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EXHIBIT A

Purchase Agreement

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this “Agreement”), is made and entered into by and between Weber Basin Water Conservancy District, a water conservancy district organized and existing pursuant to the provisions of §17B-2a-1001 *et seq.*, Utah Code Annotated, 1953, as amended, and a political subdivision of the State of Utah (“**Weber Basin**”) and Summit Water Distribution Company, a mutual non-profit water company organized and existing under the laws of the State of Utah (“**Summit Water**”), Trilogy Limited, LP, a Georgia limited partnership (“**Trilogy**”), and Leon H. Saunders, an individual (“**Saunders**”). Summit Water, Trilogy and Saunders are herein sometimes referred to individually and collectively as “**Seller**”. Weber Basin and each Seller are hereinafter sometimes referred to individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS

A. Weber Basin, in part under agreement with the United States Bureau of Reclamation, owns or administers certain water rights and operates an extensive water storage, treatment and distribution system commonly known as the “Weber Basin Project”, by means of which Weber Basin Project water and water under other Weber Basin water rights are made available, by contract, to municipalities and other entities and persons within Weber Basin’s boundaries, including water supplies developed by Weber Basin subsequent to construction of the original Weber Basin Project in part to supplement water supplies in Summit County, Utah.

B. Summit Water owns and operates an approved water system to supply water within its service area in Summit County, Utah.

C. Pursuant to the articles of incorporation, bylaws and rules and regulations of Summit Water and consistent with the business practices of Summit Water, Summit Water holds legal title to, *inter alia*, a water treatment plant located on East Canyon Creek at Jeremy Ranch in Summit County, Utah, a pipeline from said water treatment plant to Silver Creek Junction and thence along Highway 40 to Quinn’s Junction in Park City, Summit County, Utah, a pipeline from said water treatment plant to White Pine Road in Park City, Summit County, Utah, a pipeline from said water treatment plant down East Canyon to the Morgan County line, and other storage facilities, pump station(s), pipeline(s) and other infrastructure and appurtenances related to the foregoing; however, Summit Water makes no claim to ownership of the capacity in such assets, except to the extent of the capacity allocated to the class B shareholders of Summit Water (which unallocated capacity is owned and used by Trilogy and Saunders in connection with their trade and business related to water development in western Summit County, Utah), and in the event of a sale or other disposition of such assets, Summit Water is required to ensure that the holders of the rights to the capacity in said assets are fully and fairly compensated.

D. Concurrently with the execution of this Agreement, Weber Basin, Park City Municipal Corporation, a municipal corporation organized under the laws of the State of Utah, Park City Water Service District, a local district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended, Mountain Regional

Water Special Service District, a local district organized and existing pursuant to the provisions of §17D-1-101 et seq., Utah Code Annotated, 1953, as amended, Snyderville Basin Water Reclamation District, a local district organized and existing pursuant to the provisions of §17B-2a-401 et seq., Utah Code Annotated, 1953, as amended, Summit County, a county of the State of Utah, and Seller are entering into the Western Summit County Project Master Agreement (the “**Master Agreement**”).

E. The transactions which are the subject of the Master Agreement are contingent on Weber Basin acquiring certain of Seller’s assets, as more particularly provided herein, which assets have a substantial economic value, the acquisition of which is for the benefit of the parties to the Master Agreement and, together with the other provisions of the Master Agreement, will result in substantial benefit to the public, including superior management of water resources, environmental benefits and enhancements to natural stream environments.

F. To the extent the amount paid by Weber Basin for the assets transferred by Saunders to Weber Basin under this Agreement is less than the fair market value of such assets, Saunders intends to make a charitable contribution to Weber Basin in an amount equal to such difference.

G. To the extent the amount paid by Weber Basin for the assets transferred by Trilogy to Weber Basin under this Agreement is less than the fair market value of such assets, Trilogy intends to make a charitable contribution to Weber Basin in an amount equal to such difference.

H. Weber Basin does not intend to dispose of the assets which are the subject of this Agreement within the three (3) year period following the date of this Agreement.

I. The Parties desire to enter into this Agreement in order to provide for: (i) the acquisition by Weber Basin of the water treatment plant located at 2950 Rasmussen Road in Park City, Summit County, Utah, all other infrastructure and appurtenances related thereto, and all capacity therein; (ii) the acquisition by Weber Basin of the right to use up to Fifty Percent (50%) of the capacity of the pipeline from said water treatment plant to Quinn’s Junction in Park City, Summit County, Utah, and related storage facilities, pump station(s), pipeline(s) and other infrastructure and appurtenances; (iii) an option for Weber Basin to purchase Seller’s East Canyon pipeline from said water treatment plant to the Morgan County line, all storage facilities, pump station(s), pipeline(s) and other infrastructure and appurtenances related thereto, and all capacity therein; (iv) an option for Weber Basin to purchase the right to use up to Fifty Percent (50%) of the capacity of Seller’s pipeline from said water treatment plant to White Pine Road in Park City, Summit County, Utah, and related storage facilities, pump station(s), pipeline(s) and other infrastructure and appurtenances; and (iv) the assignment by Summit Water to Weber Basin of its contract with Davis & Weber Counties Canal Company, a Utah nonprofit corporation, for the purchase of Five Thousand (5,000) acre-feet per year of water stored in East Canyon Reservoir and subsequent amendment of the same. A map showing the location of the Facilities which are the subject of this Agreement is attached hereto as Exhibit A.

In consideration of the foregoing, the mutual representations, warranties and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

All capitalized words or expressions used in this Agreement (including the Schedules and Exhibits annexed thereto) shall have the meanings specified in this Article I (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Acquired Assets” means the East Canyon Water Treatment Plant and the Highway 40 System, and the Highway 224 System (if Weber Basin purchases the right to use a portion of the capacity thereof pursuant to Section 4.1) and the East Canyon Pipeline (if Weber Basin purchases the same pursuant to Section 4.2).

“Affiliate” means, when used with respect to any Person, (a) if such Person is a corporation, any officer or director thereof and any Person which is, directly or indirectly, beneficial owner (by itself or as part of any group) of more than five percent (5%) of any class of any voting security thereof, and, if such beneficial owner is a partnership, any general or limited partner thereof, or if such beneficial owner is a corporation, any Person controlling, controlled by or under common control with such beneficial owner, or any officer or director of such beneficial owner or of any corporation occupying any such control relationship, (b) if such Person is a partnership, any general or limited partner thereof and (c) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. For purposes of this definition, (i) “control” (including the correlative terms “controlling”, “controlled by” and “under common control with”), with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise, and (ii) all employees, stockholders, consultants and agents of Seller shall be considered an Affiliate of Seller (none of which, however, shall be deemed Affiliates of Weber Basin).

“Agreement” means this Agreement (together with all Exhibits and Schedules hereto) as from time to time assigned, supplemented, modified, amended, or restated or as the terms hereof may be waived.

“Benefit Plan” means all “employee benefit plans”, as that term is described in Section 3(3) of ERISA, including all deferred compensation, pension, profit sharing, retirement and savings plans, and all health and life insurance and other welfare plans maintained at or by Summit Water, or with respect to which Summit Water has made any payments or contributions for or on behalf of any Business Employee; and also includes any Fringe Benefits, any medical, dental, cafeteria, disability, death benefit or life insurance plan, and any nonqualified deferred compensation arrangements provided by Summit Water to or on behalf of Business Employees.

“Books and Records” means all books, records and other data relating to particular asset(s), including without limitation all production reports and records, equipment logs,

operating guides and manuals, personnel records, correspondence and other similar documents and records;

“Business Employees” means Seller’s present employees.

“Claim” means an action, suit, proceeding, hearing, investigation, litigation, charge, complaint, claim or demand.

“Closing” has the meaning set forth in Section 5.1.

“Closing Date” has the meaning set forth in Section 5.1.

“Contaminant” means any pollutant, hazardous substance, radioactive substance, toxic substance, hazardous waste, medical waste, radioactive waste, special waste, petroleum or petroleum-derived substance or waste, asbestos, polychlorinated biphenyls, or any hazardous or toxic constituent thereof and includes any substance defined in or regulated under any Environmental Law.

“Contested Claim” has the meaning set forth in Section 12.5.

“D&W” has the meaning set forth in Section 2.5.

“D&W Contract” has the meaning set forth in Section 2.5.

“Disclosures” has the meaning set forth in Section 6.3.

“East Canyon Pipeline” has the meaning set forth in Section 4.2.

“East Canyon Pipeline Option” has the meaning set forth in Section 4.2.

“East Canyon Real Property” has the meaning set forth in Section 4.2(a).

“East Canyon Water Treatment Plant” has the meaning set forth in Section 2.1.

“Environmental Laws” means all federal, state, and local Laws, statutes, codes, ordinances, rules, regulations, permits, or orders relating to or addressing the environment, health or safety, which shall include, but not be limited to, the use, handling, treatment, storage or disposal of any Contaminant, or workplace or worker safety and health.

“Environmental Liabilities and Costs” means any and all liabilities, regardless of when made or asserted or imposed or asserted to be imposed by operation of law, for all environmental, ecological, health, safety, liability (except as specifically assumed herein) or personal injury, property damage or natural resource damage claims pertaining to the Purchased Assets or any other assets, operations or business of a Party relating to or arising from time periods or events occurring on or prior to the applicable Closing Date, including (i) any uses of or occurrences on any real property currently or previously owned, operated or leased by a Party, whether or not such uses and occurrences were in compliance with then applicable

Environmental Laws, (ii) the presence of any Contaminant or any Release or the threat of Release of any Contaminant on, at or from any real property currently or previously owned, operated or leased by a Party, (iii) the storage, handling, treatment or disposal of any Contaminant transported from any real property currently or previously owned, operated or leased by a Party, whether or not such transportation, storage, handling, treatment or disposal was in compliance with then applicable Environmental Laws, (iv) human exposure to any Contaminant, (v) non-compliance with any Environmental Laws or permits required under Environmental Laws, (vi) any Remedial Action, and (vii) any reasonable fees and expenses of any environmental engineers and attorneys incurred by a Party in connection with any Environmental Liabilities and Costs or the investigation thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, and any similar or successor federal statute, and the rules, regulations and interpretations thereunder, all as the same shall be in effect from time to time.

“Facilities” means water treatment plants, pipelines, pump stations, storage facilities, wells, springs, water supply systems, infrastructure, rights of way, fixtures, appurtenances and other real, personal and mixed property comprising a part of the Acquired Assets, including, but not limited to, the East Canyon Water Treatment Plant, the Highway 40 System, the Highway 224 System (if Weber Basin Purchases the right to use a portion of the capacity thereof pursuant to Section 2.6) and the East Canyon Pipeline (if Weber Basin purchases the same pursuant to Section 2.7).

“Formation Documents” means the Certificate/Articles of Incorporation and Bylaws of a corporation, the Certificate of Formation/Articles of Organization and Operating Agreement of a limited liability company and the decree(s), ordinance(s) or other organization document(s) creating a Governmental Entity, each as amended.

“Fringe Benefits” means all stock options, severance benefits, bonus, and all other contracts, programs, or arrangements that currently provide benefits to Business Employees, including but not limited to the following: employment contracts and salary continuation agreements (including severance pay and parachute payments as defined in section 280G of the Internal Revenue Code of 1986, the regulations thereunder, published Internal Revenue Service rulings and court decisions in respect of any thereof, all as the same shall be in effect from time to time); bonus, profit-sharing or other incentive arrangements; non-cash compensation, prizes and awards; educational assistance, scholarships (for students and others) and tuition reimbursement; prepaid legal plans; moving expenses (for new hires, separations, transfers or others); vacation, paid time off, holiday pay, sick leave or compensation time; outplacement benefits and assistance; auto use, parking, bus passes and other commuting expenses; meals and subsidized cafeterias; uniforms and uniform allowances; employee assistance and wellness programs, physical exams, blood assurance programs, employee health service and sick child care; psychological, substance abuse, financial and other counseling, social services and other free services and discounts (including but not limited to pharmacy discounts); athletic facilities, gyms, club dues and memberships, employee clubs and social functions, discount theater and sports tickets, purchasing clubs, credit unions, housing assistance and home or other loans or advances; non-employee travel and entertainment reimbursement; professional memberships,

dues and publications; safety programs, including but not limited to any worker injury plan or program adopted as a nonsubscriber under any workers' compensation act; split-dollar and other employer-provided life or other insurance; and unwritten perquisites of employment.

“Governmental Entity” shall mean any local, municipal, state or federal governmental, quasi-governmental or regulatory body or agency.

“Highway 224 System” has the meaning set forth in Section 4.1.

