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PROSPECTUS
ARIZONA ORANGE
AND
IMPROVEMENT Co.
SALT RIVER VALLEY

PROSPECTUS

— OF THE —

ARIZONA

Orange and Improvement

COMPANY

SALT RIVER VALLEY, ARIZONA.

Principal Office, - - - PHOENIX, ARIZONA.

Branch Office, ~~San Francisco~~, SAN FRANCISCO, CAL.

14 March 1892

CAPITAL, - \$2,000,000

Divided into 4,000 Shares of \$500 each.

Each Share payable \$5.00 per month for sixty months. The balance of \$200 per share payable from the profits of the Orchard

STOCK, NON-ASSESSABLE.

SAN FRANCISCO:

CO-OPERATIVE PRINTING Co., 27 MAIN ST.,

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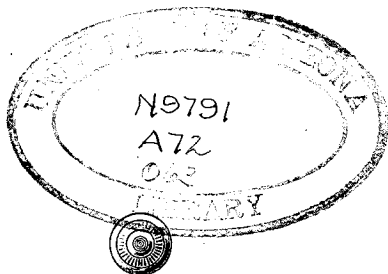
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OFFICERS.

SIDNEY M. SMITH, - - - PRESIDENT
(President Cutting Packing Co., San Francisco.)
SAMUEL W. BACKUS, - - VICE-PRESIDENT
(Postmaster, San Francisco.)
CUTTING PACKING CO., - - TREASURER
(San Francisco.)
GEO. P. KEENEY, - - - SECRETARY

BOARD OF DIRECTORS.

SIDNEY M. SMITH, WILLIAM PILCHER,
SAMUEL W. BACKUS, FRANK BAXTER,
GEORGE P. KEENEY, C. H. STREET.



PROSPECTUS

— OF THE —

Arizona Orange and Improvement Company,

SALT RIVER VALLEY, ARIZONA.

THE ARIZONA ORANGE AND IMPROVEMENT COMPANY was incorporated Nov. 17, 1891, for the purpose of purchasing and planting to orange trees 3,840 acres of rich, level land with water rights attached, in Arizona. The land is on the Highland Canal, in the well-known Salt River valley, about nine miles east of Tempe, a town of about 1,200 inhabitants, on the Maricopa and Phoenix Railroad.

The capital stock is \$2,000,000, divided into 4,000 shares of the par value of \$500—each share representing nearly one acre of bearing orange trees. The Stock is non-

assessable and the private property of all stockholders exempt from the debts of the corporation.

WHAT GAVE RISE TO THE INCORPORATION.

The particulars which gave rise to this organization are that Ex-Governor C. Meyer Zulick and Gen. J. Frank Meador, of Phoenix, Arizona, who own the land, noting the adaptability of the soil and climate in the Salt River valley to the growth of oranges, concluded that if a company could be organized which would furnish the money they would furnish the land and water, do the planting and care for the trees for five years and divide the interests equally between themselves and the company. Not wishing to dispose of their land and being fully convinced that they could make more money out of it in this way than in any other, they took steps to have the ARIZONA ORANGE AND IMPROVEMENT COMPANY organized and entered into a contract with them, the full text of which is hereto annexed.

SIX PER CENT INTEREST GUARANTEED.

It will be noticed in reading the contract that Messrs. Zulick and Meador *guarantee*

to pay 6 per cent interest on all the money paid to them, which insures a dividend from the time the money is paid. They do this in lieu of rent and retain absolute possession of the land and receive all the income thereof for five years.

**\$300 AN ACRE CASH FOR AN ORANGE OR-
CHARD IN BEARING.**

Under the contract, Messrs. Zulick and Meador are to receive but \$300 a share in cash *direct* from the company, the balance of the \$500 a share or acre, amounting to \$200, they take from the income of the orchard. In short, a person purchasing stock in this company is actually paying at the rate of only \$300 an acre cash for an orange orchard five years old, and is *guaranteed* 6 per cent interest on his money for that length of time. They also place in escrow with the Cutting Packing Co., of San Francisco, warranty deeds to the land and water to insure the faithful performance of the work to be done by them.

OTHER VALUABLE PROPERTY.

