital of the Company, (2) the fair market value of any Property contributed, as determined by the Company and the contributing Member at arm's length at the time of contribution (net of liabilities assumed by the Company or subject to which the Company takes such Property, within the meaning of § 752 of the Code), and (3) the Member's share of Net Profits and of any separately allocated items of income or gain except adjustments of the Code (including any gain and income from unrealized income with respect to accounts receivable allocated

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to the Member to reflect the difference between the book value and tax basis of assets contributed by the Member). Each Member's Capital Account shall be decreased by (1) the amount of any money distributed to the Member by the Company, (2) the fair market value of any Property distributed to the Member, as determined by the Company and the contributing Member at arm's length at the time of contribution (net of liabilities of the Company assumed by the Member or subject to which the Member takes such Property within the meaning of § 752 of the Code), and (3) the Member's share of Net Losses and of any separately allocated items of deduction or loss (including any loss or deduction allocated to the Member to reflect the difference between the book value and tax basis of assets contributed by the Member).

**3.6. Distribution of Property.** If the Company at any time distributes any of its Property in-kind to any Member, the Capital Account of each Member shall be adjusted to account for that Member's allocable share (as determined under Article VI) of the Net Profits or Net Losses that would have been realized by the Company had it sold the Property that was distributed at its fair market value immediately prior to its distribution.

**3.7. Compliance with § 704(b) of the Code.** The provisions of this Article III as they relate to the maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of profits, losses, income, gain and credit pursuant to Article VI of this Agreement to have substantial economic effect under the Regulations promulgated under § 704(b) of the Code, in light of the distributions made pursuant to this Agreement and the Capital Contributions made pursuant to this Article III. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation or otherwise personally obligate any Member to make a Capital Contribution in excess of the Initial Contribution.

#### **ARTICLE IV PRINCIPAL OFFICE; ACCOUNTING AND RECORDS**

**4.1. Principal Office.** The principal office of the Company shall be as designated by a Majority of the Units.

**4.2. Records to be Maintained.** The Company books shall be maintained at the principal office of the Company or such other place as the Members agree. Each Member shall at all times have reasonable access to and may inspect and copy any of them. The Company shall maintain books and records which properly reflect all financial transactions made by the Company. The Company shall not be required to maintain the records set forth in Idaho Code § 53-625 except to the extent the Members may determine.

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**4.3. Reports to Members.** All Members shall be entitled to receive financial reports on the Company at least annually. All Members shall be provided with those information returns required by law.

## **ARTICLE V RIGHTS AND DUTIES OF MEMBERS**

**5.1. Management Rights.** All Members who have not Dissociated shall be entitled to participate in making decisions and bind the Company except with respect to Policy Decisions as defined in Section 5.2.

**5.2. Policy Decisions.** All Policy Decisions of the Company and the binding of the Company with regard to Policy Decisions require the prior approval of a Majority of the Units. For purposes of this Agreement, a Policy Decision shall be any decision to be made with regard to the following:

5.2.1. Borrowing money or guaranteeing loans or other obligations in the Company's name, other than in the ordinary course of the Company's business. For purposes of this Agreement, borrowing money or guaranteeing a loan in excess of \$5,000.00 shall be presumed not to be in the ordinary course of the Company's business;

5.2.2. Transferring, hypothecating, compromising or releasing any Company claim of material value except on payment in full;

5.2.3. Selling or hypothecating any Company Property or entering into any contract other than in the ordinary course of the Company's business;

5.2.4. Knowingly suffering or causing anything to be done whereby the Company Property may be seized or attached or taken in execution, or its ownership or possession otherwise jeopardized;

5.2.5. Taking any action that would terminate the Company's treatment as a partnership under the Code.

**5.3. Liability of Members.** No Member shall be liable as such for the liabilities of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

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**5.4. Indemnification.** The Company shall indemnify the Members, and their agents for all costs, losses, liabilities, and damages paid or accrued by them in connection with the business of the Company, to the fullest extent provided or allowed by the laws of the State of Idaho.

**5.5. Representations and Warranties.** Each Member, and in the case of an Organization, the Person(s) executing this Agreement on behalf of the Organization, hereby represents and warrants to the Company and each other Member that: (a) if that Member is an Organization, that it is duly organized, validly existing, and in good standing under the law of its state of organization and that it has full organizational power to execute and agree to this Agreement, and to perform its obligations under this Agreement; (b) that the Member is acquiring its interest in the Company for the Member's own account as an investment and without an intent to distribute the interest; (c) the Member acknowledges that the Units have not been registered under the Securities Act of 1933 or any state securities laws, and may not be resold or transferred by the Member without appropriate registration or the availability of an exemption from such requirements.