“Highway 224 System Option” has the meaning set forth in Section 4.1.

“Highway 224 System OM&R Expenses” has the meaning set forth in Section 4.1.

“Highway 40 System” has the meaning set forth in Section 2.2.

“Highway 40 System OM&R Expenses” has the meaning set forth in Section 2.2.

“Indebtedness” means all obligations, contingent or otherwise, whether current or long-term, which in accordance with United States generally accepted accounting principles would be classified upon the obligor's balance sheet as liabilities (other than deferred taxes) and shall also include capitalized leases, guaranties, endorsements or other arrangements under which responsibility is assumed for the obligations of others, including any agreement to purchase or otherwise to acquire the obligations of others or any agreement, contingent or otherwise, to furnish funds for the purchase of goods, supplies or services for others.

“Initial Closing” has the meaning set forth in Section 5.1.

“Indemnification Trigger Amount” has the meaning set forth in Section 12.2.

“Indemnified Parties” has the meaning set forth in Section 12.2.

“Indemnifying Party” has the meaning set forth in Section 12.2.

“Intellectual Property Rights” means all patents (including design patents, industrial designs and utility models) and patent applications (including docketed patent disclosures awaiting filing, reissues, divisions, continuations-in-part and extensions), patent disclosures awaiting filing determination, inventions and improvements thereto; trademarks, service marks, trade names, trade dress, logos, business and product names, slogans, and registrations and applications for registration thereof; copyrights (including software) and registrations thereof; all inventions, processes, designs, formulae, trade secrets, know-how, industrial models, confidential and technical information, manufacturing, engineering and technical drawings, product specifications, confidential business information and customer lists; all copies and tangible embodiments thereof (in whatever form or medium, including electronic media).

“Laws” has the meaning set forth in Section 6.11(b).

“Lien” means, with respect to any asset, any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien, charge, restriction, adverse claim by a third party, judgment, mechanic’s lien, tax lien or warrant, title defect or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, any assignment or other conveyance of any right to receive income and any assignment of receivables with recourse against assignor), any filing of any financing statement as debtor under the Uniform Commercial Code or comparable Law of any jurisdiction and any agreement to give or make any of the foregoing.

“Losses” means and encompasses all uninsured losses, damages, diminution in value, costs and expenses (all such costs and expenses shall be reasonable) of any kind and nature whatsoever including interest and penalties, expenses of investigation and court costs, attorneys’ fees and disbursements and the reasonable fees and disbursements of other professionals incurred in the investigation or defense of any Claim or in asserting any Claim.

“Master Agreement” has the meaning set forth in Recital D.

“Material Adverse Effect” means an occurrence or event which has had or is reasonably likely to have a material adverse impact or effect on:

(a) the operations, business, assets, liabilities, prospects or condition (financial or otherwise) of a Party; or

(b) the ability of a Party to perform its obligations under any of the Transaction Documents, or the validity or enforceability of any of the Transaction Documents or the rights and remedies of a Party under any of the Transaction Documents.

“Necessary Permits” has the meaning set forth in Section 6.11.

“New D&W Contract” has the meaning set forth in Section 10.2(g).

“Notice of Claim” has the meaning set forth in Section 12.5.

“Permits” means all licenses, permits, franchises, approvals, registrations, authorizations, approvals, consents or orders of, or filings with, any Governmental Entity or industrial bodies held or used in connection with particular asset(s) or necessary for the present conduct of, or relating to, the operation of a Party’s operations or business.

“Permitted Liens” means Liens for current Taxes not yet due and payable or of Taxes the validity of which is contested in good faith by appropriate proceedings; provided, however, that any such Liens or any foreclosure based thereon do not and would not materially interfere with the current use of the Acquired Assets or have a Material Adverse Effect on Weber Basin.

“Person” means any individual, firm, partnership, association, trust, corporation, joint venture, unincorporated organization, limited liability company, Governmental Entity or other entity.

“Purchase Price” has the meaning set forth in Section 3.1.

“Real Property” has the meaning set forth in Section 2.1(a).

“Release” means the release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migrating into the indoor or outdoor environment of any Contaminant through, in, into or from the air, soil, surface water, groundwater or any property.

“Remedial Action” means actions required to (i) clean up, remove, treat or in any other way address Contaminants in the indoor or outdoor environment; (ii) prevent the Release or threat of Release or minimize the further Release or threat of Release of Contaminants; or (iii) investigate and determine if a remedial response is needed, design such a response and perform post-response investigation, monitoring, operation, maintenance and care.

“Retained Liabilities” has the meaning set forth in Section 8.4.

“Subsequent Closing” has the meaning set forth in Section 5.1.

“Survival Date” has the meaning set forth in Section 12.1.

“Tax” means any tax, including federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, customs, duties, capital stock, franchise, licensing, profits, withholding, social security, unemployment, real property, personal property, sales, use, transfer, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

“Tax Return” means any return, declaration, report, claim for refund, information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

“Transaction Documents” means this Agreement and each other certificate, document, instrument or agreement executed in connection herewith or therewith.

“Transfer Taxes” has the meaning set forth in Section 8.6.

“Welfare Plan” means an “employee welfare plan” as defined in Section 3(1) of ERISA.

ARTICLE II PURCHASE AND SALE

2.1 Purchase of East Canyon Water Treatment Plant. Upon the terms and subject to the conditions contained in this Agreement, at the Initial Closing, Seller shall sell, assign, transfer and convey to Weber Basin, and Weber Basin shall purchase, acquire and accept from Seller, all of Seller's right, title and interest in and to its water treatment plant located at 2950 Rasmussen Road in Park City, Summit County, Utah, as more particularly described in Schedule 2.1, together with all other infrastructure and appurtenances related thereto, and all of the capacity therein (the "**East Canyon Water Treatment Plant**"), including all right, title and interest of Seller in and to substantially all of the properties, assets and rights of every nature, kind and description, used or held for use, directly or indirectly, in connection with the East Canyon Water Treatment Plant. The East Canyon Water Treatment Plant shall include all of the properties, assets and rights of every nature, kind and description, used or held for use, directly or indirectly, in connection with the East Canyon Water Treatment Plant, including, but not limited to, the following: the real property described on Schedule 2.1(a), including all structures, fixtures and improvements on such real property, all easements or other appurtenances for the benefit of such real property, and such additional fixtures, improvements and interests in real property made or acquired between the date of this Agreement and the Initial Closing Date and used or held for use by Seller principally in the operation of the East Canyon Water Treatment Plant (collectively, the "**Real Property**");

(b) all machinery, equipment, computers, computer hardware and software, tools, supplies, parts, inventory, furniture and fixtures and other tangible assets primarily relating to or used or held for use in connection with the East Canyon Water Treatment Plant, including without limitation those described in Schedule 2.1(b);

(c) all rights, benefits and interests under all leases or rental agreements covering equipment, machinery, computers, leasehold improvements, furniture and fixtures, computer hardware and software, tools, supplies, automobiles and other tangible assets primarily relating to or used or held for use in connection with the East Canyon Water Treatment Plant;

(d) all Books and Records relating to the East Canyon Water Treatment Plant;

(e) all Permits held or used in connection with the East Canyon Water Treatment Plant, to the extent the same are transferable; and

(f) all other rights, interests, assets and items of property, real or personal, tangible or intangible, owned, used, directly or indirectly, by or accruing to the benefit of Seller in connection with the East Canyon Water Treatment Plant or necessary or appropriate to enable Weber Basin to operate the East Canyon Water Treatment Plant.

2.2 Purchase of Capacity in Highway 40 System. Upon the terms and subject to the conditions contained in this Agreement, at the Initial Closing, Seller shall sell, assign, transfer and convey to Weber Basin, and Weber Basin shall purchase, acquire and accept from Seller, the right to use up to Fifty Percent (50%) of the capacity of Seller's pipeline from the East Canyon Water Treatment Plant to Quinn's Junction in Park City, Summit County, Utah, as more

particularly described in Schedule 2.2, together with all related storage facilities, pump station(s), pipeline(s) and other infrastructure and appurtenances (collectively, the “**Highway 40 System**”). Following the Initial Closing, Summit Water shall operate, maintain, repair and replace the Highway 40 System at its sole cost and expense, and Weber Basin shall collect from the Parties to the Master Agreement and shall reimburse Summit Water for Summit Water’s reasonable actual out-of-pocket expenses for the use of that portion of the Highway 40 System actually utilized by Weber Basin in transporting water to such Parties, in an amount proportionate to the quantity of such water actually transported by Weber Basin to such Parties (the “**Highway 40 System OM&R Expenses**”). Summit Water shall account for and maintain accurate records of the Highway 40 System OM&R Expenses, which records shall be available for inspection by Weber Basin at any reasonable time during normal business hours, and shall notify Weber Basin of the amount of Highway 40 System OM&R Expenses from time to time. Weber Basin shall pay the same within sixty (60) days after receiving such notification.

2.3 Taxes. All general and special taxes and assessments against the East Canyon Water Treatment Plant for all periods prior to the date of the Initial Closing shall be paid by Seller at or prior to the Initial Closing. The amount of such taxes shall be estimated based on information provided by the applicable county assessor. In the event said estimated amount is less than the amount of such taxes that are ultimately determined by the applicable county assessor to be due and payable, Seller shall pay the amount of such deficiencies as and when the same are due.

2.4 Possession. Seller shall deliver possession of the East Canyon Water Treatment Plant to Weber Basin upon the Initial Closing.

2.5 Assignment of D&W Contract. Upon the terms and subject to the conditions contained in this Agreement, and with the written consent of the Davis & Weber Counties Canal Company (“**D&W**”), at the Closing, Seller shall assign to Weber Basin all of its right, title and interest in and to Summit Water’s contract with the D&W for the purchase of Five Thousand (5,000) acre-feet per year of water stored in East Canyon Reservoir, a copy of which is attached hereto as Exhibit B (the “**D&W Contract**”).

2.6 Charitable Contribution. To the extent that the fair market value of the East Canyon Water Treatment Plant and the Highway 40 System transferred pursuant hereto by each Seller is in excess of the portion of the Purchase Price payable hereunder to such Seller, Weber Basin agrees to accept the remainder of said assets transferred by such Seller as a charitable contribution from such Seller. Upon receipt of evidence satisfactory to Weber Basin that the fair market value of the assets transferred by each Seller exceeds the portion of the Purchase Price payable to such Seller, Weber Basin agrees to execute and provide to such Seller Internal Revenue Service Form 8283 (Noncash Charitable Contributions) relating to such charitable contributions, and will reasonably cooperate with such Seller to provide any other information or documents and execute any other documents required by the Internal Revenue Service or reasonably requested by such Seller to support their respective claims relating to such charitable contributions. However, Weber Basin does not represent or warrant that there is a difference between the fair market value of such assets and the Purchase Price, and each Seller agrees to indemnify, protect, and save and hold harmless Weber Basin and its trustees, officers, managers, employees, contractors and agents against and in respect of any and all claims, losses, liabilities,

damages, costs, deficiencies or expenses (including attorney's fees) resulting from any claim or adverse ruling by the Internal Revenue Service or any state taxing authority relating to any claimed charitable deduction, and any and all actions, suits, proceedings, demands, assessments, judgments, costs, legal and accounting fees and other expenses incident to any of the foregoing.

ARTICLE III PURCHASE PRICE

3.1 Purchase Price. In consideration for the acquisition of the East Canyon Water Treatment Plant, the capacity in the Highway 40 System, the options described in Sections 4.1 and 4.2, and the other covenants of Seller herein, Weber Basin hereby agrees to pay to Saunders the total sum of Six Million Five Hundred Thousand Dollars (\$6,500,000) and to Trilogy the total sum of Six Million Five Hundred Thousand Dollars (\$6,500,000) (collectively, the "**Purchase Price**") in immediately available funds at the Initial Closing, and further agrees to enter into the Master Agreement for the benefit of Summit Water and the other parties thereunder.

3.2 Escrow. Pursuant to the Master Agreement, Summit County has agreed to release its lien on the Acquired Assets for unpaid property taxes, which is being contested by Summit Water before the Utah State Tax Commission (the "**Tax Case**"). Notwithstanding the provisions of Section 3.1 above, in exchange for the release of said lien, Seller hereby authorizes Weber Basin to withhold from the Purchase Price the sum of Eight Hundred Three Thousand Four Hundred Sixty and 56/100 Dollars (\$803,460.56) and place such sum in an independent escrow providing that at the conclusion of the Tax Case, following the exhaustion of all appeals or appeal periods, the funds from said escrow shall be disbursed in accordance with the decision of the Utah State Tax Commission or the court, as the case may be.