This company also receives from Messrs. Zulick and Meador, without any additional

consideration, as shown by the contract, 1,300 shares of the capital stock of the Highland Land and Water Company, which is thirteen-sixteenths of the whole. The canal is twenty-two miles long, has a capacity of 8,000 inches, and covers an area of 20,000 acres, besides the 3,840 acres belonging to our company. It is considered a valuable property and will eventually be a source of large revenue. This stock is placed in escrow, together with the deeds of the land and water.

Is this a good investment? Is a five-year-old orange orchard worth \$300 an acre?

It is hardly necessary to reply. The answer is self-evident. Any purchaser must be satisfied, if the plan is honestly carried out, that after receiving 6 per cent interest for five years, he will become part owner of a very valuable property which will pay a much larger percentage on his investment, which has increased several fold. At the end of that time the company can manage the business or divide the orchard among the stockholders, when each owner can manage his own orchard to suit himself.

VALUE OF ORANGE LAND.

The inquiry naturally arises as to the value of orange land, and the income of bearing orange orchards. In December, 1888, L. M. Holt, now editor of the "*Orange Belt*," addressed a circular letter to the leading bankers, business men and fruit-growers of San Bernardino County, asking this question: "How much are choice unimproved orange lands, with good water right, worth in San Bernardino County to a man who desires to purchase for improvement, and depend upon the crops to be obtained for his income—that is, to make a permanent investment, and not with a view to speculation?"

To this question, H. L. Drew, President of the Farmers' Exchange Bank of San Bernardino, replied, \$500 an acre.

A. H. Naftzger, President of the First National Bank of Riverside, replied, \$500.

Other business men and orchardists replied to the same question, giving their opinions, which ranged from \$500 to \$1,500 an acre for good unimproved orange land with a good water right. Fifteen answers were received, and the estimates averaged \$713.33 an acre.

From a recent circular issued by the bankers of Southern California, we clip the following :

“The price of land depends largely upon the uses to which it is adapted. Land for semi-tropic fruit culture, with water under a good system (say one miner’s inch for ten acres), is worth from \$250 up to \$1,000, and will eventually reach a much higher figure.

“Orange culture, up to the present, yields a net profit of \$250 up to \$500 per acre.”

These statements refer to the present value of good orange land in Southern California. Orange growers admit that choice orange land is limited and that prices will advance rather than diminish. According to these statements *bare* orange land is worth nearly twice as much as Messrs. Zulick and Meador get for their land and five-year-old orchard.

INCOME.

During the spring of 1890, the Twenty-eighth District Agricultural Association—a State institution, whose Board of Directors are appointed by the Governor of California, sent out circulars asking growers for information relative to the crop of 1889-90. Some fifty responses to this circular were made, and the Board of Agriculture pub-

lished the reports, after carefully investigating the same and ascertaining their reliability. These reports came from Riverside, Redlands, Ontario, Highlands and other localities. They were made from orchards ranging in size from one acre to over twenty acres. Some of the orchards had been planted for over fifteen years and others had been planted only five years. The net income ranged from \$183 an acre from a five-year-old orchard, which was the lowest report received, up to \$1,730 from one and one-eighth acres of seedling orange trees planted twenty-eight years ago. The main reports showed net incomes ranging from \$400 to \$900 an acre on orchards that had been planted from five to ten years. F. P. Morrison, President of the Redlands First National Bank, reported an income of \$900 an acre from an orchard only eight years old.

AVERAGE RETURNS FROM A SETTLEMENT.

But let the reader take a glimpse of a whole settlement and average the business.

Riverside proper contains 3,000 acres of orange orchards in partial bearing, some of the orchards having been planted for fifteen

years, and others just commencing to fruit a little. This 3,000 acres last year shipped to market 1,480 carloads of fruit, valued at \$800 a carload on the track at Riverside. This gives a total return of \$1,184,000, an average of \$395 per acre.

But Redlands furnishes a good illustration of how an orange grove will give returns. Redlands was laid out in the fall of 1881. It was partially improved in 1882. For several years the growth was slow. In 1888 there had been 800 acres of orchard planted in that valley, which is called Redlands proper, Lugonia and Crafton. Some of these orchards are beginning to bear very nicely, but the bulk of them have never produced an orange. Probably less than 400 acres have borne any fruit at all. Last season's crop was carefully estimated at 60 carloads, or about 18,000 boxes, worth on the track at Redlands about \$50,000, while this year's crop is estimated by the railroad companies at 105 carloads, worth about \$84,000, giving an average yield of \$210 an acre from all orchards in partial bearing.

