

PRE-FORMATION AGREEMENT

This Pre-Formation Agreement (“Agreement”) is made and entered into this 1st day of August, 2014 between Spokane South Little League, a Washington nonprofit corporation (“SSLL”) and Washington East Soccer Club, a Washington nonprofit corporation (“WESC”). SSLL and WESC may also be referred to as the “Parties”.

RECITALS

A. The Parties desire combine resources to form a “corporate” entity to jointly own and operate an athletic complex (the “Complex”) and related business in support and furtherance of their operational charters (the “Entity”). It is intended by the Parties that ownership of the Entity shall be as follows:

SSLL	Fifty Percent (50%)
WESC	Fifty Percent (50%)

B. It is anticipated that SSLL shall contribute: all of its rights, title and interest in and to that certain real property, more fully described below, which it has already acquired for the Complex; its costs already incurred toward developing the Complex; and its expertise and other intangible property to the Entity. WESC is to contribute: cash; its promise to make further cash contributions; and its expertise and other intangible property to the Entity.

C. The rights and obligations set forth in this Agreement are intended to assure continuity and harmony in the ownership and control of the Entity, and are regarded as benefiting the Entity as well as the Parties.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Contribution by SSLL.

1.1 Contribution of Real Property. SSLL agrees to contribute, by the execution of a deed to the Entity, all its rights, title and interest in and to the following real property approximating 19.31 acres and consisting of parcels:

S35 T25N 43E E20R OF W1/2 OF NE1/4 OF SE1/4
S35 T25N 43E W1/2 OF NW1/4 OF NE1/4 OF SE1/4
S35 T25N 43E W1/2 OF SW1/4 OF NE1/4 OF SE1/4;

represented by parcel numbers 35354.9042, 35354.9043 and 35354.9044 (the “Real Property”)

1.2 Contribution of Organizational and Development Expenses Already Paid. SSLL agrees to contribute all its rights, title and interest in and to those organizational and

development expenses it has already paid toward development of the Complex and which are reflected on the attached Exhibit "A" attached hereto.

1.3 Initial Capital Contribution. The contributions as set forth in Sections 1.1 and 1.2 shall be deemed SSSL's initial capital contribution to the Entity and will result in SSSL's ownership of fifty percent (50%) of the Entity's outstanding capital ownership. Any additional capital contributions shall be governed by the Entity's governing documents to be executed by the Parties subsequent to this Agreement.

2. Contribution by WESC.

2.1 Payment to Morningstar Boys Ranch Foundation. On or before August 1, 2014, WESC shall make the payment to Morningstar Boys Ranch Foundation in the amount of approximately Thirty Thousand Nine Hundred Sixty Six and 72/100 dollars (\$30,966.72) as the first payment for amounts due on the Real Property.

2.2 Cash Contributions to be Made on or Before June 30, 2015. WESC agrees to contribute cash and its promise to make further cash contributions to the Entity on or before June 30, 2015 as follows:

a. Sufficient funds necessary to engage Community Impact Technologies, Inc., dba "Semble" ("Semble") and to pay for costs related to Semble's loan facilitation; and

b. Sufficient funds to pay in full all bills due and owing for the Complex (as of the date of this Agreement) including amounts due to Storhaug Engineering ("Storhaug") which are related to the development of the Complex, and to also further engage Storhaug to prepare all necessary Complex construction designs, drawings and plans and ancillary costs related thereto; with such costs estimated to be approximately Fifty Thousand and no/100 dollars (\$50,000.00); and

2.3 Cash Contributions to be Made on or Before December 31, 2019. WESC agrees to make further cash contributions to the Entity on or before December 31, 2019 in such amounts necessary to equal, along with those payments made under Sections 2.1 and 2.2 the amounts contributed by SSSL as set forth on Exhibit "A" (\$218,220.25 as of May 15, 2014).

3. Governing Documents. The Parties are entering into this Agreement with the understanding that they will enter into formal documents to govern the operations of the Entity. The governing agreements shall include, but not be limited to, provisions providing the Parties a first right of refusal upon termination of an interest in such Entity and a valuation of a Party's interest at no less than one-half (1/2) of the total costs and debt balance as of the date of a Party's exit from the Entity. If this Agreement conflicts with any provisions of such governing documents, except as required by law, this Agreement shall govern.