ARTICLE IV OPTIONS

4.1 Option to Purchase Capacity in Highway 224 System. Seller hereby grants to Weber Basin the right and option, coupled with an interest, to purchase the right to use up to Fifty Percent (50%) of the capacity in Seller's pipeline from the East Canyon Water Treatment Plant to White Pine Road in Park City, Utah, as more particularly described in Schedule 4.1, together with all related storage facilities, pump station(s), pipeline(s), rights of way, permits, authorizations and other infrastructure and appurtenances (collectively, the "**Highway 224 System**") for the sum of One Million Four Hundred Sixty Thousand Dollars (\$1,460,000) (the "**Highway 224 System Option**"). Weber Basin may exercise the Highway 224 System Option at any time by giving Seller written notice of its intent to exercise the same, whereupon Weber Basin shall have the right (and Seller agrees to fully cooperate with and allow Weber Basin) to examine the Highway 224 System and each component thereof, and all Books and Records and all Permits relating thereto. If Weber Basin finds the Highway 224 System and all Books and Records and all Permits relating thereto to be satisfactory, Weber Basin shall notify Seller of such satisfaction and said purchase and sale shall be closed within thirty (30) days thereafter. Following such closing, Summit Water shall operate, maintain, repair and replace the Highway 224 System at its sole cost and expense, and Weber Basin shall collect from the Parties to the Master Agreement and shall reimburse Summit Water for Summit Water's reasonable actual out-

of-pocket expenses for the use of that portion of the Highway 224 System actually utilized by Weber Basin in transporting water to such Parties, in an amount proportionate to the quantity of such water actually transported by Weber Basin to such Parties (the “**Highway 224 System OM&R Expenses**”). Summit Water shall account for and maintain accurate records of the Highway 224 System OM&R Expenses, which records shall be available for inspection by Weber Basin at any reasonable time during normal business hours, and shall notify Weber Basin of the amount of Highway 224 System OM&R Expenses from time to time. Weber Basin shall pay the same within sixty (60) days after receiving such notification. In the event Weber Basin exercises its option to purchase the East Canyon Pipeline pursuant to Section 4.2 below and has not previously purchased the Highway 224 System as provided in this Section 4.1, Weber Basin agrees to purchase the Highway 224 System when the East Canyon Pipeline has been extended to East Canyon Reservoir and is operational.

4.2 Option to Purchase East Canyon Pipeline. Seller hereby grants to Weber Basin the right and option, coupled with an interest, to purchase Seller’s pipeline from the East Canyon Water Treatment Plant to the Morgan County line, as more particularly described in Schedule 4.2, together with all storage facilities, pump station(s), pipeline(s), rights of way, permits, authorizations and other infrastructure and appurtenances related thereto and all capacity therein (collectively, the “**East Canyon Pipeline**”), for the sum of Six Million Forty Thousand Dollars (\$6,040,000) (the “**East Canyon Pipeline Option**”). Weber Basin may exercise the East Canyon Pipeline Option at any time by giving Seller written notice of its intent to exercise said option, whereupon Weber Basin shall have the right (and Seller agrees to fully cooperate with and allow Weber Basin) to examine the East Canyon Pipeline and each component thereof, all Books and Records and all Permits pertaining to the East Canyon Pipeline and a title insurance commitment pertaining to the East Canyon Pipeline. If Weber Basin finds the East Canyon Pipeline, all Books and Records and all Permits relating thereto and said title insurance commitment to be satisfactory, Weber Basin shall notify Seller of such satisfaction and said purchase and sale shall be closed within thirty (30) days thereafter. At such closing, Seller shall convey the East Canyon Pipeline to Weber Basin, free and clear of all Liens, and shall pay all title insurance premiums relating thereto. Real property taxes relating to the East Canyon Pipeline shall be prorated between Summit County and Weber Basin as of the date of such closing, and possession shall be delivered to Weber Basin as of the date of such closing. The East Canyon Pipeline shall include all of the properties, assets and rights of every nature, kind and description, used or held for use, directly or indirectly, in connection with the East Canyon Pipeline, including, but not be limited to, the following: the real property described on Schedule 4.2(a), including all structures, fixtures and improvements on such real property, all easements or other appurtenances for the benefit of such real property, and such additional fixtures, improvements and interests in real property made or acquired between the date of this Agreement and the date of such closing and used or held for use by Seller principally in the operation of the East Canyon Pipeline (collectively, the “**East Canyon Real Property**”);

(b) all machinery, equipment, computers, computer hardware and software, tools, supplies, parts, inventory, furniture and fixtures and other tangible assets primarily relating to or used or held for use in connection with the East Canyon Pipeline;

(c) all rights, benefits and interests under all leases or rental agreements covering equipment, machinery, computers, leasehold improvements, furniture and fixtures,

computer hardware and software, tools, supplies, automobiles and other tangible assets primarily relating to or used or held for use in connection with the East Canyon Pipeline;

- (d) all Books and Records and other data relating to the East Canyon Pipeline;
- (e) all Permits relating to the East Canyon Pipeline; and
- (f) all other rights, interests, assets and items of property, real or personal, tangible or intangible, owned, used, directly or indirectly, by or accruing to the benefit of Seller in connection with the East Canyon Pipeline or necessary or appropriate to enable Weber Basin to operate the East Canyon Pipeline.

ARTICLE V CLOSING

5.1 Time and Place of Closing. The closing of the transactions described in Article II (the “**Initial Closing**”) shall take place on the second business day following the fulfillment or waiver of all conditions to the Initial Closing at the offices of Weber Basin’s counsel or at such other place and time as the parties hereto may agree, and simultaneously with the execution of the Master Agreement, and shall be effective as of 11:59 p.m. on the date of such Initial Closing. The closing, if any, of the transactions described in Sections 4.1 and 4.2 (each a “**Subsequent Closing**”) shall take place on the second business day following the fulfillment or waiver of all conditions to each such Subsequent Closing at the offices of Weber Basin’s counsel or at such other place and time as the parties hereto may agree, and shall be effective as of 11:59 p.m. on the date of the applicable Subsequent Closing. The term “**Closing**” as used herein shall mean the Initial Closing or any Subsequent Closing, as applicable. The term “**Closing Date**” as used herein shall mean the date of the Initial Closing or the date of any Subsequent Closing, as applicable. At Closing, the Parties shall make or cause to be made the deliveries applicable to such Closing as provided for in Article IX.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF SELLER

Each Seller hereby represents and warrants, to and for the benefit of Weber Basin, as of the date of execution of this Agreement and as of the applicable Closing Date, as follows:

6.1 Organization and Qualification. Summit Water is duly organized, validly existing and in good standing under the laws of the State of Utah, with full corporate power and authority to conduct its operations and business as they are now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all of its obligations under all contracts. Trilogy is duly organized, validly existing and in good standing under the laws of the State of Georgia, with full corporate power and authority to conduct its operations and business as they are now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all of its obligations under all contracts. Copies of Summit Water’s and Trilogy’s respective Formation Documents have been delivered to Weber Basin and are true, complete and correct.

6.2 Authority; No Violation. Each Seller has all requisite power and authority to enter into this Agreement and the other Transaction Documents to which such Seller is a party and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the other Transaction Documents to which each Seller is a party have been duly and validly authorized and approved by all necessary corporate and shareholder action. This Agreement and each other Transaction Document to which each Seller is a party constitutes such Seller's legal and binding obligation, enforceable against it in accordance with the terms hereof and thereof. The execution, delivery and performance of this Agreement and the other Transaction Documents will not (a) violate the provisions of any applicable federal, state, local or foreign Laws, (b) violate any provisions of any Seller's Formation Documents, or (c) violate any provision of, or result (with or without the giving of notice or the lapse of time or both) in a default or acceleration of any obligation under any Lien, agreement (other than with respect to provisions relating to the assignment thereof to Weber Basin), instrument, indenture, order, arbitration award, judgment, or decree to which any Seller is a party or by which it is bound, or to which any of its property is subject.

6.3 Disclosures; Accuracy of Information. Each Seller has provided to Weber Basin all engineering data and studies, zoning information, marketing studies, water studies, water rights information, sewer studies, surveys, topographic and other maps, leases, contracts, easements, rights of way, water supply contracts, utility information, Permits, licenses, governmental approvals, soils reports and environmental assessments, reports and audits, and other material documents and information affecting or relating to the Acquired Assets and such Seller's operations and business to the extent applicable to the Acquired Assets ("**Disclosures**"). All Disclosures, and all Exhibits and Schedules relating to the Acquired Assets, are correct, complete, consistent with the internal books and records of such Seller, and accurately reflect in all material respects and in reasonable detail such Seller's assets, liabilities, operations and business to the extent applicable to the Acquired Assets and the viability thereof.

6.4 Absence of Certain Changes. Except as otherwise disclosed in Schedule 6.4, during the five (5) year period prior to the applicable Closing Date, there has not been:

- (a) any material change in the business, operations, assets, liabilities, prospects or condition (financial or otherwise) of any Seller's operations or business that, by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, has been or is reasonably likely to be adverse to such Seller's operations or business;
- (b) any Lien placed on any assets of any Seller which remains in existence on the date hereof;
- (c) any material liabilities incurred with respect to any Seller's operations or business other than in the ordinary course of business consistent with past practice;
- (d) any sale, lease, assignment, transfer or other disposition (or agreement therefor), of any part of any Seller's assets, other than sales in the ordinary course of business;
- (e) any damage, destruction or loss, whether or not covered by insurance, adversely affecting any Seller's operations or business;

(f) any labor trouble or claim of unfair labor practices in connection with any Seller's operations or business; any change in the employment contracts of or compensation payable or to become payable to any of any Seller's officers, directors, trustees, employees, consultants or agents, or any bonus payment or arrangement made to or with any of such officers, directors, trustees, employees, consultants or agents; any payment, bonus or other distribution to any Seller's employees, consultants or agents; or any change in coverage or benefits available under any Benefit Plan or Fringe Benefit;

(g) any change with respect to any Seller's management or supervisory personnel;

(h) any contract, license, lease or agreement entered into by any Seller other than in the ordinary course of business consistent with past practice or which obligates such Seller for more than \$10,000 in any one case;

(i) any cancellation, waiver, compromise or release of any right or claim with respect to any Seller's operations or business either involving more than \$10,000 or other than in the ordinary course of business consistent with prior practices;

(j) any cancellation, termination, modification, or acceleration by any party of or to any contract, license, lease or agreement to which any Seller is a party or by which it is bound, adversely affecting its operations, business or assets;

(k) any change in the accounting methodologies or practices with respect to any Seller's operations or business;

(l) any change in the time or manner of payment of the accounts payable of any Seller's operations or business;

(m) any revaluation of any assets of any Seller;

(n) any Material Adverse Effect or any event or circumstance that could reasonably be expected to result in a Material Adverse Effect.

6.5 Title. Each Seller's sale and delivery of the Acquired Assets to Weber Basin pursuant hereto shall vest in Weber Basin good and marketable title thereto, free and clear of any and all Liens, other than as disclosed on Schedule 6.5. No Seller has any knowledge of any cause or basis for any Lien being imposed on any part of the Acquired Assets, and Sellers jointly and severally agree to take any and all action that may be required to prevent any Lien on any of the Acquired Assets as a result of any circumstances existing prior to Closing.

6.6 Facilities. Except as disclosed on Schedule 6.6, no Seller has received any notice: (i) of any violation of law, municipal or county ordinances or other legal requirements with respect to all or any part of such Seller's Facilities or with respect to the use, occupancy or construction thereof; (ii) of any pending or threatened termination or impairment of access to all or any part of such Seller's Facilities or discontinuation of necessary sewer, water, electrical, gas, telephone or other utilities or services; (iii) that either the whole or any portion of such Seller's Facilities is to be condemned, requisitioned or otherwise taken by any public authority; (iv) of

violation of restrictive covenants, deed restrictions or governmental requirements on all or any part of such Seller's Facilities which have not been remedied; (v) of any violation of any zoning or similar land use law or restriction, or of any proceedings which would cause the change, redefinition or other modification of the zoning classification; or (vi) of any proceedings to widen or realign any street or highway adjacent to any of Seller's such Facilities.