This estimate, of course, includes all or-

chards, good bad and indifferent, whether they have been well cared for or not, and, of course, some orchards are bound to receive poor care. An orange orchard ought to yield \$400 an acre at seven years of age, which is 10 per cent on \$4,000, or 6 per cent on nearly \$7,000 an acre.

SUMMING UP.

Based upon the above figures, which are claimed to be reasonable, in San Bernardino county, California, our 3,840 acres in five-year-old orange trees, is worth the enormous sum of \$15,360,000, or \$4,000 per share, and the annual income would be \$1,536,000 or \$400 per share. These figures may be divided by four and the investment remains an unusually good one.

Where can small savings be so safely and profitably invested?

WILL THE CONTRACT BE CARRIED OUT?

It is because of so promising a prospect that Gov. Zulick and Gen. Meador are willing to tie up all their land and water, do the work, and pay interest for five years, while other stockholders raise their money by the slow process of small payments, after they have been amply secured.

The large amount of land tied up for so many years by them, and the prospect for such large gain, insures the best effort on their part to succeed, and stockholders may feel assured that Messrs. Zulick and Meador will spare no pains to make this orange orchard the pride of Arizona and the Pacific Coast.

PROFITS OF THE FUTURE.

The present profits of orange culture have never been called in question, but the question is sometimes asked—what about the future?

The following extracts from letters are taken from a pamphlet on the profits of Orange Culture, by A. C. Fish :

R. Rhulman & Co., of New York, write:

“Replying to yours of recent date, we will say that California oranges are fine fruit, and will always command a large and ready sale at high prices.”

Porter Bros. Company, Chicago, say :

“Answering yours: We do not believe the time will ever come in this country when Southern California can produce too many fine oranges, especially the famous Riverside Washington Navals, Mediterranean Sweets, Paper Rind St. Michaels, Malta Bloods and Sweet Seedlings. We judge the future by the past. The increase in the consumption of oranges the past ten years has been nearly five hundred per cent, and

we see no reason why it should not be fully as rapid the next ten years. Ten years ago oranges were a luxury; to-day they are a necessity, for the great masses of the people insist upon having them daily, and for that reason we do not believe it possible that the production of good oranges will exceed the demand for them at profitable prices. Yours very truly,

PORTER BROS.,

By JAMES WATSON, Treas."

Thacker Bros., Chicago, Ill., write, September 30, 1890:

"Californias have a big advantage over Floridas, as they come in the spring and summer, when everybody eats fruit, and not much but oranges to be had.

We do not think there is any danger of over-production. Our population is increasing throughout the west very rapidly, and the California orange market is extending farther east every year, thus crowding the foreign fruit out. Yours very respectfully,

THACKER BROS."

But what about Arizona? Is it as good an orange country as Southern California?

ARIZONA EXCELS ANY OTHER PORTION OF
THE WORLD KNOWN TO CIVILIZED MAN.

It is only necessary to quote from the following letter, written by an old Southern Californian, and embodied by Gov. Zulick in his annual report as Governor of Arizona to the Secretary of the Interior, in 1888.

The writer is the Hon. J. De Barth Shorb, an extensive agriculturist, horticulturist and Commissioner-at-large of the California State Board of Viticulture, who has had ample experience and opportunity for observation and obtaining information from all parts of the world. He says:

RAMONA, CAL., July 18, 1888.

DEAR SIR:—

In compliance with your request, I herewith submit to you my views of the Salt River Valley, agriculturally and horticulturally * * *To the practical man, what are the facts presented for his consideration respecting the Salt River Valley?*

The climatic conditions are not excelled anywhere; the temperature, either in summer or in winter, is faultless, and the health of its people could not be improved.