**5.6. Conflicts of Interest.**

5.6.1. A Member shall be entitled to enter into transactions that may be considered to be competitive with, or a business opportunity that may be beneficial to, the Company, it being expressly understood that some of the Members currently have entered into and may in the future enter into transactions that are similar to the transactions into which the Company may enter. Notwithstanding the foregoing, Members shall account to the Company and hold as trustee for it any property, profit, or benefit derived by the Member, without the consent of a Majority of the Remaining Members, in the conduct and winding up of the Company business or from a use or appropriation by the Member of Company Property including information developed exclusively for the Company and opportunities expressly offered to the Company.

5.6.2. A Member does not violate a duty or obligation to the Company merely because the Member's conduct furthers the Member's own interest. A Member may lend money to and transact other business with the Company. The rights and obligations of a Member who lends money to or transacts business with the Company are the same as those of a Person who is not a Member, subject to other applicable law. No transaction with the Company shall be voidable solely because a Member has a direct or indirect interest in the transaction if either (i) the transaction is fair to the Company or (ii) Members holding a Majority of the Units, in either case knowing the material facts of the transaction and the Member's interest, authorize, approve, or ratify the transaction.

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**5.7. Compensation of Members.** No Member shall be entitled to a salary or a compensation for performing services for the Company except as the Members shall expressly determine by a vote of the Majority of the Units from time to time.

**5.8. Title to and Conveyance of Company Property.** Title to Company Property shall be held in the Company name. Conveyance of title to real property held in the name of the Company shall be effective only upon the execution of all documents relating thereto by all Members.

**5.9. Duties of Members.** No Member shall be required to devote full time to the affairs of the Company but each Member shall devote whatever time, effort and skill may be necessary for the efficient and successful conduct of the Company's business.

**5.10. Outside Activities of Members.** Any Member may engage in or possess an interest in other business ventures of every nature and description independently or with others, including but not limited to, the ownership of an investment in stock, securities, real estate and other investment properties; and neither the Company nor the other Members shall have any right by virtue of this Agreement in and to such independent ventures or to the income of profits derived therefrom, except as set forth in Section 5.6. above.

## **ARTICLE VI ALLOCATIONS AND DISTRIBUTIONS**

**6.1. Allocations of Net Profits and Net Losses from Operations.** Except as may be required by § 704(c) of the Code, and Sections 6.2, 6.3 and 6.4, Net Profits, Net Losses, and other items of income, gain, loss, deduction and credit shall be apportioned among the Members in proportion to their Sharing Ratios.

**6.2. Company Minimum Gain Chargeback.** If there is a net decrease in Company Minimum Gain for a Taxable Year, each Member must be allocated items of income and gain for that Taxable Year equal to that Member's share of the net decrease in Company Minimum Gain. A Member's share of the net decrease in Company Minimum Gain is the amount of the total net decrease multiplied by the Member's percentage share of the Company Minimum Gain at the end of the immediately preceding Taxable Year. A Member's share of any decrease in Company Minimum Gain resulting from a revaluation of Company Property equals the increase in the Member's Capital Account attributable to the revaluation to the extent the reduction in minimum gain is caused by the revaluation. A Member is not subject to the Company Minimum Gain Chargeback Requirement to the extent the Member's share of the net decrease in Company Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially

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or wholly a Recourse Liability or a Member Nonrecourse Liability, and the Member bears the economic risk of loss (within the meaning of §1.752-2 of the Regulations) for the newly guaranteed, refinanced, or otherwise changed liability.

**6.3. Member Minimum Gain Chargeback.** If during a Taxable Year there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under § 1.704-2(i)(5) of the Regulations) as of the beginning of that Taxable Year must be allocated items of income and gain for that Taxable Year (and, if necessary, for succeeding Taxable Years) equal to that Member's share of the net decrease in the Company Minimum Gain. A Member's share of the net decrease in Member Minimum Gain is determined in a manner consistent with the provisions of § 1.704-2(g)(2) of the Regulations. A Member is not subject to this Member Minimum Gain Chargeback, however, to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Liability due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a Company Nonrecourse Liability. The amount that would otherwise be subject to the Member Minimum Gain Chargeback is added to the Member's share of Company Minimum Gain. In addition, rules consistent with those applicable to Company Minimum Gain shall be applied to determine the shares of Member Minimum Gain and Member Minimum Gain Chargeback to the extent provided under the Regulations issued pursuant to § 704(b) of the Code.

**6.4. Qualified Income Offset.** In the event any Member, in such capacity, unexpectedly receives an Offsettable Decrease, such Member will be allocated items of income and gain (consisting of a pro rata portion of each item of partnership income and gain for such year) in an amount and manner sufficient to offset such Offsettable Decrease as quickly as possible.