6.7 Sufficiency and Condition of Assets. Except as set forth on Schedule 6.7 hereto, all of each Seller's Facilities are in good working condition and order (ordinary wear and tear excepted), are free from any material defect and have been maintained in all material respects in accordance with the past practice of its operations and business and generally accepted industry practice, and no material repairs, replacements or regularly scheduled maintenance relating to any such item has been deferred. Except as set forth in Schedule 6.7 hereto, each Seller owns all real, personal, tangible and intangible property and assets necessary for the conduct of its operations and business as the same have been heretofore conducted and is proposed to be conducted, and all such property and assets which are being transferred or leased to or used by Weber Basin are in a condition to allow Weber Basin to conduct its operations and business as the same are currently conducted and are proposed to be conducted. There are no existing options, commitments, rights of first refusal or any other rights with, of or to any Person to acquire any of the assets, properties or rights included in any Facilities of any Seller.

6.8 Intellectual Property. All Intellectual Property Rights which are owned by or licensed to any Seller and subject to the transactions contemplated hereby are listed on Schedule 6.8, which indicates with respect to each the nature of such Seller's interest therein and the expiration date thereof or the date on which such Seller's interest therein terminates. The Intellectual Property Rights consisting of patents or trademarks have been duly registered in, filed in or issued by the United States Patent and Trademark Office or the corresponding offices of other countries identified on Schedule 6.8, and have been properly maintained and renewed in accordance with all applicable Laws and regulations in the United States and each such country. Except as set forth on Schedule 6.8, use of the Intellectual Property Rights does not require the consent of any other Person and the same are freely transferable (except as otherwise provided by Law) and are owned exclusively by Seller, free and clear of any Liens. Except as set forth on Schedule 6.8, (a) no other Person has an interest or right or license to use, or the right to license any other Person to use, any of the Intellectual Property Rights, (b) there are no claims or demands of any other Person pertaining to the Intellectual Property Rights and no proceedings have been instituted, or are pending or, to any Seller's knowledge, threatened, which challenge any Seller's rights in respect thereof, (c) none of the Intellectual Property Rights is subject to any outstanding order, decree, ruling, charge, injunction, judgment or stipulation or, to any Seller's knowledge, being infringed by another Person or is subject to any outstanding order, decree, ruling, charge, injunction, judgment or stipulation, and (d) no Claim has been made or is, to any Seller's knowledge, threatened charging it with infringement of any adversely held Intellectual Property Rights.

6.9 Contracts. No Seller is a party to any contract, commitment, lease, license or other agreement with respect to any of the Acquired Assets or any other assets to be used by Weber Basin pursuant to this Agreement or in any way relating to the transactions contemplated hereby that are to be assumed by Weber Basin.

6.10 Customers, Subcontractors and Suppliers. The relationships of each Seller with its customers, subcontractors and suppliers are good commercial working relationships and, except as set forth on Schedule 6.10, no key customers, subcontractors or suppliers have canceled or otherwise terminated, or threatened to cancel or otherwise terminate, its relationship with such Seller or has during the last twelve (12) months materially decreased or threatened to decrease or limit materially, its services, supplies or materials to such Seller or its usage of the services of such Seller. No Seller has any knowledge or reason to believe or expect that any of the customers, subcontractors or suppliers intends to cancel or otherwise adversely modify its relationship with such Seller or to materially decrease or limit its services, supplies or materials to such Seller or its referral or usage of the services of such Seller, and the transactions contemplated by this Agreement will not, to any Seller's knowledge, adversely affect the relationship of any Seller's operations or business with any such parties or, following the applicable Closing, cause any such parties to cancel or otherwise adversely modify its relationship with Weber Basin, decrease materially or limit its services, supplies or materials to Weber Basin or its usage of the services of Weber Basin.

6.11 Compliance with Laws.

(a) Each Seller has all material licenses, permits, franchises, orders, approvals, accreditations, written waivers and other authorizations as are necessary in order to enable it to own and conduct its operations and business as currently conducted ("**Necessary Permits**"), including without limitation all Necessary Permits identified on Schedule 6.11. The Seller is and has been in compliance with the terms and conditions of all Necessary Permits.

(b) Each Seller has conducted and is conducting its operations and business in substantial compliance with all applicable federal, state, local or foreign Laws, statutes, ordinances, regulations, rules or orders or other requirements of any governmental regulatory or administrative agency or authority or court or other tribunal relating to them, including, but not limited to, Environmental Laws and any law, statute, ordinance, regulation, rule, order or requirement relating to securities, properties (real, personal, tangible or intangible), operations, business, products, advertising, sales or employment practices, immigration, terms and conditions of employment, wages and hours, safety, occupational safety, health or welfare conditions relating to premises occupied, product safety and liability or civil rights (collectively, "**Laws**").

(c) Without in any way limiting the foregoing provisions of this Section 6.11, each Seller and its operations and business are and have been in compliance in all material respects with any applicable record keeping and other requirements and regulations of any Governmental Entity.

6.12 Taxes. Except as reflected on Schedule 6.12:

(a) Each Seller has timely filed, after giving effect to any applicable extensions, all Tax Returns required to be filed by it, and all such Tax Returns were complete and correct at the time of filing and continue to be complete and correct. Each Seller has timely paid, after giving effect to any applicable extensions, all Taxes required to be paid by it with, or such Taxes have been paid on its behalf.

(b) No representative of any taxing authority is asserting in writing or orally any material Tax deficiency that has not been adequately reserved for, and no liens for Taxes exist (other than liens for Taxes not yet due or for Taxes being contested in good faith), with respect to any Facilities of any Seller. All required Tax estimates, deposits, prepayments and similar reports or payments for current periods have been properly made.

(c) All material amounts that are required to be collected or withheld by any Seller have been duly collected and withheld, and any such amounts that are required to have been remitted to any taxing authority have been duly remitted.

(d) No Seller has waived any statute of limitations in respect of Taxes or agreed to an extension of time with respect to a Tax assessment or deficiency.

6.13 Environmental Matters. Except as set forth on Schedule 6.13 hereto:

(a) No Seller is subject to any pending or, to the knowledge of any Seller, threatened investigation, judicial or administrative proceeding, notice, order, judgment, decree or settlement, alleging or addressing in connection with its operations or business, its Facilities or any previously owned, leased or operated properties concerning (i) any violation of any Environmental Law, (ii) any Remedial Action, (iii) any claims or liabilities and costs for personal injury or threatened personal injury, or injury or threatened injury to property or natural resources or (iv) any Environmental Liabilities and Costs;

(b) Each Seller currently complies, and has complied, with all applicable Environmental Laws and are not subject to any Environmental Liabilities or Costs;

(c) There have been no Releases of any Contaminants at, to, or from the Facilities of any Seller or any current or previously owned, leased or operated properties;

(d) No Seller has any contingent liability in connection with any Release or threatened Release; and

(e) Each Seller has reported any violation of Environmental Laws in accordance with applicable requirements.

6.14 Litigation. Except as disclosed on Schedule 6.14, (a) there is no Claim pending or to any Seller's knowledge threatened against any Seller (nor to any Seller's knowledge any facts that are likely to lead to such a Claim), affecting or in any way relating to its operations or business, or its Facilities at law or in equity, before any federal, state, local or foreign court or any other governmental or administrative agency or tribunal or any arbitrator or arbitration panel, and (b) there are no judgments, orders, rulings, charges, decrees, injunctions, notices of violation or other mandates against, affecting or in any way relating to its operations or business, or its Facilities. Nothing listed on Schedule 6.14, either individually or when aggregated with other listings on such Schedule, could reasonably be expected to have a Material Adverse Effect.

6.15 Enforceability. This Agreement has been duly executed and delivered by each Seller. The provisions of this Agreement and the other Transaction Documents are, or when executed by each Seller will be, valid and binding obligations of each Seller enforceable against

each Seller in accordance with their respective terms, subject only to the effect now or hereafter, if any, of (a) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and (b) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

6.16 Consents. No consent, approval or authorization by any Person is required of any Seller in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

6.17 Brokers. No Seller, nor anyone acting on any Seller's behalf, has engaged, retained, or incurred any liability to any broker, investment banker, finder or agent or has agreed to pay any brokerage fees, commissions, finder's fees or other fees with respect to this Agreement or the transactions contemplated hereby.

6.18 Insurance. Schedule 6.18 lists and describes all insurance policies maintained, owned, or held in connection with the Acquired Assets up until the applicable Closing Date.

6.19 Related Party Transactions. Except as disclosed on Schedule 6.19, no Seller owns any capital stock or other proprietary interest, directly or indirectly, in any other Person which conducts operations or a business constituting any portion or aspect of the transactions contemplated hereby or which is a supplier or a customer of any party to the Master Agreement.

6.20 Books and Records. Each Seller has maintained adequate business records for the Acquired Assets, and to the knowledge of each Seller, there are no material deficiencies in such business records.

6.21 Disclosure of Material Information. Neither this Agreement (including the Schedules and Exhibits hereto) nor any other of the Transaction Documents contains, with respect to any Seller or its Facilities, operations or business, any untrue statement of material information or omits to state material information necessary to make the statements therein not misleading. No Seller has any information which has or would reasonably be expected in the future to result in a Material Adverse Effect and which has not been set forth in this Agreement.

6.22 D&W Contract. The copy of the D&W Contract attached hereto as Exhibit B is a true, correct and complete copy of the original thereof and has been subject to no amendment, extension or modification as of the date hereof, except such as are described on Schedule 6.22. The D&W Contract is a valid and binding obligation of Summit Water and, to each Seller's knowledge, the other party(ies) thereto, enforceable in accordance with its terms (except as the enforceability thereof may be limited by any applicable bankruptcy, insolvency or other Laws affecting creditors' rights generally or by general principles of equity, regardless of whether such enforceability is considered in equity or at law), and is in full force and effect. Neither Summit Water nor, to any Seller's knowledge, any other party(ies) thereto has breached any provision of, nor is in default in any material respect under the terms of (and, to each Seller's knowledge, no condition exists which, with the passage of time, the giving of notice, or both, would result in a default under the terms of) the D&W Contract.

6.23 Sufficiency of Capacity. The capacity in the pipeline from the Highway 40 System (being Fifty Percent (50%) thereof), which is retained by Seller and not sold to Weber Basin hereunder is sufficient to meet all contractual obligations of Seller as of the Closing Date.

6.24 Approval of Summit Water Board of Directors and Shareholders by Class. With respect to Summit Water as Warranting Party, all members of Summit Water's board of directors, a majority of Summit Water's Class A shareholders and a majority of Summit Water's Class B shareholders have approved the execution, delivery and performance by Summit Water of the transactions contemplated hereby.

ARTICLE VII REPRESENTATIONS AND WARRANTIES OF WEBER BASIN

Weber Basin hereby represents and warrants, to and for the benefit of Seller, as of the date of execution of this Agreement and as of the applicable Closing Date, as follows:

7.1 Organization and Qualification. Weber Basin is duly organized, validly existing and in good standing under the laws of the State of Utah, with full corporate power and authority to conduct its operations and business as they are now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all of its obligations under all contracts. Copies of Weber Basin's Formation Documents have been delivered to the other Parties and are true, complete and correct.

7.2 Authority; No Violation. Weber Basin has all requisite power and authority to enter into this Agreement and the other Transaction Documents to which it is a party and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the other Transaction Documents to which Weber Basin is a party have been duly and validly authorized and approved by all necessary action. This Agreement and each Transaction Document to which Weber Basin is a party constitutes Weber Basin's legal and binding obligation, enforceable against it in accordance with the terms hereof and thereof. The execution, delivery and performance of this Agreement and the other Transaction Documents to which Weber Basin is a party will not (a) violate the provisions of any applicable federal, state, local or foreign Laws, (b) violate any provisions of Weber Basin's Formation Documents, or (c) violate any provision of, or result (with or without the giving of notice or the lapse of time or both) in a default or acceleration of any obligation under any Lien, agreement, instrument, indenture, order, arbitration award, judgment, or decree to which Weber Basin is a party or by which it is bound, or to which any of its property is subject.

7.3 Enforceability. This Agreement has been duly executed and delivered by Weber Basin. The provisions of this Agreement and the other Transaction Documents are, or when executed by Weber Basin will be, valid and binding obligations of Weber Basin enforceable against Weber Basin in accordance with their respective terms, subject only to the effect now or hereafter, if any, of (a) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and (b) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

7.4 Consents. No consent, approval or authorization by any Person is required of Weber Basin in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

7.5 Brokers. Neither Weber Basin nor anyone acting on its behalf, has engaged, retained, or incurred any liability to any broker, investment banker, finder or agent or has agreed to pay any brokerage fees, commissions, finder's fees or other fees with respect to this Agreement or the transactions contemplated hereby.