* * * * *

Horticulturally considered, the Salt River Valley, I believe, excels any other portion of the world known to civilized man. Every variety of fruit tree I saw growing showed such evidences of luxurious health as are not observable in any other section that I am familiar with, personally or by statistics. A close examination of the growing trees failed to show any disease due to climatic or soil conditions, and as to insect pests that are so troublesome and injurious elsewhere, you are entirely free from. This fact is almost as important a factor in establishing a great fruit industry as is the soil and climate. The best fruit of any kind or variety always sells at high and remunerative figures, even on

so-called glutted markets, and the best fruit can not be grown on unhealthy or insect-ridden trees. * * *

The natural quality of the soil, its perfect topography for irrigation, and its phenomenal smoothness makes it more easily irrigated than any country I ever saw. In point of early production of all you can raise, some four or six weeks earlier than any portion of this State, you have an advantage scarcely capable of computation. The world over, the early markets are always the best.

The irrigating facilities are not excelled anywhere, and this system of agriculture, which insures the laborer against all loss by reason of the uncertainty of the seasons, can be more economically followed in the Salt River Valley than anywhere in Europe or America.

Considering every factor that goes to make a country great and prosperous, I believe you are more particularly blessed than any other portion of the world's surface. All that Egypt can claim in the way of natural advantages, which made her the granary of the world for ages, you may also claim in greater abundance, and while civilization had its origin in the Nile by reason of its agricultural conditions, it should have its highest achievement in the Salt River Valley for the same reason. Very truly yours,

J. DE BARTH SHORB.

FACTS.

The following extracts confirm the fact that the Salt River Valley is a superior region for growing oranges :

SALT RIVER ORANGES

THAT WILL ASTONISH THE WORLD.

The Improvement Company Sends Them East and
West as Samples.

(Arizona Daily Gazette, Dec. 5, 1891.)

The Arizona Improvement Company has men packing the last of its crop of Washington naval oranges from the grove near the Arizona Falls. Over 150 boxes have been gathered, and some of them sent to California and some to the East, samples even having been sent to Florida. These oranges were fully ripened November 15th. The ordinary orange of commerce reaches the market in February and March. Their oranges are ready for shipment by November 10th, and are the earliest fully matured oranges in the United States. The young trees of this company were planted in April, 1889, and were two-year-old buds when planted. A partial crop was gathered from the orchard in December, 1890. M. Tait, who has charge of the grove for the company, is a California orange expert and has made the business a study for years. Last summer he traveled over the State of Florida, investigating orange culture in that State, and from what he learned he thinks that the Salt River Valley is the best country in the United States to raise the Washington naval. "In fact," said he, "they don't grow

in Florida to do any good at all." Mr. Tait says also that there are only two places in California where the naval does well, and that is Riverside, Redlands and vicinity. Even here they do not come up to the Salt River Valley production, neither in size nor in quality.

Not only has the Improvement Company the best oranges, but the *Gazette* man was shown some samples of the finest and largest lemons he had ever seen. The only place in the United States that can compete with them for size and quality is Yuma, where they grow to perfection.

It is now thoroughly demonstrated that the Salt River Valley not only leads in alfalfa fields and fine stock, but produces the finest citrus fruits in the world. The people here are satisfied now with the tests made by the Improvement Company, and are putting in large tracts this year, both of oranges and lemons.

The south side of the river, at Mesa and Kyrene, over one thousand acres are being prepared for oranges alone, and this is only a starter to what will follow next year. There is not much doubt that within five years there will be more naval oranges shipped from the Salt River Valley than from Southern California. The navals that ripen here in November are much sweeter and of finer flavor than those that ripen in California in February and March.

ARIZONA ORANGES.

(Rural Press, December 12, 1891).

We are indebted to Mr. Geo. P. Keeney for some fine specimens of Washington naval oranges, grown

in Salt River Valley, Arizona. These oranges were produced on the property of the Arizona Improvement Company, near Phoenix, Arizona, and forwarded in boxes to Mr. Daniel Titus, 306 Pine street, this city. They are of the highest class as regards flavor, appearances and size.

The trees from which these oranges were picked were planted in April, 1889, and were two-year-old buds when planted. A partial crop was gathered in December, 1890, but the samples furnished us are believed to be the first ever sent to this city. The fact that these specimens are so far advanced in maturity and so sweet so early in the season, would argue special advantages to Arizona in marketing her orange crop.

It is but three years since the first organized and definite movement toward orange culture was undertaken in Arizona, though there are a number of trees in the Salt River Valley which have borne for the past ten years. It is claimed by the growers that the crop from the trees last winter was picked fully two months earlier than the first shipments from California.