**6.5. Distributions.** Each year Members holding a Majority of the Units shall determine the extent, if any, to which cash shall be Distributed from the Company. Cash shall be Distributed according to each Member's Sharing Ratio.

**6.6. Limitations on Distributions.** No distribution shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Members on account of their Capital Accounts.

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## ARTICLE VII TAXES

**7.1. Elections.** The Members, by a vote of the Majority of the Units, may make any tax elections for the Company allowed under the Code or the tax laws of any Taxing Jurisdiction.

**7.2. Taxes of Taxing Jurisdictions.**

7.2.1. To the extent that the laws of any Taxing Jurisdiction require, each Member and Assignee or such Members or Assignees as may be required by the Taxing Jurisdiction, will submit an agreement indicating that the Member will make timely income tax payments to the Taxing Jurisdiction and that the Member accepts personal jurisdiction of the Taxing Jurisdiction with regard to the collection of income taxes attributable to the Member's income, and interest, and penalties assessed on such income. If a Member fails to provide such agreement, the Company may withhold and pay over to such Taxing Jurisdiction the amount of tax, penalty and interest determined under the laws of the Taxing Jurisdiction with respect to such Member and such Member's income. Any such payments with respect to the income of a Member shall be treated as a distribution for purposes of Article VI.

7.2.2. The Members may, where permitted by the rules of any Taxing Jurisdiction, file a composite, combined or aggregate tax return reflecting the income of the Company and pay the tax, interest and penalties of some or all of the Members on such income to the Taxing Jurisdiction, in which case the Company shall inform the Members of the amount of such tax interest and penalties so paid.

**7.3. Tax Matters Partner.** The Members shall designate one of their number as the *tax matters partner* of the Company pursuant to § 6231(a)(7) of the Code. Any Member designated as tax matters partner shall take such action as may be necessary to cause each other Member to become a *notice partner* within the meaning of § 6223 of the Code. Any Member who is designated tax matter partner may not take any action contemplated by §§ 6222 through 6232 of the Code without the consent of a Majority of the Units.

**7.4. Method of Accounting.** The records of the Company shall be maintained on the method of accounting determined by a Majority of the Units.

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## ARTICLE VIII DISPOSITION OF UNITS

**8.1 Units Not Registered.** Each Member recognizes that the Units have not been registered under the Federal Securities Act of 1933, or under any state securities regulation or law, in reliance upon exemptions from such registration. The parties agree that no Members may Dispose of all or any portion of the Member's Units, except as provided in Article VIII.

8.1.1. No Disposition can be made without (i) the filing of an effective registration statement covering such Units under federal and state laws, or (ii) unless such Disposition is exempt from registration under all applicable laws and will not affect the validity of the exemption relied upon in this Agreement.

8.1.2. The Company has no obligation to register any Member's Units for Disposition, or to assist in establishing exemption from registration for any proposed Disposition.

8.1.3. Each Member recognizes that the restrictions on Disposition of the Member's Units may severely affect the liquidity of the Member's investment in the Company.

**8.2. Disposition.** No Member or Assignee may Dispose of all or a portion of the Member's or Assignee's Units except with consent of Members holding a Majority of the Units. No Units shall be Disposed of (including transfers approved by the Members):

8.2.1. If such Disposition, alone or when combined with other transactions, would result in a termination of the Company within the meaning of § 708 of the Code;

8.2.2. Unless waived by a Majority of the Units, without an opinion of counsel satisfactory to the Members that such assignment is subject to an effective registration under, or exempt from the registration requirements of, the applicable state and federal securities laws;

8.2.3. Unless and until the Company receives from the Assignee the information and agreements that the Members may reasonably require, including but not limited to any taxpayer identification number and any agreement that may be required by any Taxing Jurisdiction;

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8.2.4. Unless and until the Units have been offered to the Remaining Members as set forth in Section 8.5 (unless waived by unanimous consent of the Remaining Members).

**8.3. Dispositions not in Compliance with this Article Void.** Any attempted Disposition of any Units not in compliance with this Article VIII. shall be, and is declared to be, null and void *ab initio*.

**8.4. Effect of Disposition on Rights Associated with Units.**

8.4.1 A non-Member who receives Units from a Member in a Disposition shall be treated as an Assignee, and shall be entitled to the economic rights, tax incidents, Net Profits, Net Losses and Distributions associated with the Units.

8.4.2 Any Disposition of Units results in the Disposition of a proportionate share of the Member's Capital Account, unless specifically provided otherwise by the terms of the Disposition.