ARTICLE VIII COVENANTS

8.1 Access to Information. Following the execution of this Agreement and throughout the period prior to the applicable Closing, and subject to the confidentiality provisions herein, each Party shall provide the other Party (a "**Requesting Party**"), and its representatives with reasonable access to its Facilities, employees, properties, assets, books, contracts, commitments and records relating to the transactions contemplated hereby, during reasonable business hours, as the Requesting Party may from time to time reasonably request. From and after the date of the Initial Closing, each Seller shall make available to Weber Basin and its representatives with reasonable access to its Facilities, employees, properties, assets, books, contracts, commitments and records, and any personnel whose assistance or participation is reasonably required by Weber Basin in anticipation of, or preparation for, any existing or future third party actions, Tax or other matters, relating to the transactions contemplated hereby, during reasonable business hours, as Weber Basin may from time to time reasonably request.

8.2 Conduct of Business. Except as otherwise contemplated by the terms of this Agreement, from the date hereof until the applicable Closing, each Party will: (a) conduct its operations and business only in the ordinary course and in substantially the same manner as heretofore; (b) maintain and keep its Facilities in good condition and repair, working order and condition, except for ordinary wear and tear; (c) keep in full force and effect, to the extent commercially reasonable, insurance comparable in amount and scope of coverage to that now maintained; (d) perform in all material respects all of its obligations under all material contracts; (e) use reasonable efforts consistent with its normal business practices to maintain and preserve its form of organization, retain its present employees and maintain its relationships with customers and suppliers; (f) maintain its books of account and records in the usual and regular manner; (g) comply in all material respects with all laws and regulations applicable to it and to the conduct of its operations and business; (h) not repurchase or redeem any shares of its capital stock without the prior written consent of the other Party, unless such action will not adversely affect its ability to conduct its operations and business; and (i) use reasonable efforts to maintain and protect its material Intellectual Property Rights.

8.3 Transfer of Permits. Weber Basin shall be primarily responsible for filing and obtaining all Permits attributable to the change of ownership, lease and operation of the Acquired Assets. Weber Basin agrees to use commercially reasonable efforts to obtain such Permits in an expeditious manner, and each Seller agrees to fully cooperate with Weber Basin, at such Seller's own expense, in Weber Basin's efforts to obtain and/or assign all Permits to Weber Basin.

8.4 Retained Liabilities. Regardless of any disclosure to any other Party or its Affiliates or agents, no Party shall assume any liability, obligation or commitment of the other Party not specifically set forth herein (its “**Retained Liabilities**”). Rather, each Party agrees, from and after the date hereof and continuing after each Closing Date, to pay, perform and fully satisfy and discharge all of its Retained Liabilities as they come due unless the same are subject to a good faith dispute; provided, however, each Party shall take all required steps and post such bonds required by any Governmental Entity or third party or other security so that the other Party shall not be adversely affected in connection with any such dispute. Without limiting the generality of the foregoing, Retained Liabilities shall include the following:

- (a) any and all Environmental Liabilities and Costs;
- (b) any and all liabilities for any Taxes;
- (c) any and all liabilities, obligations and commitments in respect of Business Employees, Benefit Plans, Welfare Plans or Fringe Benefits relating to periods prior to each Closing;
- (d) any and all Indebtedness to a Party’s directors, officers or stockholders or to any of its Affiliates;
- (e) any and all liabilities, obligations and commitments arising from any breach of any contract that occurred prior to each Closing Date;
- (f) any and all Indebtedness;
- (g) any and all liabilities and obligations of a Party (or its agents) resulting from any liability claims or violations of applicable law;
- (h) any and all liabilities and obligations of a Party under any verbal or written contract with any of its customers, vendors, suppliers, licensors and other third parties for goods and services; and
- (i) any pending litigation matter.

8.5 Confidentiality. Each Party shall hold in confidence, and shall cause its counsel, independent certified public accountants, appraisers and investment bankers to hold in confidence, any confidential data or information made available to it by the other Party in connection with this Agreement using the same standard of care to protect such confidential data or information as is used to protect its own confidential information. In addition to obligations under any confidentiality agreement between the Parties, if the transactions contemplated by this Agreement are not consummated, each Party agrees to return or cause to be returned to the other Party all written materials and all copies thereof that were supplied to them by the other Party and that contain any such confidential data or information.

8.6 Liability for Transfer Taxes. All sales, use, value added, documentary, stamp, gross receipts, registration, transfer, conveyance, excise, recording, income and other similar

Taxes and fees (“**Transfer Taxes**”), arising out of or in connection with or attributable to the transactions effected pursuant to this Agreement shall be borne by Seller.

8.7 Subrogation. In the event Weber Basin shall become liable for or suffer any Losses with respect to any matter which was covered by insurance maintained by Seller on or prior to a Closing Date, each Seller agrees that Weber Basin shall be and hereby is, to the extent permitted under such policies and to the extent consistent with Article XII hereof, subrogated to any rights of each Seller under such insurance coverage, and, in addition, each Seller agrees to promptly remit to Weber Basin any insurance proceeds which it may receive on account of any such liability or damage.

8.8 Taxes. All obligations for personal property and real property Taxes related to the Acquired Assets for all periods prior to the applicable Closing shall be paid as and when due by each Seller.

8.9 Further Assurances. Each Seller, from time to time after each Closing, at Weber Basin’s reasonable request, shall execute, acknowledge and deliver to Weber Basin such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Weber Basin may reasonably require in order to vest title more effectively in Weber Basin, or to put Weber Basin more fully in possession of, the Acquired Assets.

8.10 Consents and Lien Releases. Each Seller shall at its expense obtain and provide to Weber Basin on or before each Closing Date any and all consents and approvals required for the transfer and assignment to Weber Basin of the Acquired Assets, and evidence satisfactory to Weber Basin of the release of any and all Liens on the Acquired Assets.

ARTICLE IX CLOSING DELIVERIES

9.1 Closing Deliveries of All Parties. At each Closing, each Party shall deliver, or shall cause to have delivered, to the other Party the following documents, as applicable, all in form and content reasonably satisfactory to such other Party:

(a) **Corporate Documents.**

(1) a duly executed Officer’s Certificate certifying (i) the incumbency and genuineness of signature of all officers of such Party executing this Agreement or any other Transaction Document, (ii) the truth and correctness of corporate resolutions authorizing the entry by such Party into this Agreement and the transactions contemplated hereby, and (iii) the truth, correctness and completeness of their respective Formation Documents;

(2) a duly executed certificate of such Party certifying that the representations contained herein are true, accurate, complete and correct as of the applicable Closing Date and that such Party has performed all of its obligations under this Agreement and any other Transaction Document;

(3) a certificate of good standing or legal existence of such Party as of a recent date.

(b) Consents and Approvals. All other consents, approvals and other documents to be obtained by such Party pursuant the terms of this Agreement.

(c) Counterparts. An executed counterpart of each agreement relating to the transactions contemplated hereby to which it is a party.

9.2 Additional Closing Deliveries of Seller. At each Closing, as applicable, each Seller shall deliver to Weber Basin the following documents, in form and content reasonably satisfactory to Weber Basin:

(a) Transfer of Assets. All documents, certificates and agreements necessary to transfer to Weber Basin good and marketable title to the East Canyon Water Treatment Plant as of the Initial Closing, and to the East Canyon Pipeline as of the Subsequent Closing of that transaction, in each case free and clear of any and all Liens thereon, other than Permitted Liens, including:

(1) bills of sale, warranty deeds for the Real Property, other transfers of title, assignments and general conveyances, in form and substance reasonably satisfactory to Weber Basin, dated as of the applicable Closing Date; and

(2) a current standard coverage owner's policy of title insurance covering the Real Property, insuring Weber Basin in the amount of the Purchase Price as of the Initial Closing and the East Canyon Pipeline Purchase Price as of the Subsequent Closing of that transaction;

(b) Assignments of the Intellectual Property Rights, Necessary Permits and any other agreements and instruments constituting all then applicable Acquired Assets, dated as of the applicable Closing Date, assigning to Weber Basin all of Seller's right, title and interest therein and thereto;

(c) Documents evidencing assignment by Seller to Weber Basin of the D&W Contract, together with the written consent of D&W to Seller's said assignment of the D&W Contract; and

(d) Executed and recorded extension of Water Distribution Facilities Easement from D&W to Summit Water, extending the existing easement recorded on July 3, 2008, as Entry no. 112710 in Book 266, at Page 341, of the official records of Morgan County, Utah, and assignment and conveyance of such extended easement to Weber Basin, with D&W's written consent.

9.3 Shareholder and Board of Directors Approval. At each Closing, Summit Water shall deliver to Weber Basin, in form and content reasonably satisfactory to Weber Basin, evidence that the execution, delivery and performance by Summit Water of this Agreement and the Master Agreement, and the transactions contemplated therein, have been approved, as of such Closing, by:

- (a) a majority of Summit Water's Class A shareholders;
- (b) a majority of Summit Water's Class B shareholders; and
- (c) all members of Summit Water's board of directors.

9.4 Additional Closing Deliveries of Weber Basin. At the Initial Closing, Weber Basin shall deliver to Seller the Purchase Price. At the Subsequent Closing, if any, of the transactions set forth in Section 4.1, Weber Basin shall deliver to Seller the purchase price set forth in said Section 4.1 for the Highway 224 System. At the Subsequent Closing, if any, of the transactions set forth in Section 4.2, Weber Basin shall deliver to Seller the purchase price set forth in said Section 4.2 for the East Canyon Pipeline.

ARTICLE X CONDITIONS TO CLOSING

10.1 Conditions to Obligation of Parties to Close. The obligation of each Party (a "**Closing Party**") to effect the transactions contemplated herein are subject to the satisfaction or waiver, at or before the applicable Closing Date, of the following conditions:

(a) Representations and Warranties; Performance of Obligations. All of the representations and warranties of the other Party contained in this Agreement shall be true, correct and complete on and as of the applicable Closing Date with the same effect as though such representations and warranties had been made on and as of such date, and all of the terms, covenants, agreements and conditions of this Agreement to be complied with, performed or satisfied by the other Parties shall have been duly complied with, performed or satisfied on or before the time specified for performance.

(b) No Litigation. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or provision challenging any of the transactions contemplated hereby, or limiting or restricting any Party's conduct or operation of its operations or business as a result of the transactions contemplated hereby after each Closing shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, seeking any of the foregoing be pending. There shall be no action, suit, claim or proceeding of any nature pending or threatened against the other Party or its Facilities or officers or directors that would reasonably be expected to have a Material Adverse Effect.

(c) Closing Deliveries. All items to be delivered by the other Party to the Closing Party at the applicable Closing pursuant to Article IX shall have been delivered.

(d) Disclosure Schedule. The other Party shall have made such deliveries as are called for by this Agreement or from time to time reasonably requested by the Closing Party or its representatives. The Closing Party shall be fully satisfied in its sole discretion with the form and substance of all of the exhibits and schedules (including the Disclosure Schedule), whether delivered before or after the execution hereof.

(e) No Material Adverse Change. No event, occurrence, fact, condition, change, development or effect shall have occurred, exist or come to exist that, individually or in the aggregate, has constituted or resulted in, or would reasonably be expected to constitute or result in, a Material Adverse Effect on the Closing Party's operations or business.

(f) Related Party Agreements. The Closing Party shall have received sufficient evidence that any Contracts to which the other Party or its Affiliates, officers or directors is a party, including but not limited to loans and employment arrangements (collectively, "**Related Party Contracts**"), which the Closing Party requests the other Party to terminate, have in fact been terminated.

10.2 Additional Conditions to Obligation of Weber Basin to Close. In addition to the conditions set forth in Section 10.1 above, the obligation of Weber Basin to effect the transactions contemplated herein are subject to the satisfaction or waiver, at or before the applicable Closing Date, of the following conditions:

(a) Title Commitment. Weber Basin shall have received, no later than twenty (20) days prior to the Initial Closing, a Title Commitment for each parcel of Real Property, and no later than twenty (20) days prior to the Subsequent Closing, if any, of the transactions described in Section 4.2, a Title Commitment for each parcel of East Canyon Pipeline Real Property.

(b) Title Policies. At the Initial Closing, Weber Basin shall have obtained Title Policies relating to the Real Property, free and clear of all Liens, subject only to the recordation of the warranty deeds to be delivered at the Initial Closing, and payment by Seller of the applicable title insurance premiums. At the Subsequent Closing, if any, of the transactions described in Section 4.2, Weber Basin shall have obtained Title Policies relating to the East Canyon Pipeline Real Property, free and clear of all Liens, subject only to the recordation of the warranty deeds to be delivered at such Subsequent Closing, and payment by Seller of the applicable title insurance premiums.

(c) Release of Liens. Seller shall have provided Weber Basin with evidence of the release of all Liens on the then applicable Acquired Assets, including without limitation the Liens set forth on Schedule 6.5.