There are now in the Salt River Valley about 600 acres set out to oranges and lemons, 200 acres of which will be in bearing next season. Ex-Governor C. Meyer Zulick, in his last official report, has dwelt at great length upon the horticulture and viticulture of the territory, and it is largely to his efforts in this behalf that the present success in this direction has been achieved.

ORANGES FROM ARIZONA.

FINE FRUIT GROWN IN THE SALT RIVER VALLEY.

(S. F. Chronicle, December 11, 1891.)

Some exceptionally fine specimens of naval oranges have been received in this city within a few days from Phoenix, A. T. In size and appearances these oranges leave nothing to be desired, while their flavor is remarkably good, considering the fact that on the Pacific coast oranges are not fully ripened until January or February. The trees from which this fruit was picked were planted as recently as April, 1889, and that they should have borne any fruit at all is remarkable. There are already some 600 acres planted in citrus fruits in the Salt River Valley, and arrangements are now being perfected to plant 4,000 acres in addition during the coming season. With the fruit referred to as a criterion, there would seem to be good ground for the belief that Arizona will before many years attain importance as an orange-producing region.

ARTICLES OF INCORPORATION

—OF THE—

Arizona Orange and Improvement Company.

KNOW all men by these presents, that we, C. Meyer Zulick, William Pilcher and J. Frank Meador, desiring to associate ourselves and become incorporated under the provisions of the law of the Territory of Arizona, and especially Title XII of said laws, entitled "Corporations," approved March 8, 1887, for the purpose of engaging in the lawful enterprise, business, pursuit and occupation hereinafter specified, do make, subscribe and acknowledge, according to law, in triplicate, these ARTICLES OF INCORPORATION, and declare:

I.

The name assumed by the corporation and by which it shall be known, is "THE ARIZONA ORANGE AND IMPROVEMENT COM-

PANY," and its principal place of transacting business, is and shall be the City of Phoenix, in the County of Maricopa and Territory of Arizona, and the time of commencement of this corporation shall be the day of the filing of these Articles in the office of the County Recorder of the County of Maricopa, in the Territory of Arizona, and the termination thereof shall be fifty (50) years thereafter.

II.

The enterprise, pursuit, business and occupation in which this Corporation proposes to engage, is that of the purchase and sale of orange and lemon groves, fruit orchards, vineyards and other lands, and orange, lemon and fruit trees and vines. The growing, planting, handling, and dealing in oranges, lemons and other fruits, fruit trees, vines and nuts. The purchase, sale and lease of water, water-rights, water stocks, and the development and distribution of water and water power. To erect, build, construct, buy and sell, lease and occupy dwelling-houses, warehouses, and other buildings and structures ; and to do and perform everything necessary and useful to the

successful operation of said Company not contrary to the laws of the United States and the law of Arizona.

III.

The amount of the capital stock of said corporation shall be two million dollars (\$2,000,000), to be divided into four thousand (4,000) shares at the par value of five hundred dollars (\$500) per share, to be paid in full and installments upon the issuance of the shares.

IV.

The affairs of the Corporation shall be conducted by a Board of six Directors, one of whom shall be President of the Corporation, a Secretary and Treasurer. The Officers and Directors are to be elected annually on the third Wednesday of November.

V.

The highest amount of indebtedness or liability, direct or contingent, to which the said Corporation is at any time to subject itself, or to which said Corporation is at any time to be subject, shall be two-thirds of its capital stock.

VI.

The private property of all stockholders shall be exempt from all debts of the Corporation.

IN WITNESS WHEREOF, we have hereunto set our hands and seals the 17th day of November, 1891, in triplicate.

[SEAL]	C. MEYER ZULICK.
[SEAL]	WILLIAM PILCHER.
[SEAL]	J. FRANK MEADOR.

TERRITORY OF ARIZONA, }
 COUNTY OF MARICOPA, } ss.
 City of Phœnix. }

On the 17th day of November, A. D., 1891, before me, Frank Baxter, a Notary Public in and for said County and Territory, personally appeared C. Meyer Zulick, William Pilcher and J. Frank Meador, known to me to be the same persons whose names are subscribed to the said annexed instrument, who duly acknowledge to me that they executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto

set my hand and affixed my seal at my office in Phoenix, Arizona, the day and year in this certificate first above written.