8.4.3 A Disposition of Units pursuant to this Article VIII does not result in a transfer of the voting or Management Rights associated with the Units. Such Units shall have no voting or Management Rights unless the Assignee is admitted as a Member of the Company.

**8.5. Right of First Refusal.**

8.5.1. Any Person (whether or not a Member) desiring to Dispose of its Units in the Company (the "Transferor") shall give written notice (the "Offer") to the Remaining Members of the intention to Dispose of Units. The Offer shall contain an offer to sell the Transferor's Units in accordance with the terms and conditions of any bona fide offer which the Transferor shall have received for the purchase of such Units.

8.5.2. The Company shall have the option for a period of thirty (30) days (the "Company Option Period") from the effective date of the Offer to purchase all of the Units so offered. If the option is not exercised by the Company within the Company Option Period, the Remaining Members shall have the option for a period of thirty (30) days commencing with end of the Company Option Period to purchase any remaining Units so offered (the "Member Option Period"). In the event of a dispute among the Remaining Members as to the Units to be purchased by them, each Remaining Member shall be entitled to purchase the Units available in the same proportion that the Units held by that Remaining Member bear to the total Units held by Remaining Members electing to purchase. If the above option is not exercised by all Units so offered, the Transferor at the Transferor's

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option may sell all of the Units to the bona fide offeror pursuant to the terms of the bona fide offer within sixty (60) days after the expiration of the Member Option Period, provided that the provisions of Section 8.2 are otherwise met. If such Disposition is not completed within that time, no subsequent Disposition shall be made without first offering the Units to the Company and the Remaining Members.

8.5.3. The purchase price and terms of sale for the Units shall be, at the option of the purchaser (1) the same as set forth in the bona fide offer, or (2) as set forth in section 8.10 below. Any Units purchased by the Company shall have no distribution or voting rights. If the Company defaults and returns the Units to the Transferor by reason of such default, the Transferor shall immediately be entitled to exercise all rights held by the Transferor before the initial transfer. The Units purchased by any Member shall have all rights including voting and Management Rights and said rights shall belong to the purchasing Member so long as the purchasing Member is not in default. If the purchasing Member fails to cure a default within the time required, the Transferor shall immediately be entitled to exercise all rights held by the Transferor before the initial transfer.

8.5.4. A Person other than the Company or the Members purchasing or receiving Units hereunder shall be treated as an Assignee and shall not have voting or Management Rights unless admitted as a Member.

#### **8.6. Purchase of Units on Death or Incapacity**

8.6.1. Upon the death or incapacity of a Member (the "Triggering Event") the Company and the Remaining Members shall have the option to purchase all the Units owned by the Member and all Units held by an Assignee of the Member, as set forth herein.

8.6.2. The Company shall have the option for a period of 60 days (the "Company Option Period") from the date of the Triggering Event or the date the Company is given notice of the Triggering Event by the Member or by the heirs or legal representatives of the Member (the "Seller"), whichever is later, to purchase all or any portion of the Units of the Member. If the option is not exercised within the Company Option Period as to all or any portion of the Units, the Remaining Members shall have the option for a period of thirty (30) days (the "Remaining Member Option Period") commencing with the end of the Company Option Period, to purchase all or any portion of the Units. In the event of a dispute among the Remaining Members as to the Units to be purchased by them, each Remaining Member shall be entitled to purchase the Units available in the same proportion that the Units held by that Remaining Member bear to the total Units held by Remaining Members electing to purchase. If the Company or the Members (the "Purchasers") exercise the option to purchase, the purchase price and terms of purchase for the Units shall be as set forth in section 8.10 below. In the event the above options are not exercised as to all the

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offered Units, then the Company must be dissolved and its affairs wound up as further set forth in Article XI below.

**8.7. Death of Spouse of Member.** Notwithstanding any other provision of this Agreement, upon the death of a Member or spouse of a Member, there shall be no obligation of sale of the Units or community property interest of such person if such Units or community property interest is: (1) inherited by a surviving spouse who was a Member in the Company prior to the death of the deceased spouse; or (2) is distributed to a trust in which a surviving spouse who was a Member in the Company prior to the death of the deceased spouse is either a beneficiary or trustee. If neither of such conditions is met, but the deceased spouse is survived by a spouse who was a Member in the Company prior to the death of the deceased spouse, then such surviving spouse shall have the first option for a term of thirty (30) days commencing with the notice required by this Agreement (the Spousal Option Period), to purchase the deceased spouse's Units on the same terms and conditions as set forth in this Agreement. If the surviving spouse does not exercise said option to purchase within Spousal Option Period, then the provisions of section 8.6 shall control, with the Company Option Period commencing at the termination of the Spousal Option Period.