(d) Governmental Approvals. All approvals, consents and Necessary Permits from any Governmental Entity having jurisdiction necessary or advisable to consummate the transactions contemplated hereby, and the lawful use, occupancy and enjoyment by Weber Basin of the Acquired Assets as contemplated hereby shall have been obtained by Weber Basin and shall be effective and no such approval, consent or Permit shall impose any condition or provision or requirement on Weber Basin which was not imposed on Seller by such body or agency or which is not otherwise imposed upon Seller under its Permits of a similar nature.

(e) Approval of Disclosures. All Disclosures shall have been approved by Weber Basin.

(f) Other Consents and Approvals. The consent or approval of all persons or entities (other than Governmental Entities) necessary for the consummation of the transactions

contemplated herein, and Weber Basin's use, occupancy and enjoyment of the Acquired Assets as contemplated hereby, including all Permits needed to conduct Weber Basin's operations and business as it is currently being conducted, shall have been granted, and no such consent or approval (i) shall have been conditioned upon the modification, cancellation or termination of any lease, Contract, commitment, agreement, franchise, license, easement, right or other authorization to be assigned to Weber Basin by Seller at the Closing, or (ii) shall impose on Weber Basin any condition or provision or requirement either that is not currently imposed on Seller or that is more restrictive than currently imposed on Seller.

(g) New D&W Contract. Weber Basin shall have entered into a new or amended contract with D&W for the purchase of Five Thousand (5,000) acre-feet per year of water stored in East Canyon Reservoir upon terms satisfactory to Weber Basin (the "**New D&W Contract**").

(h) Closing of Transactions Under Master Agreement. Simultaneously with the Initial Closing, all transactions contemplated by the Master Agreement shall have closed.

ARTICLE XI TERMINATION

11.1 Termination. This Agreement may be terminated as follows:

(a) The Parties may terminate this Agreement by mutual written consent of both Parties at any time prior to the Initial Closing;

(b) Weber Basin may terminate this Agreement by giving written notice to Seller on or before the thirtieth (30th) day following the date of this Agreement if Weber Basin is not reasonably satisfied with the results of its continuing business, legal, and accounting due diligence regarding the transactions contemplated hereby; and

(c) Either Party (a "**Terminating Party**") may terminate this Agreement by giving written notice to the other Party at any time prior to the Initial Closing (i) in the event the other Party has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, the Terminating Party has notified the alleged breaching Party of the breach, and the breach has continued without cure for a period of thirty (30) days after the notice of breach, or (ii) if the Initial Closing shall not have occurred on or before June 1, 2013, or such later Closing Date as provided in Section 5.1, by reason of the failure of any condition precedent under Article X hereof (unless the failure results primarily from the Terminating Party's breach of any representation, warranty, or covenant contained in this Agreement).

(d) This Agreement shall automatically terminate without notice upon termination of the Master Agreement prior to the Initial Closing.

11.2 Effect of Termination. In the event of such termination as provided above, this Agreement shall forthwith terminate and there shall be no liability on the part of any Party or their respective officers, directors, trustees, managers, employees or agents; provided, however, that all confidentiality arrangements among the Parties shall continue in full force and effect.

ARTICLE XII INDEMNIFICATION

12.1 Survival. Neither Party will be liable with respect to any claim for the breach or inaccuracy of any representation or warranty unless a Notice of Claim is delivered to the Indemnifying Party prior to the expiration of the applicable statute of limitations (including any extensions thereto to the extent that such statute of limitations may be tolled) (the “**Survival Date**”). The Parties hereto agree that so long as written notice is given on or prior to the Survival Date with respect to any such claim, the representations and warranties with respect to such inaccuracy or breach shall continue to survive until such matter is resolved, and the Indemnifying Party shall be required to indemnify the Indemnified Parties for all Losses which they may incur in respect of the matters which are the subject of such claim, regardless of when incurred

12.2 Indemnification. Each Party (an “**Indemnifying Party**”) shall indemnify, defend and hold harmless the other Party and its officers, directors, trustees, employees, agents and Affiliates (the “**Indemnified Parties**”), regardless of any investigation made by an Indemnified Party or on its behalf, for, against, from and in respect of any and all Losses which may be sustained or suffered by any of them arising out of, resulting from or pertaining to:

- (a) any breach or inaccuracy of any representation or warranty made herein, or in any other Transaction Document, by the Indemnifying Party;
- (b) any failure of the Indemnifying Party to perform any covenant or agreement hereunder or fulfill any other obligation in respect hereof;
- (c) any and all Retained Liabilities, as well as any other liabilities arising from the operation of the Indemnifying Party’s Facilities prior to each Closing; and
- (d) any and all Claims arising out of, resulting from or pertaining to any of the foregoing.

Except for breaches or inaccuracies of the representations or warranties made by a Party in Sections 2.3, 6.5, 6.11, 6.12, 6.13 and 6.14, neither Party shall be required to indemnify the other Party with respect to any Claim for indemnification pursuant to Section 12.2(a) unless and until the aggregate amount of all Losses incurred (or accrued) by the Indemnified Party exceeds \$10,000 (the “**Indemnification Trigger Amount**”), in which event the indemnification obligation of the Indemnifying Party shall apply to the aggregate amount of all Losses claimed for which the Indemnified Party is entitled to full extent of indemnification hereunder (including any and all Claims relating to Losses which individually or in the aggregate did not reach the Indemnification Trigger Amount).

12.3 Additional Indemnification by Summit Water, Trilogy, and Saunders. Summit Water, Trilogy, and Saunders as Indemnifying Parties shall, jointly and severally, indemnify, defend and hold harmless Weber Basin and its officers, directors, trustees, employees, agents and Affiliates, as Indemnified Parties, regardless of any investigation made by an Indemnified Party or on its behalf, for, against, from and in respect of any and all Losses which may be sustained or

suffered by any of them arising out of, resulting from or pertaining to any Claim brought by any shareholder of Summit Water against any Indemnified Party.

12.4 Materiality. Although a representation, warranty or covenant of any of the parties to this Agreement may not be deemed breached, inaccurate or in default unless or until a certain standard as to “material,” “materiality” or Material Adverse Effect has been met, for purposes of calculating Losses in connection with this Article XII, Losses for a breach, inaccuracy or default of any such representation, warranty or covenant contained in this Agreement shall be measured without giving effect to any such standard. The disclosure of any fact, matter, occurrence, event or circumstance by a Party in any Schedule or other portion of this Agreement or another Transaction Document, shall not, in and of itself, be construed that such disclosure is material, or that the failure to disclose a similar fact, matter, occurrence, event or circumstance was an omission of a material fact, matter, occurrence, event or circumstance.

12.5 Notice and Opportunity to Defend. Each Indemnified Party seeking indemnification under this Article XII shall promptly notify in writing the Indemnifying Party of any Claim as to which indemnity may be sought; provided, however, that the failure to provide prompt notice shall relieve the Indemnifying Party of its obligations hereunder only to the extent that such failure prejudices the Indemnifying Party hereunder. Each written notice of Claim shall contain a description, in reasonable detail, of the facts, circumstances or events giving rise to the alleged Losses, including the identity of any third party claimant and copies of any formal demand or complaint, an estimate of the amount of Losses and the approximate date (or range of dates) the Losses were incurred, paid or otherwise sustained (the “**Notice of Claim**”). The Indemnified Party shall not be bound to such initial Notice of Claim or future notices and may amend such information as additional information becomes known or better understood. In the event that the Indemnifying Party gives the Indemnified Party written notice contesting all or any portion of any Claim (a “**Contested Claim**”) within twenty (20) days of receiving the Notice of Claim (or within twenty (20) days of receiving any amendment to any such the Notice of Claim – but only as to such amended information), then such Contested Claim will be resolved by either (i) a written settlement agreement executed by both the Indemnified Party and the Indemnifying Party, or (ii) in the absence of such a written settlement agreement, by litigation in any court having competent jurisdiction. With respect to any Claim by a third party, the Indemnifying Party shall be entitled to participate in and, to the extent that it desires to do so, to assume the defense of such Claim, with counsel reasonably satisfactory to the Indemnified Party and, after notice from the Indemnifying Party to the Indemnified Party of such election to assume the defense thereof, the Indemnifying Party shall not be liable to the Indemnified Party for any attorneys’ fees or any other expenses subsequently incurred by the Indemnified Party in connection with the defense of such Claim. In any event, the Indemnified Party shall have the right to participate at its own expense in the defense of such Claim. In no event shall an Indemnifying Party be liable for any settlement or compromise effected without its prior consent and the Indemnified Party, in the defense of any such Claim shall not, except with the prior consent of the Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term a release of the Indemnified Party from all liability in respect to such Claim by the claimant or plaintiff. Notwithstanding anything herein to the contrary, payment on a Contested Claim will not be due unless and until there is a written settlement agreement, or a final, nonappealable judgment for the Indemnified Party on the

Indemnifying Party's obligation to pay or to indemnify with respect to the Contested Claim, pursuant to this Section 12.5 above.

ARTICLE XIII MISCELLANEOUS

13.1 Fees and Expenses. Each Party will be responsible for and pay and discharge their respective expenses and fees incurred by such Party in connection with the negotiation of and entry into this Agreement and the consummation of the transactions contemplated hereby.

13.2 Notices. All notices, consents, agreements, elections, amendments, approvals and other communications provided for or permitted by or otherwise relating to this Agreement or any other Transaction Document shall be in writing and shall be deemed effectively given to a Party upon the earliest to occur of the following: (i) upon personal delivery to such Party; (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, or if not, then on the next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt; or (v) upon actual receipt by the Party to be notified via any other means (including public or private mail, electronic mail or telegram); provided, however, that notice sent via electronic mail shall be deemed duly given only when actually received and opened by the Party to whom it is addressed. All communications to be sent to a Party shall be sent to the address set forth below or to such other address as a Party shall designate from time to time in writing notice to the other Parties in accordance with the provisions of this paragraph.

If to Weber Basin:

Weber Basin Water Conservancy District
2837 East Highway 193
Layton, Utah 84040
Telephone: (801) 771-1677

with a copy (which shall not constitute notice) to:

Durham Jones & Pinegar
1104 E. Country Hills Drive, Suite 710
Ogden, Utah 84403
Attention: Douglas A. Taggart
Telephone: (801) 395-2424

If to Summit Water:

Summit Water Distribution Company
6400 North Pace Frontage Road
Unit A
Park City, Utah 84098
Telephone: (435) 649-7324

If to Trilogy:

Trilogy Limited, LP
550 Hartz Avenue, Suite 200
Danville, California 94526
Telephone: (925) 855-9408

If to Saunders:

Leon H. Saunders
2505 White Pine Lane
Park City, Utah 84060
Telephone: (801) 712-9500

13.3 Further Assurances. Each of the Parties hereto shall cooperate with one other and execute and deliver to the other such other instruments and documents and take such other actions as may be reasonably requested from time to time by the other Party hereto as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

13.4 Successors and Assigns. All covenants and agreements set forth in this Agreement and made by or on behalf of any of the parties hereto shall bind and inure to that benefit of the successors and assigns of such party, whether or not so expressed, except that no Party may assign or transfer any of its rights or obligations under this Agreement without the consent in writing of all other Party.

13.5 Descriptive Headings. The headings of the sections, paragraphs, Schedules and Exhibits of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

13.6 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

13.7 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason in any jurisdiction, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that each of the Parties' rights and privileges shall be enforceable to the fullest extent permitted by Law, and any such invalidity, illegality and unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the fullest extent permitted by Law, the Parties hereby waive any provision of any Law, statute, ordinance, rule or regulation which might render any provision hereof invalid, illegal or unenforceable.

13.8 Course of Dealing. No course of dealing and no delay on the part of any party hereto in exercising any right, power, or remedy conferred by this Agreement shall operate as a waiver thereof or otherwise prejudice such party's rights, powers and remedies. The failure of any of the parties to this Agreement to require the performance of a term or obligation under this Agreement or the waiver by either of the Parties to this Agreement of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or be deemed a waiver of an subsequent breach hereunder. No single or partial exercise of any rights, powers or remedies conferred by this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

13.9 Third Parties. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person, other than the Parties hereto and their permitted successors or assigns, any rights or remedies under or by reason of this Agreement or any other Transaction Document.

13.10 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. References to specific laws or regulations of one nation shall be deemed to include similar laws or regulations of the applicable country where such Person is subject to such nation's laws. References to governmental authorities or regulations shall include all applicable federal, state, local and foreign governmental authorities or regulations. The word "including" shall mean including without limitation. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If all or a portion of the subject matter of any representation, warranty, or covenant set forth herein is also contained in another representation, warranty, or covenant, the fact that a Party has not breached one of the representations, warranties or covenants shall not detract from or mitigate the fact that the party is in breach of the other representation, warranty, or covenant, regardless of the relative levels of specificity. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require.