[SEAL] FRANK BAXTER,
Notary Public.

Filed and recorded at request of J. F. Meador, November 17, 1891, at 4:10 o'clock, P. M.
NERI OSBORN,
County Recorder.

TERRITORY OF ARIZONA, } ss.
COUNTY OF MARICOPA. }

I, Neri Osborn, County Recorder in and for the County and Territory aforesaid, hereby certify that I have compared the foregoing copy with the original Articles of Incorporation, as filed and recorded in my office on the 17th day of November, 1891, in Book No. 1, of Articles of Incorporations, at page 444, etc., and that the same is a full, true and correct copy of such original and of the whole thereof.

Witness my hand and seal of office, this 17th day of November, 1891.

[SEAL] NERI OSBORN,
County Recorder.

ARTICLES OF AGREEMENT.

THIS AGREEMENT, made and entered into this day of
A. D. 1892, by and between C. Meyer Zulick and J. Frank Meador of Phoenix, County of Maricopa, Territory of Arizona, parties of the first part, and the ARIZONA ORANGE AND IMPROVEMENT COMPANY, a corporation, having its principal place of business in the City of Phoenix, County of Maricopa, Territory of Arizona, party of the second part, WITNESSETH:

That for and in consideration of the sum of Two Million Dollars (\$2,000,000), to be paid as hereinafter specified, the parties of the first part have this day agreed to sell and convey unto the party of the second part the following described land, with water rights attached and under the canal of the Highland Land and Water Company, situated in the County of Maricopa, and Territory of Arizona, to-wit: The east half

of Section 32 and the west half of Section 33 in Township 1 north, of Range 6 east; the east half of Section 5 and the west half of Section 4, and all of Section 8, 17, 20 and 31, all in Township 1 south, of Range 6 east, of Gila and Salt River meridian, said land having water deeded to the same by the Highland Land and Water Company.

Also, 1,300 shares out of a total of 1,600 shares, of the Highland Land and Water Company, of Maricopa County, Arizona, subject to bonds of \$100,000, and having a par value of \$100 per share; and for the purpose of carrying out said agreement and the further purpose of guaranteeing the fulfillment of all the conditions of this agreement, the parties of the first part have this day placed in escrow with the Cutting Packing Company, of San Francisco, California, said canal stock and warranty deeds for said land and water, subject to the terms of this agreement.

Said parties of the first part agree to plant said land to choice stock and varieties of orange trees, or such other fruit or nut trees, as the parties hereto may mutually agree upon, as rapidly as the money paid to them

by the party of the second part, the seasons, procuring of trees and labor and other conditions will permit, and to properly cultivate and care for the same for five years, including the year in which said fruit may be planted, and to deliver said land and trees, all in good condition, to said party of the second part, after five years of care and cultivation, as aforesaid, free and clear of all incumbrances whatsoever.

The parties of the first part also agree to pay all taxes on said land and canal stock ; the interest on said bonds of the Highland Land and Water Company, and all other expenses of whatsoever kind connected with the delivery of said land and water and canal stock, as herein agreed upon, free and clear of all incumbrances except as heretofore stated.

The said parties of the first part further agree to and with the said party of the second part to pay the stockholders of said Company 6 per cent interest upon all the money actually paid in by them, from the time it is paid to said party of the second part, until delivery of deeds as herein agreed upon. Said interest shall be reckoned to the 31st

day of December of each year, and payable on the 1st day of February following.

Said party of the second part, in consideration of the foregoing premises, hereby agrees to purchase from the said parties of the first part the aforesaid land and water, and the said 1,300 shares of stock of the Highland Land and Water Company, for the sum of \$2,000,000, payable in cash and stock of the ARIZONA ORANGE AND IMPROVEMENT COMPANY, as follows, to-wit: \$1,080,000 in the stock of the ARIZONA ORANGE AND IMPROVEMENT COMPANY and \$920,000 in cash, payable as follows, to-wit: On the 15th day of each month all the money which may have been collected during the previous calendar month, on the stock of the ARIZONA ORANGE AND IMPROVEMENT COMPANY sold by the said party of the second part, until the sum of \$552,000 has been paid, and the remainder, \$368,000, as derived from the first profits of the fruit grown on said land after the trees are five years old and ready for delivery as aforesaid, provided, that not less than \$5,000 per month shall be paid; also, provided, that not more than \$60,000 shall be paid to