4. Organization, Corporate Power and Authority. Both Parties are non-profit corporations duly organized, validly existing and in good standing under the laws of Washington, and have the requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

5. Authorization, Binding Effect and No Conflicts. The execution, delivery and performance by the Parties of this Agreement and the consummation by the Parties of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part each of the Parties. This Agreement has been duly and validly executed and delivered by Parties and constitutes the valid and binding obligation of Parties, enforceable in accordance with its terms.

6. Miscellaneous Provisions.

6.1 Specific Performance. The Parties agree that damages are an inadequate remedy in the event the terms of this Agreement are breached and that any Party hereto may institute and maintain a proceeding to compel specific performance of this Agreement

6.2 Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue shall be in Spokane County, Washington.

6.3 Court Costs and Attorneys' Fees. In any dispute arising out of this Agreement, whether or not a lawsuit is commenced, the nonprevailing Party or Parties shall pay the prevailing Party's or Parties' court costs and reasonable attorneys' fees, including costs of appeal.

6.4 Waiver of Breach. The waiver by any Party of a breach of any provision of this Agreement by any other party shall not operate or be construed as a waiver of any subsequent breach by such Party. No waiver shall be valid unless in writing.

6.5 Entire Agreement. The Parties agree that this Agreement is the complete and exclusive agreement between them, which supersedes all proposals or prior agreements, oral or written, and all other communications between them relating to the subject matter of this Agreement. The parties further agree that modifications or amendments to this Agreement shall be effective only if they are in writing and made in accordance with this Agreement.

6.6 Severability. If any portion of this Agreement is held to be invalid or unenforceable for any reason, such holding shall not affect the validity or enforceability of the remaining portions of this Agreement.

6.7 Successors and Assigns. This Agreement shall bind and benefit the Parties, their heirs, executors, administrators, successors, and assigns.

6.8 Agreement to Perform Necessary Acts. Each Party to this Agreement agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

6.9 Counterparts. This Agreement may be executed in counterparts, and each executed counterpart shall have the same force and effect as an original instrument as if all parties to the counterparts had signed the same instrument.

6.10 Interpretation. This Agreement is the product of negotiation and joint drafting, and shall not be interpreted particularly for or against either Party because that Party's legal representative drafted this Agreement or a portion of it.

6.11 Representation. Each of the Parties stipulates that counsel of their own choosing in connection with this Agreement has represented them. Each of the Parties has had the contents of this Agreement fully explained by their respective counsel and each is fully aware of the contents of this Agreement and its legal effect or has waived right to independent counsel even though they have been timely advised to, and have had adequate opportunity to, obtain independent legal counsel.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

SPOKANE SOUTH LITTLE LEAGUE,
a Washington nonprofit corporation

By: David Cherry
David Cherry
Its President

WASHINGTON EAST SOCCER CLUB,
a Washington nonprofit corporation

By: Bruce Barron
Bruce Barron
Board Member

SPOKANE SOUTH LITTLE LEAGUE COMPLEX COSTS	
AMOUNTS ACTUALLY PAID:	
Down Payment on Land	\$ 101,088.98
Closing Costs Paid	7,106.29
Storhaug Engineering	57,513.80
Winkler Construction	18,046.00
AM Landshapers	2,643.52
Environmental Inc.	2,960.00
Empire Irrigation	1,947.90
Sunburst Engineering	991.35
Winston Cashett	13,000.41
Geoengineers	1,892.50
Zeck Butler Architects	661.50
Initial Grading Costs	10,368.00
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TOTAL	\$ 218,220.25
AMOUNTS TO BE PAID:	
AM Landshapers	\$ 6,015.45
Storhaug (as of 5/15/14)	9,366.22
Storhaug Estimate on Environmental	1,800.00
Construction Drawings	50,000.00
Semble Estimate on LLC Set Up	2,000.00
Pre-Funding Costs	23,500.00
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APPROXIMATE AMOUNTS DUE	\$ 92,681.67