**8.8 Divorce of Member.**

8.8.1 Notwithstanding any other provision of this Agreement, if, upon the divorce or legal separation of a Member, all or a portion of said Member's Units are ordered to be transferred to such Member's spouse (or ex-spouse) pursuant to court order, such event shall be considered a "Divorce Triggering Event" and the Member whose Units are ordered to be transferred, (the "Divorced Member"), the Company and the Remaining Members shall have an option to purchase all Units assigned to the Divorced Member's spouse as further set forth herein.

8.8.2 The Divorced Member shall have the option for a period of sixty (60) days (the "Divorced Member Option Period") from the date of the Divorce Triggering Event to purchase all or as many Units as desired. If the option is not exercised within the Divorced Member Option Period as to all Units so ordered transferred, the Company shall have the option for a period of thirty (30) days commencing with the end of the Divorced Member Option Period to purchase all or such portion of the Units as the Company desires (the "Company Option Period"). If the option of the Company is not exercised within the Company Option Period as to all remaining Units, the Remaining Members shall have the option for a period of thirty (30) days commencing with the end of the Company Option Period, to purchase all or such portion of any remaining Units they desire. In the event of a dispute among Remaining Members as to Units to be purchased by them, each Remaining Member shall be entitled to purchase the Units available in the same proportion that the Units

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held by that Remaining Member bear to the total Units held by Remaining Members electing to purchase.

8.8.3 Any purchase hereunder shall be at the purchase price and on the terms set forth in section 8.10 below.

8.8.4 As to Units not purchased by the Divorced Member, the Company or the Remaining Members, the spouse of the Divorced Member shall continue to hold the Units and shall be treated as an Assignee. The spouse of the Divorced Member shall not have any rights to vote or Management Rights associated with the Units. The voting and Management Rights associated with the Units shall be suspended. Any future transfer of the Units shall be subject to the provisions of this Article VIII.

## **8.9 Other Involuntary Transfers**

8.9.1 Any involuntary transfer of Units other than as a result of death, disability or divorce, such as by reason of bankruptcy or the like shall be deemed an "Involuntary Transfer Triggering Event".

8.9.2 In the event of an Involuntary Transfer Triggering Event, the Company shall have the option for a period of sixty (60) days ("the Company Option Period") from the effective date of the Involuntary Transfer Triggering Event to purchase all or any of the Units so transferred. If the option is not exercised by the Company within the Company Option Period, as to all Units transferred, the Remaining Members shall have an option for a period of thirty (30) days commencing with the end of the Company Option Period to purchase all or any portion of any remaining Units. In the event of a dispute among Remaining Members as to Units to be purchased by them, each Remaining Member shall be entitled to purchase the Units available in the same proportion that the Units held by that Remaining Member bear to the total Units held by Remaining Members electing to purchase.

8.9.3 The purchase price and terms of sales for the Units purchased hereunder shall be as set forth in 8.10 below.

8.9.4 Any Units not purchased pursuant to the option hereunder, shall be deemed to be held by an Assignee and shall not have any voting or Management Rights. Any further transfers of the Units shall be subject to the provisions of this Article VIII.

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## 8.10 Purchase Price and Terms of Sale.

8.10.1 In the event of a purchase of Units pursuant to sections 8.6, 8.7 8.8, and/or 8.9, the purchase price for the Units shall be the value as set forth in the latest Certificate of Agreed Value filed with the Company.

8.10.2. The term "Certificate of Agreed Value" shall refer to a written agreement signed by all of the Members of the Company, which shall state the value of the Company for purposes of this Agreement. The Members may, but shall not be required to, file with the Company a Certificate of Agreed Value from time to time. Except as otherwise provided, the failure to file any certificate shall not invalidate the value set forth in the last certificate so filed.

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Revalue  
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8.10.3. If there is no Certificate of Agreed value, or if the date of the most recent Certificate of Agreed Value is more than three (3) years prior to the date at which any Units are offered for sale under this Agreement, the Certificate of Agreed Value shall be of no further effect and the value of Units of the Company for the purpose of determining the purchase price shall be determined by the parties to the transaction. If the Purchaser and the Seller cannot agree on the value, the Units shall be appraised. If the Purchaser and the Seller cannot agree on an appraiser, they shall each appoint an appraiser. If the two appraisers cannot agree upon the value of such Units, they shall appoint a third appraiser, and the decision of the majority of the three appraisers shall be binding on all parties. In making such appraisal, the appraisers may consider all relevant factors affecting the value of the Units, including, but not limited to market value, capitalized distributable cash flow, minority discounts, discounts for lack of marketability, and investment or capitalized earnings value. The appraisers may consider as an asset of the Company the cash surrender value of life insurance owned by the Company on the lives of the Members but shall not include the proceeds of policies insuring the life of a deceased Member in excess of their cash surrender value. The cost of appraisal shall be shared equally by the Purchaser and the Seller.