13.11 Knowledge. For purposes of this Agreement, a Person will be deemed to have knowledge of a particular fact or other matter if: (a) that individual or a key officer, director or manager of a Person that is an entity is actually aware of that fact or matter; (b) a prudent individual or a key officer, director or manager of a Person that is an entity could be expected to discover or otherwise become aware of that fact or matter in the course of conducting a reasonable investigation regarding the accuracy of any representation or warranty contained in this Agreement; or (c) such fact or matter is included in public records (including county recording offices).

13.12 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Utah without giving effect to any choice or

conflict of law provision or rule (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah.

13.13 Submission to Jurisdiction. Each of the Parties submits to the jurisdiction of the Third District Court in and for Summit County, Utah, in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of the other Party with respect thereto. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

13.14 Entire Agreement. This Agreement, including the Schedules and Exhibits referred to herein and the other Transaction Documents, is complete, and all promises, representations, understandings, warranties and agreements with reference to the subject matter hereof, and all inducements to the making of this Agreement relied upon by all the parties hereto, have been expressed herein or in said Schedules or Exhibits. This Agreement may not be amended except by an instrument in writing signed by both Parties.

13.15 Expenses of Enforcement. In any proceeding to enforce, interpret, rescind or terminate this Agreement or in pursuing any remedy provided hereunder or by applicable law, the prevailing Party shall be entitled to recover from the other Party all costs and expenses, including a reasonable attorney's fee, whether such proceeding or remedy is pursued by filing suit or otherwise, and regardless of whether such costs, fees and/or expenses are incurred in connection with any bankruptcy proceeding. For purposes of hereof, the term "prevailing Party" shall include, without limitation, a Party who agrees to dismiss an action or proceeding upon the other's payment of the sums allegedly due or performance of the covenants allegedly breached, or who obtains substantially the relief sought. The provisions set forth in this paragraph shall survive the merger of these provisions into any judgment.

13.16 Specific Performance. Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably and that it would be extremely impracticable to measure in full all of the resulting damages in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Party shall be entitled to an immediate injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity. Each Party expressly waives the defense that a remedy in damages will be adequate (without, however, waiving its respective right to pursue the remedy of damages if it elects to do so).

13.17 Incorporation of Recitals and Exhibits. The recitals and exhibits referred to in this Agreement are incorporated herein by reference and made a part hereof.

13.18 Relationship of Parties. Nothing contained in this Agreement shall be interpreted or construed to create an agency relationship, association, joint venture, trust or partnership, or impose any trust or partnership covenant, obligation or liability on or with regard to either Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.19 Public Statements. Unless and to the extent required by Law, the Parties hereto shall agree in advance to any press release or public statement with respect to this Agreement and the transactions contemplated hereby and neither Party shall issue any such press release or make any such public statement without the agreement of the other Party. In the event that either party is required by Law to issue a press release or make a public statement, it will notify the other Party of the contents in advance.

13.20 Counterparts. This Agreement may be executed in any number of counterparts and by each of the Parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Any signature page of this Agreement may be detached from any counterpart and reattached to any other counterpart hereof.

13.21 Facsimile Transmission. The facsimile transmission of a signed original of this Agreement or any counterpart hereof and the retransmission of any signed facsimile transmission hereof shall be the same as delivery of an original.

13.22 Authorized Execution. The individuals signing below each represent and warrant (i) that they are authorized to execute this Agreement for and on behalf of the Party for whom they are signing; (ii) that such Party shall be bound in all respects hereby; and (c) that such execution presents no conflict with any other agreement of such Party.

[signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth below their respective signatures below.

ATTEST:

**WEBER BASIN WATER CONSERVANCY
DISTRICT**

Secretary

By: _____
Chairman, Board of Trustees

APPROVED AS TO FORM:

Date: _____, 2013

Weber Basin Attorney

LEON H. SAUNDERS

APPROVED AS TO FORM:

Date: _____, 2013

Saunders Attorney

TRILOGY LIMITED, LP
By: Trilogy Asset Management, Inc.,
Its: General Partner

By: _____
President

APPROVED AS TO FORM:

Date: _____, 2013

Trilogy Attorney

**SUMMIT WATER DISTRIBUTION
COMPANY**

Secretary

APPROVED AS TO FORM:

Summit Water Attorney

By: _____
President

Date: _____, 2013

LIST OF EXHIBITS AND SCHEDULES

Exhibits:

- | | |
|---|-------------------|
| A | Map of Facilities |
| B | D&W Contract |

Schedules:

- | | |
|--------|--|
| 2.1 | East Canyon Water Treatment Plant |
| 2.1(a) | Real Property |
| 2.1(b) | Tangible Personal Property |
| 2.2 | Highway 40 System |
| 4.1 | Highway 224 System |
| 4.2 | East Canyon Pipeline |
| 4.2(a) | East Canyon Real Property |
| 6.4 | Absence of Certain Changes |
| 6.5 | Liens |
| 6.5 | Liens |
| 6.6 | Facilities Exceptions |
| 6.7 | Sufficiency and Condition of Assets Exceptions |
| 6.8 | Intellectual Property Rights |
| 6.10 | Key Relationships |
| 6.11 | Necessary Permits |
| 6.12 | Tax Matters |
| 6.13 | Environmental Matters |
| 6.14 | Litigation |
| 6.18 | Insurance |
| 6.19 | Related Party Transactions |
| 6.22 | D&W Contract |

EXHIBIT A

Map of Facilities

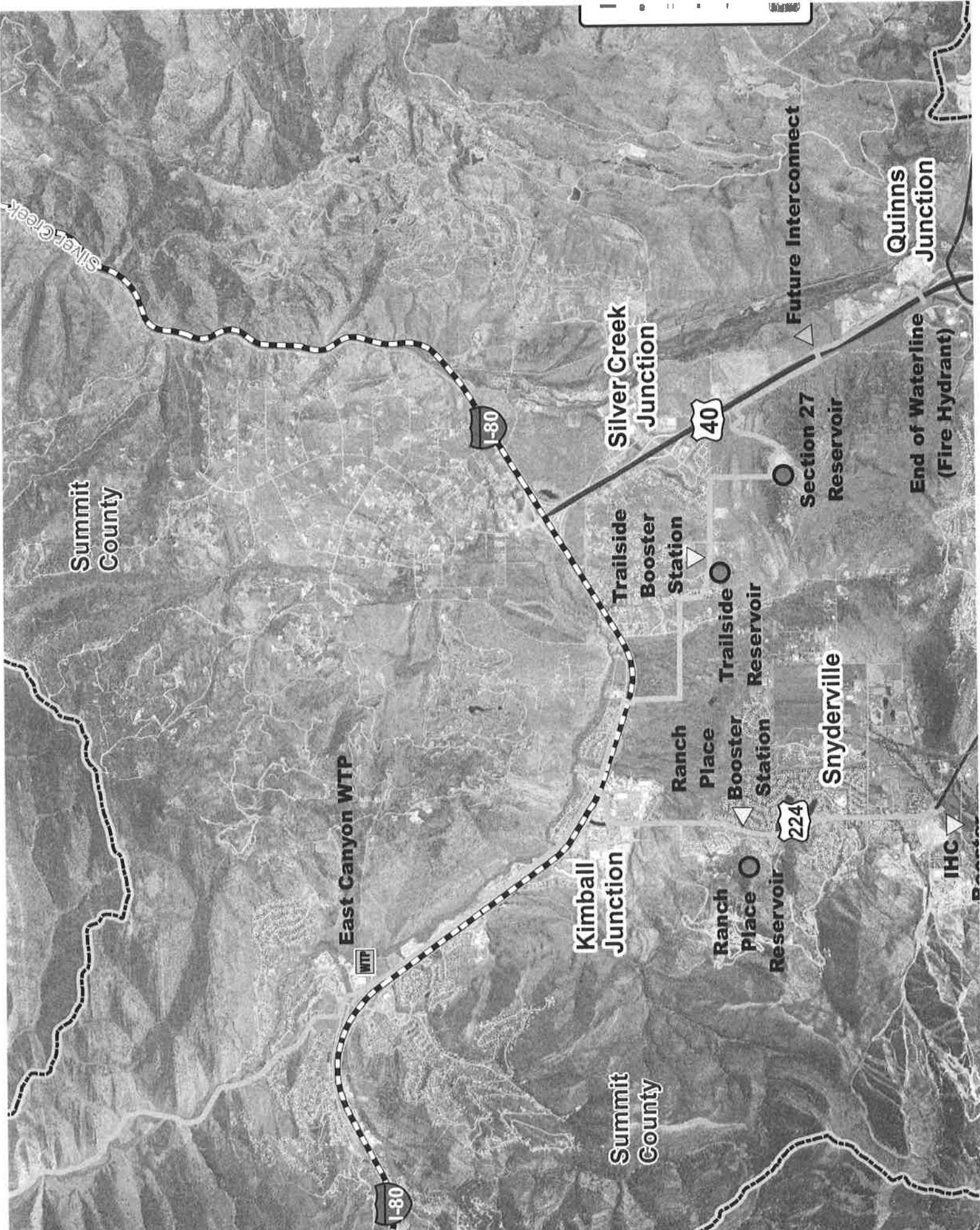


EXHIBIT B

D&W Contract

COPY

7-13-09

WATER SUPPLY AGREEMENT

This Water Supply Agreement is made and entered into this 8th day of July, 2009, by and between DAVIS & WEBER COUNTIES CANAL COMPANY, a Utah non-profit water company (hereinafter "D&WCCC"), and SUMMIT WATER DISTRIBUTION COMPANY, a Utah non-profit water company (hereinafter "SWDC").

RECITALS

WHEREAS, D&WCCC owns water rights and water distribution facilities, including the right to store the first 28,000 acre feet of water in East Canyon Reservoir as evidenced by Water Right Nos. 389 and 400 as specified in Plain City Irr. Co. v. Hooper Irr. Co., Civil No. 7487 commonly referred to as the Weber River Decree ("East Canyon Storage Rights"); and

WHEREAS, SWDC is desirous of securing a storage water supply from the East Canyon Storage Rights to be utilized by SWDC in a collection, pumping and pipeline facility from East Canyon Reservoir to SWDC's water treatment facility ("East Canyon Project"); and

WHEREAS, the parties agree that funds from this Agreement will augment ongoing programs of rehabilitation and betterment of D&WCCC water distribution facilities in exchange for a commitment of water from the East Canyon Storage Rights; and

WHEREAS, on November 21, 1996 at a duly called shareholders' meeting the shareholders of D&WCCC approved the lease of 5,000 acre feet per year of water from the East Canyon Storage Rights to SWDC; and

WHEREAS, D&WCCC has taken all appropriate corporate actions to authorize the use of the East Canyon Storage Rights in the Snyderville Basin in Summit County, Utah; and

WHEREAS, in order to facilitate the use of up to 5,000 acre feet per year of the East Canyon Storage Rights, D&WCCC filed a change application with the State Engineer of Utah, that application being designated Change Application 35-10539 (a-21859). ("East Canyon Change"); and

WHEREAS, on September 25, 1998, a Memorandum Decision by the State Engineer of Utah was issued approving the East Canyon Change.

WHEREAS, on October 13, 1999 D&WCCC and SWDC entered into an Agreement wherein D&WCCC agreed to make 5,000 acre feet per year of the East Canyon Storage Rights available to SWDC.

WHEREAS, the October 13, 1999 Agreement has a termination paragraph 8 and other terms and conditions which both D&WCCC and SWDC are desirous of amending and replacing as stated hereinbelow;

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, as well as other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, D&WCCC and SWDC hereby agree as follows:

1. **Replacement Agreement.**

D&WCCC and SWDC agree to replace the October 13, 1999 Agreement with this Water Supply Agreement wherein, upon the date of execution of this Water Supply Agreement by both parties, the October 13, 1999 Agreement shall be terminated and of no further force or effect, and all terms and conditions therein shall be replaced by this Water Supply Agreement.