said parties of the first part at any one time, or in the aggregate, until a committee of stockholders of said ARIZONA ORANGE AND IMPROVEMENT COMPANY has inspected the work done, or the investment of the money paid to them, and reported to said party of the second part that the money has been properly and judiciously used and expended to the advantage of the party of the second part, and recommend the continuation of the payments; provided, also, that a similar committee shall inspect the accounts of the parties of the first part in the management of the said land and orchard after the fifth year, and until the parties of the first part shall have received the full amount due them and make settlements thereof with them from time to time.

It is agreed and understood that all of said stock of the ARIZONA ORANGE AND IMPROVEMENT COMPANY, which is as aforesaid, to be paid to said parties of the first part, shall also be placed in escrow and as security, together with said deeds of land and stock of the Highland Land and Water Company (except 500 shares of the said stock of the ARIZONA ORANGE AND IMPROVEMENT COMPANY, valued at \$250,000, par value, which it is hereby agreed shall be paid said parties of the first part when said deeds and stock are placed in escrow as aforesaid), until the delivery of the said

deeds and stock to said party of the second part as hereinbefore stipulated, provided, that when 2,000 acres of said land with water are planted by the parties of the first part as herein agreed, they may withdraw, for their own use and benefit, 500 shares of said stock placed in escrow as aforesaid to their credit, and valued at \$250,000, par value, and that when 3,000 acres are so planted, for their own use and benefit as aforesaid, they may withdraw an additional 500 shares of said stock placed in escrow and valued at \$250,000, par value.

It is further agreed and understood by and between the parties hereto, and as a part of this agreement, that the said parties of the first part shall, at their own cost and charge, do all things necessary to be done for the proper care, cultivation, fertilization and irrigation of the aforesaid land so purchased from them as aforesaid, and the trees so set out thereon, as aforesaid, including the payment of water rents and the replacing with sound trees any trees that shall die during the period of five years from the time of planting same, and that they shall also pay all taxes that may be levied upon said property until the delivery of same to said party of the second part, and that said parties of the first part shall be entitled to receive and shall receive to themselves absolutely, all the income accruing from the said lands and

water and canal and canal stock so sold as aforesaid to the party of the second part, until the delivery of said land and water, deeds and canal stock as herein provided.

It is further agreed and understood by and between the parties hereto, and as a part of this agreement, that, if at any time before the final delivery of said land, water, deeds, etc., as aforesaid, said parties of the first part shall fail to take such care of said land and trees or to plant the same as aforesaid agreed, and to make such payments as are herein by them agreed to be made, that then, and in that event, the said party of the second part shall have the right to take such care of said land and trees, or to plant the same, pay the taxes thereon and all interest or other expenses incident thereto, and collect and receive the income therefrom; and that if such income shall be insufficient to pay the expenses of such care or planting and to pay the said taxes and interest or other expenses, and the said parties of the first part shall fail to pay the amount of such deficiency after receiving thirty days' notice in writing from said party of the second part, then the said party of the second part may withdraw from the aforesaid Cutting Packing Company and sell a sufficient amount of the securities so deposited with them as aforesaid, consisting of stock of the said ARIZONA ORANGE AND

IMPROVEMENT COMPANY, to meet such deficiency. Should any dispute arise between the parties hereto as to whether any such failure as aforesaid, on the part of the parties of the first part, has occurred, or as to the right of the said party of the second part to proceed as aforesaid, in the event of any such failure, or should any other misunderstanding arise in the interpretation of this agreement, the question in dispute shall be submitted to referees, one of whom shall be chosen by the parties of the first part and one by the said party of the second part, and such referees, in case they should be unable to agree, shall choose a third one, and the decision of two of said referees shall be binding on the parties hereto.

The said party of the second part, in consideration of the foregoing premises, hereby agrees and assents to the terms of the undertakings on the part of the parties of the first part, as is heretofore provided.

This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the said parties hereto have hereunto set their hands and caused these presents to be duly executed in quadruple the day and year first above written.