8.10.4. Upon the closing date, the Purchaser shall make a cash down payment of 1/15 of the total purchase price. If the Purchaser or the Company (or Remaining Members, if the Purchaser is the Company) shall receive the proceeds of any insurance policy on the life of a deceased Member such proceeds shall be paid to the Seller up to the purchase price of the Units. If the total amount of such insurance proceeds does not equal 1/15 of the total purchase price, the Purchaser shall pay sufficient additional cash to cause the down payment to equal 1/15 of said purchase price. The Seller shall have no claim to any proceeds in excess of the purchase price. The balance of the purchase price together with accrued interest shall be paid in fourteen (14) equal installments of principal and interest which shall commence one year following the closing date and shall continue on the same day of each year thereafter until the balance of the purchase price and accrued interest shall

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be paid in full. All payments shall be applied first to accrued interest then to reduction of principal.

8.10.5. The unpaid balance of the purchase price shall bear interest at the lowest applicable federal rate permitted for the transaction as of the date of the closing.

8.10.6. The Remaining Members shall co-sign any promissory note given by the Company or guarantee the Company's obligation to purchase the Units. The Promissory Note and Guaranty shall be the form attached hereto unless the parties agree otherwise.

8.10.7. The Units purchased by the Company shall have no distribution or Management Rights. If the Company defaults and returns the Units to the Seller by reason of such default, the Seller shall immediately be entitled to exercise all such rights. The Units purchased by any Member shall have Management Rights and said rights shall belong to the Purchaser so long as the Purchaser is not in default under the terms of this Agreement. If the Purchaser fails to cure a default within the time required, the Seller shall be entitled to exercise all such rights.

8.10.8. The Seller shall have a Security Interest in the Units to secure Purchaser's payment obligations. The Security Agreement shall be in the form attached hereto unless the parties agree otherwise.

8.10.9. If the Company purchases all or part of the Units of a withdrawing Member, the allocation of the purchase price between §§ 736(a) and 736(b) of the Code shall be made in any manner to which the Remaining Members and the withdrawing Member (or the Member's successors) agree, subject to applicable Regulations. Unless the parties agree otherwise each payment shall be allocated between Code §§ 736(a) and 736(b) payments based on the relative values of each with respect to the total purchase price.

8.10.10. If not previously made, the Company shall make an election under Code § 754 for the year in which the Units are purchased whether by the Company or by the Members.

8.10.11. The closing date for any purchase under the terms and conditions of this Section 8.10 shall not be later than ninety (90) days following the exercise of an option granted pursuant to this Agreement.

**8.11 Offer to Buy or Sell.** In the event the L.L.C. consists only of two members, each of whom own fifty percent (50%), then either party (the "offering party") may give the other party (the "offeree") a contract of purchase and sale (the "purchase contract") detailing all the terms of purchase and sale of one half the units in the Company, including but not

limited to the purchase price, down payment, timing of payments, the interest rate for unpaid balance, and security. The offeree shall have sixty (60) days after receipt of the purchase contract in which to execute the purchase contract as either purchaser or seller, and return it to the offering party. If the offeree fails to execute the purchase contract and return it to the offering party within the sixty (60) day period, the offeree shall be deemed to have elected to sell the offeree's interest in the L.L.C. to the offering party at the terms set forth in the purchase contract and the offering party may proceed to enforce the contract as purchaser, with the closing date to be as of the first day of the second calendar month following the expiration of the sixty (60) day period.

**8.12 Application of Provisions of Article VIII to Option to Purchase.** One of the current assets of the Company is an Option Agreement which was executed on February 20, 1992 by Emikos Matsuura, a single woman, in favor of Raymond Matsuura and Richard Matsuura, and consented to by their remaining siblings. The Option has been transferred into the Company with the consent of all parties. It is the members' intent that the provisions of this Article VIII shall supersede any contrary provisions in the Option, including, but not limited to, Section IX.

## **ARTICLE IX ADMISSION OF ASSIGNEES AND ADDITIONAL MEMBERS**

New Members shall be admitted to the Company only with the approval of a Majority of the Units held by the Members. The Members may grant or withhold the approval of such admission for any reason, or no reason, in their sole and absolute discretion.

