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RETURN TO: Public Utility District No. 1 of Skagit County 1415 Freeway Drive P.O. Box 1436 Mount Vernon, WA 98273-1436

PUD UTILITY EASEMENT AND AGREEMENT

THIS AGREEMENT is made this 10th day of 0ctober, 2006, between SEDRO WOOLLEY LLC, hereinafter referred to as "Grantor(s)", and PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, a Municipal Corporation, hereinafter referred to as "District". Witnesseth:

WHEREAS, Grantor(s) are the owners of certain lands and premises situated in the County of Skagit, and

WHEREAS, the District wishes to acquire certain rights and privileges along, within, across, under, and upon the said lands and premises.

NOW, THEREFORE, Grantor(s), for and in consideration of mutual benefits and other valuable consideration, receipt of which is hereby acknowledged, conveys and grants to the District, its successors or assigns, a non-exclusive easement granting to the District the perpetual right, privilege, and authority to do all things necessary or proper in the construction and maintenance of water and communication lines and related facilities, including the right to construct, operate, maintain, inspect, improve, remove, restore, alter, replace, relocate, connect to and locate at any time a pipe or pipes, line or lines or related facilities, along with necessary appurtenances for the transportation and control of water and electronic information specifically for District use related to facilities control, over, across, along, in and under the following described lands and premises in the County of Skagit, State of Washington, to wit:

P120424

(See Easement Map – "Exhibit A")

The South 150 feet of Tract R of the Gateway Binding Site Plan for Sedro-Woolley, L.L.C. as recorded under Auditor's File No. 200305190183 records of the Skagit County Auditor's Office.

Situate within the City Limits of Sedro-Woolley, Skagit County, Washington.

together with the right of ingress to and egress from said lands across adjacent lands of the Grantor; also, the right to cut and/or trim all timber, trees, brush, or other growth standing or growing upon the lands of the Grantor which, in the opinion of the District, constitutes a menace or danger to said line or to persons or property by reason of proximity to the line. The Grantor agrees that title to all brush, other vegetation or debris trimmed, cut, and removed from the easement pursuant to this Agreement is vested in the District.

Grantors, their heirs, successors, or assigns hereby conveys and agrees not to construct or permit to be constructed structures of any kind on the easement area without written approval of the General Manager of the District. Grantors shall conduct their activities and all other activities on Grantor's property so as not to interfere with, obstruct or endanger the usefulness of any improvements or other facilities, now or hereafter maintained upon the easement or in any way interfere with, obstruct or endanger the District's use of the easement.

Temporary Construction Access Agreement

Grantors hereby agree to grant the District temporary access to the following described lands for purposes of constructing the waterline and related facilties:

Tract R of the Gateway Binding Site Plan for Sedro-Woolley, L.L.C. as recorded under Auditor's File No. 200305190183 records of the Skagit County Auditor's Office.

Situate within the City Limits of Sedro-Woolley, Skagit County, Washington.

This temporary construction access agreement shall remain in existence until such time as the District will have fully carried out the original construction necessary to complete the project, but in any event will terminate on December 31, 2008.

The District shall remove all excess dirt from construction, return the area to original grades and restore said premises to their original condition as near as reasonably can be done, as soon as conditions will allow for all lands owned by the Grantor and addressed in this easement and agreement.

In Witness Whereof, the Grantor hereunto sets his hand and seal this etober, 2006.

Authorized Representative

SEDRO WOOLLEY LLC:

| STATE OF WASHINGTON |
|---------------------------------------|
| COUNTY OF SKAGIT |
| I certify that I know or have satisfa |
| in the manage with a summand hafer |

actory evidence that_ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as Managing member Sedicio (1)001/e9 1 10 to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument 2006 Date:_ (Notary Public in and for the State of

ARLENE A. RIODLE STATE OF WASHINGTON NOTARY ---- PUBLIC My Commission Expires 5-1-2008

PUD Easement SKAGIT COUNTY WASHINGTON Real Estate Excise Tax

My appointment expires:

OCT 16 2006

Skagit County Treasure By: Man

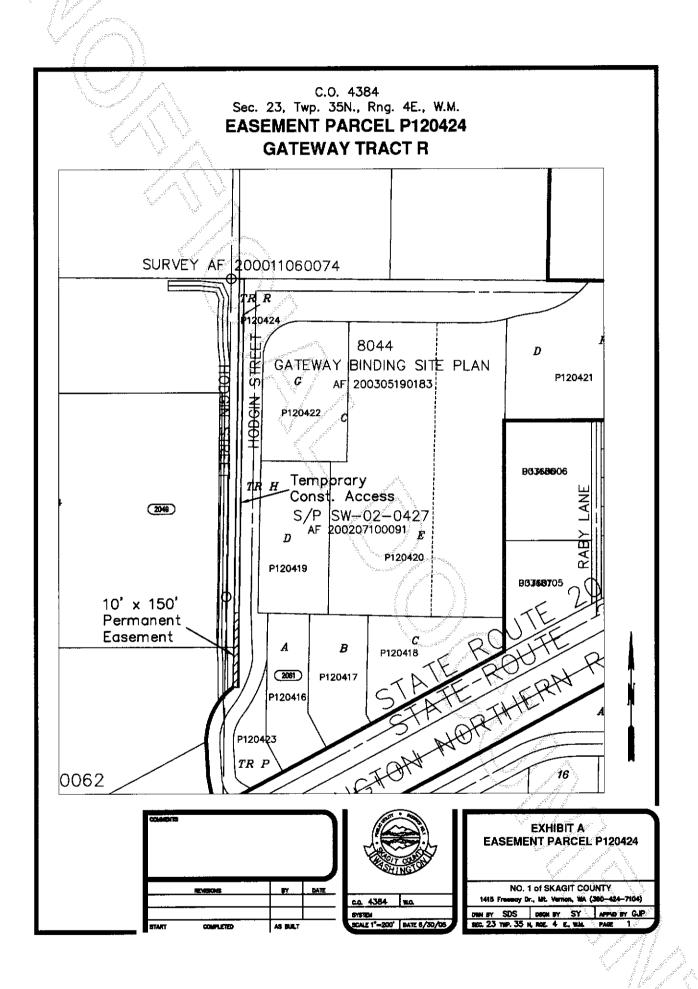
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