## **ARTICLE X DISSOCIATION OF A MEMBER**

**10.1. Dissociation.** A Person shall cease to be a Member, without breaching this Agreement, upon the happening of any of the following events:

- 10.1.1. The resignation of a Member;
- 10.1.2. The Member's becoming a Bankrupt Member;
- 10.1.3. The death or Incapacity of a Member who is a natural person ;

10.1.4. In the case of a Member who is acting as a Member by virtue of being a trustee of a trust, the termination of the trust (but not merely the substitution of a new trustee);

10.1.5. In the case of a Member that is a separate Organization other than a corporation, the dissolution and commencement of winding up of the separate Organization;

10.1.6. In the case of a Member that is a corporation, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; or

10.1.7. In the case of an estate, the distribution by the fiduciary of the estate's entire interest in the limited liability company.

## **10.2 Effect of Dissociation**

10.2.1 The Dissociation of a Member shall not result in the dissolution of the Company unless agreed to in writing by the Remaining Members holding a Majority of Units of the Remaining Members as more specifically set forth in Article XI below.

10.2.2 A dissociated Member shall be treated as an Assignee unless otherwise agreed in writing by the Remaining Members holding a Majority of the Units of the Remaining Members, or unless specifically provided otherwise by this Agreement.

## **ARTICLE XI DISSOLUTION AND WINDING UP**

**11.1. Dissolution.** The Company shall be dissolved and its affairs wound up, upon the first to occur of the following events:

11.1.1. The expiration of the Term;

11.1.2. The unanimous written consent of all of the Members;

11.1.3. In the event of a Dissociation of a Member, the written consent of the Remaining Members holding the Majority of Units of all the Remaining Members as of the date of the event resulting in the Dissociation.

**11.2. Effect of Dissolution.** Upon dissolution, the Company shall cease carrying on as distinguished from the winding up of the Company business, but the Company is not terminated, but continues until the winding up of the affairs of the Company is completed and the Certificate of Dissolution has been issued by the Secretary of State.

**11.3. Distribution of Assets on Dissolution.** Upon the winding up of the Company, the Company Property shall be distributed:

11.3.1. To creditors, including Members who are creditors, to the extent permitted by law, in satisfaction of Company Liabilities;

11.3.2. To Members in accordance with positive Capital Account balances taking into account all Capital Account adjustments for the Company's taxable year in which the liquidation occurs. Liquidation proceeds shall be paid within 60 days of the end of the Company's taxable year or, if later, within 90 days after the date of liquidation. Such distributions shall be in cash or Property (which need not be distributed proportionately) or partly in both, as determined by the Majority of the Units.

**11.4. Winding Up and Certificate of Dissolution.** The winding up of the Company shall be completed when all debts, liabilities, and obligations of the Company have been paid and discharged or reasonably adequate provision therefor has been made, and all of the remaining Property and assets of the Company have been distributed to the Members. Upon the completion of winding up of the Company, a certificate of dissolution shall be delivered to the Secretary of State for filing. The certificate of dissolution shall set forth the information required by the Act.

## **ARTICLE XII AMENDMENT**

**12.1. Agreement May Be Modified.** This Agreement may be modified as provided in this Article XII (as the same may be amended from time to time). No Member shall have any vested rights in this Agreement which may not be modified through an amendment to this Agreement.

**12.2. Amendment or Modification of Agreement.** This Agreement may be amended or modified from time to time only by a written instrument executed by all of the Members at the time of the amendment.

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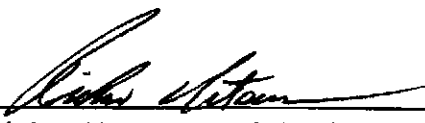
**ARTICLE XIII  
MISCELLANEOUS PROVISIONS**

**13.1. Entire Agreement.** This Agreement represents the entire agreement among all the Members and between the Members and the Company pertaining to the subject matter of this Agreement.

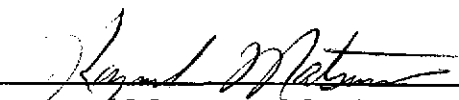
**13.2. No Partnership Intended for Nontax Purposes.** The Members have formed the Company under the Act, and expressly do not intend hereby to form a partnership under either the Idaho Uniform Partnership Act nor the Idaho Uniform Limited Partnership Act. The Members do not intend to be partners one to another, or partners as to any third party. To the extent any Member, by word or action, represents to another person that any other Member is a partner or that the Company is a partnership, the Member making such wrongful representation shall be liable to any other Member who incurs personal liability by reason of such wrongful representation.

**13.3. Rights of Creditors and Third Parties under Agreement.** This Agreement is entered into among the Company and the Members for the exclusive benefit of the Company, its Members, and their successors and Assignees. This Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Agreement, or any agreement between the Company and any Member with respect to any Capital Contribution or otherwise.

Date: 2/1/99

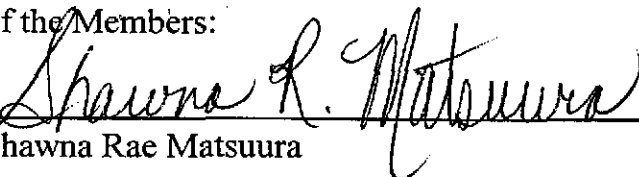
  
Richard Matsuura, Member

Date: 1/29/99

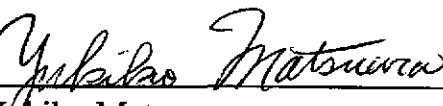
  
Raymond Matsuura, Member

Consented to by the undersigned spouses of the Members:

Date: 2/1/99

  
Shawna Rae Matsuura

Date: 1/29/99

  
Yukiko Matsuura

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**EXHIBIT "A"**

| <b>Names and Addresses of Initial Members</b>                    | <b>Description of Initial Capital Contribution</b> | <b>Units</b> |
|------------------------------------------------------------------|----------------------------------------------------|--------------|
| Richard Matsuura<br>574 North 200 West<br>Blackfoot, Idaho 83221 | See attached Schedule 1                            | 500          |
| Raymond Matsuura<br>395 West 150 North<br>Blackfoot, Idaho 83221 | See attached Schedule 1                            | 500          |
| <b>Totals</b>                                                    |                                                    | 1000         |

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- Upon Death

Spouse forced to buy but

remaining partner can buy out or liquidate and give  $\frac{1}{2}$

to remaining spouse.  $\$$  ( $\frac{1}{2}$  of insurance collected will go to spouse  
also after payoffs)

Buyout at 800,000 keeping 200,000 for farm (LLC)

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IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE  
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

In Re SRBA )  
 )  
Case No. 39576 )  
\_\_\_\_\_ )

PARTIAL DECREE PURSUANT TO  
I.R.C.P. 54(b) FOR  
Water Right 35-13255

2002 MAR 11 PM 4:45  
DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO  
TWIN FALLS, IDAHO  
FILE

NAME AND ADDRESS: R & R FARMS PARTNERSHIP  
C/O RAYMOND MATSUURA  
574 N 100 W  
BLACKFOOT, ID 83221

SOURCE: GROUNDWATER

QUANTITY: 0.04 CFS

THE QUANTITY OF WATER UNDER THIS RIGHT SHALL NOT EXCEED 13,000  
GALLONS PER DAY.

PRIORITY DATE: 01/04/1955

POINT OF DIVERSION: T01N R35E S21 SWNW Within Bingham County

| PURPOSE AND<br>PERIOD OF USE: | PURPOSE OF USE  | PERIOD OF USE  | QUANTITY |
|-------------------------------|-----------------|----------------|----------|
|                               | Domestic 1 HOME | 01-01 TO 12-31 | 0.04 CFS |

PLACE OF USE: Domestic Within Bingham County  
T01N R35E S21 SWNW

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

THE QUANTITY OF WATER DECREED FOR THIS WATER RIGHT IS NOT A  
DETERMINATION OF HISTORICAL BENEFICIAL USE.

THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS  
NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT  
ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY  
DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE  
ENTRY OF A FINAL UNIFIED DECREE. I.C. SECTION 42-1412(6).

RULE 54(b) CERTIFICATE

With respect to the issues determined by the above judgment or order, it is hereby CERTIFIED, in accordance with Rule 54(b), I.R.C.P., that the court has determined that there is no just reason for delay of the entry of a final judgment and that the court has and does hereby direct that the above judgment or order shall be a final judgment upon which execution may issue and an appeal may be taken as provided by the Idaho Appellate Rules.

*Roger Burdick*

Roger Burdick  
Presiding Judge of the  
Snake River Basin Adjudication

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State of Idaho

## DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098  
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: [www.idwr.state.id.us](http://www.idwr.state.id.us)

DIRK KEMPTHORNE  
Governor

KARL J. DREHER  
Director

October 29, 2002

R & R FARMS LLC  
395 W 150 N  
BLACKFOOT ID 83221

RE: Change of Ownership for Water Rights 35-13255 and 35-13256

Dear Water Right Holder(s):

The department acknowledges receipt of correspondence changing ownership of the above referenced water rights to you. The department has modified its records to reflect the changes in ownership and has enclosed computer-generated reports for your records.

Please note that as of July 1, 1996, water right owners are required to report any change of water right ownership and any change of mailing address of the owner of a water right to the department. Notice of the change must be provided to the department within 120 days of the change. Change reporting forms are available from any office of the department.

Please feel free to contact this office if you have any questions regarding this matter.

Sincerely,

  
Jeff Peppersack, Manager  
Water Right Permits Section

JP:klt

Enclosures

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