2. **Water Supply.**

- a.
 - i. D&WCCC will make available a maximum 5,000 acre feet of water per year to SWDC solely from the East Canyon Storage Rights at the Delivery Point described in Exhibit "A", attached and incorporated hereto ("Water Supply"). The Water Supply being made available hereby will be comprised of water covered by water retired from historical irrigation and by the reduction in the amount of East Canyon Storage Rights historically available to all shareholders of D&WCCC as approved at the November 21, 1996 shareholders' meeting. The Water Supply shall be out of the excess created by the reduced yearly calls of its shareholders for the East Canyon Storage Rights and in an amount which D&WCCC reasonably determines will be available on an annual basis even though the reasons governing its availability may vary from year to year as determined by D&WCCC.
 - ii. As a clarification of 2.a.i., the November 21, 1996 shareholders' vote approved the dedication of one half (1/2) acre foot per year per share of the East Canyon Storage Rights from each of the 10,000 company shares totaling the 5,000 acre feet of East Canyon Storage Rights to be made available to SWDC pursuant to the October 13, 1999 Agreement and the East Canyon Change.
 - iii. As a result, the total amount of East Canyon Storage Rights available annually to all shareholders was and is reduced from D&WCCC's maximum storage right of 28,000 acre feet per year to 23,000 acre feet per year. Accordingly, SWDC will be entitled to 5,000/28,000ths or 17.86% of the East Canyon Storage Rights determined by D&WCCC to be available on an annual basis and the shareholders will be entitled to 23,000/28,000ths or 82.14% of the East Canyon Storage Rights determined by D&WCCC to be available on an annual basis.
 - iv. If D&WCCC determines that the amount of East Canyon Storage Rights available are less than 28,000 acre feet in any year, SWDC and the shareholders shall be entitled to their respective percentage of such available East Canyon Storage Rights for that year (17.86% for SWDC and 82.14% for D&WCCC shareholders).

- b. The general conditions governing the availability of the Water Supply are as follows:
 - i. D&WCCC will make available to SWDC the Water Supply as specified in the approved East Canyon Change for up to a maximum of 5,000 acre feet per year or such amount as has been reasonably determined by D&WCCC to be available.
 - ii. The Water Supply approved for use by SWDC shall be untreated water stored in East Canyon Reservoir pursuant to and governed by the East Canyon Change.
 - iii. D&WCCC makes no warranties or representations as to the quality or suitability of the Water Supply being made available to SWDC and SWDC assumes all responsibility for treatment or other necessary management of the Water Supply to make it acceptable for SWDC uses from the Delivery Point.

3. **Water Distribution.**

- a. SWDC shall assume all responsibility and obligation for the design, construction, operation, maintenance, repair, and replacement of the East Canyon Project, including all costs associated therewith.
- b. D&WCCC shall bear no responsibility for liability or operational obligation for the delivery of the Water Supply through the East Canyon Project, including any claims or legal actions taken by any person related to the construction, operation or maintenance of the East Canyon Project beyond the Delivery Point.
- c. D&WCCC's sole and only obligation to SWDC shall be to make the Water Supply available to SWDC at the Delivery Point, subject to drought or other events including any events as defined in paragraph 13. hereinbelow which would reduce the amount of the Water Supply made available to SWDC.
- d. SWDC shall install, operate, maintain, repair and replace metering devices as will accurately measure the diversion of the Water Supply by SWDC from East Canyon Reservoir at the Delivery Point. Upon request by D&WCCC, SWDC will have the accuracy of the meters confirmed by an independent third party of D&WCCC's choosing. In addition, the meter will be available for reading and inspection as requested by D&WCCC. In order to insure accurate readings, the meter(s) shall be installed in accordance with D&WCCC specifications.
- e. D&WCCC shall be responsible for reporting water deliveries to the River Commissioner wherein all releases and utilization of the Water Supply under this Agreement shall be taken into account and deducted annually

from the amount of water available to D&WCCC from the East Canyon Storage Rights.

- f. SWDC shall annually report to D&WCCC its total water diversion into the East Canyon Project on November 1 of each year for the prior twelve-month period.

4. **Easements.**

D&WCCC has granted to SWDC a Water Distribution Facilities Easement for utilization of certain D&WCCC property to construct and operate the East Canyon Project, a copy of which is attached and incorporated hereto as Exhibit B.

5. **Annual Charge for Use of D&WCCC Water Supply.**

SWDC shall pay D&WCCC for the use of the Water Supply as follows:

- a. For water made available to SWDC by D&WCCC under Paragraph 2 hereinabove, SWDC shall pay D&WCCC the sum of \$260.00 per acre foot ("Annual Charge") of Water Supply actually committed for delivery by conversion of SWDC's Class A Shares to SWDC's Class B shares wherein each Class B share shall equal 1.0 acre foot per year ("Converted Water Supply"). Once any portion of the Water Supply is so converted, SWDC shall pay D&WCCC the Annual Charge for such Converted Water Supply, whether SWDC actually diverts the Converted Water Supply or not. In addition to the Annual Charge, SWDC shall pay D&WCCC an amount to pay any and all State Engineer charges for administering the Water Supply under this Agreement.
- b. D&WCCC shall submit a statement to SWDC on or before December 1 of each year for the Annual Charge for the Converted Water Supply for the following calendar year.
- c. The Annual Charge shall be due and payable on or before January 15 of the following year for Converted Water Supply to be made available for the following year.
- d. Any payment not timely made shall be assessed a late charge equal to 12% of the outstanding fee (.0383% per day on the outstanding amount due) per annum due and payable within thirty (30) days of notice from D&WCCC.
- e. If SWDC desires to have additional Water Supply converted during any calendar year, SWDC shall be required to pay the then full Annual Charge for such water as if it were made available on January 1 of that year, and shall notify D&WCCC in writing of such conversion.

- f. If SWDC desires to pump any available Water Supply in excess of its then Converted Water Supply for any purpose authorized in the East Canyon Change, SWDC shall pay D&WCCC the current Annual Charge per acre foot so pumped.

6. **Priority of Use.**

SWDC hereby commits to D&WCCC that any development subsequent to completion of the East Canyon Project, as defined in paragraph 8.(a), which requires the use of SWDC water, wholly or partially, would be supplied first from the Water Supply prior to the conversion and use of any other SWDC sources.

7. **Index.**

- a. Commencing January 1, 2010, the Annual Charge can be adjusted by D&WCCC for the following calendar year based on the following index: The Annual Charge for any Converted Water Supply shall be indexed to the Gross Domestic Product Implicit Price Deflator as published in the Economic Report to the President by the Bureau of Economic Analysis (GDP Deflator). The GDP Deflator for calendar year 2008 shall be the base year and the Annual Charge for 2010 and all subsequent calendar years shall reflect the percentage change (plus or minus) in the GDP Deflator for such calendar year compared to the base year index beginning on the first calendar year following the date of execution of this Agreement and shall be adjusted annually therefrom for the next three years from the date of execution ("Base Index Period") but shall not be less than the prior year's Annual Charge. The adjustment as described herein shall occur every three years throughout the period of this Agreement.
- b. Prior to the expiration of the Base Index Period, and no later than six months prior thereto, if it is determined by the GDP Deflator Index that the then Annual Charge is 5% less than the then current charge by the Weber Basin Water Conservancy District ("District") for contracted untreated water made available to its customers during the Index year, the Annual Charge shall be adjusted to equal the District's most recent untreated water rate. After the adjustment of the Annual Charge, if any, the then adjusted Annual Charge shall continue to be indexed to the GDP Deflator Index for the subsequent three years. The adjustment as described herein shall occur every three years throughout the period of this Agreement.

8. **Project Deferral and Base Reservation Fees for the D&WCCC Water Supply.**

The SWDC and D&WCCC hereby acknowledge that D&WCCC has deferred any charges for the Water Supply set aside for SWDC since the execution of the October 13, 1999

Agreement to allow SWDC ample time to plan and construct the East Canyon Project. In consideration of this deferral and the replacement of the October 13, 1999 Agreement with a long term commitment of the Water Supply by D&WCCC pursuant to this Agreement, SWDC agrees to pay D&WCCC a Deferral Fee and a Base Reservation Fee for the Water Supply set aside and reserved for SWDC as follows:

a. Deferral Fee.

- i. Beginning on November 1, 2010, SWDC shall pay D&WCCC \$50,000 ("Deferral Fee") if the East Canyon Project is not Completed, regardless of whether such delay of Completion is caused by economic conditions or by conditions beyond the control of SWDC. Completed or Completion is herein defined as SWDC having constructed a governmentally approved pipeline and diversion facilities capable of pumping and transporting storage water from the East Canyon Reservoir to the SWDC water treatment plant located on Rasmussen Road in Summit County. The Deferral Fee shall be paid for two more subsequent years ending on October 31, 2012 if the East Canyon Project has not been Completed by then.
- ii. The Deferral Fee shall be adjusted in the same manner as the Annual Charge for Converted Water Supply as set forth in Paragraph 5.b. above.
- iii. Example. Should the Project not be Completed by November 1, 2010, SWDC shall pay to D&WCCC the sum of \$50,000. Should the GDP Deflator for 2010 exceed the GDP Deflator for 2008 by 4% and should the Project not be Completed by November 1, 2011, SWDC shall pay to D&WCCC the sum of \$52,000 (\$50,000 X 1.04). Should the Project be Completed on or before October 31, 2012, SWDC shall not be obligated to pay any further Deferral Fees.

b. Base Reservation Fee.

- i. Beginning on November 1, 2012 or the first November 1 following Completion of the East Canyon Project, whichever is sooner, SWDC shall pay D&WCCC \$50 per acre foot for the total acre feet of nonconverted Water Supply reserved for SWDC by D&WCCC ("Reserved Water Supply"), on the same date as the Annual Charge which shall be due and payable on November 1 of the applicable year ("Base Reservation Fee"); provided however that the Base Reservation Fee due in any given year shall be reduced by the amount of the Annual Charge applicable to the Converted Water Supply as set forth in Paragraph 5 above.

For example, for every acre foot of Water Supply converted to Converted Water Supply in any one year, the amount of acre feet subject to the Base Reservation Fee shall be reduced by the amount equal to the then applicable Annual Charge per acre foot times the number of acre feet of Converted Water Supply divided by the then applicable Base Reservation Fee per acre foot.

- ii. The Base Reservation Fee for the Reserved Water Supply shall be adjusted by the percentage change in the annual assessment on each share of the D&WCCC stock for that current year beginning November 1 of that year and every year thereafter until there is no remaining Reserved Water Supply, or until the reduction specified in 8.b.i. equals or exceeds the Base Reservation Fee.
- iii. Once any Reserved Water Supply is converted as specified in paragraph 5 hereinabove, any Base Reservation Fee for that water shall be credited to the Annual Charge for that Converted Water Supply during the same contract year of conversion.

9. **Acknowledgments.**

- a. D&WCCC recognizes that the costs incurred in constructing the East Canyon Project will not be paid by SWDC general shareholder assessments but by specific SWDC customers who need a source of water supply. D&WCCC further recognizes that the specific SWDC shareholders responsible for paying all costs in constructing the East Canyon Project do not anticipate a return on their investment until the Water Supply (is actually converted) under their respective project plans. Accordingly, it would impose a significant financial burden upon SWDC Shareholders to have them both (1) incur the costs of constructing the East Canyon Project and (2) pay Annual Charges to D&WCCC for total Water Supply, until the water is actually converted for use under their project plans. D&WCCC therefore agrees that it will not impose an Annual Charge for the Water Supply until it is actually converted to Converted Water Supply and shall otherwise only charge a Deferral Fee and Base Reservation Fee as specified in paragraph 8 hereinabove.
- b. SWDC understands that in times of short supply, D&WCCC may be forced to reduce the Water Supply available to SWDC and agrees that SWDC will reduce its usage consistent with the restrictions being imposed on SWDC consistent with the provisions of subparagraph 2(a) hereinabove.
- c. Since SWDC and its specified shareholders will be paying all costs for the East Canyon Project to take receipt of the Water Supply, D&WCCC agrees that no third party use of the East Canyon Project or the Water Supply can be made without the express written consent of SWDC.

- d. The Water Supply being made available under the terms of this Agreement shall be initially for SWDC shareholders use only but may be used by SWDC for any purpose consistent with the East Canyon Change.
- e. SWDC shall be solely responsible for the administration and distribution of Water Supply covered by this Agreement, including the identification and selection of any person or entity authorized to receive the Water Supply from SWDC.
- f. D&WCCC and SWDC recognize that SWDC will become dependent upon the Water Supply on or before the date water is actually placed into use. To secure the commitment of water to SWDC, the parties agree that D&WCCC's commitment of the East Canyon Storage Rights as set forth in paragraph 2(a) is a permanent and perpetual commitment of water by DWCCC subject only to the terms and conditions of this Agreement and the East Canyon Change or any amendments thereto approved by D&WCC.

10. **Notices.**

Any notice herein contemplated to be given to D&WCCC shall be deemed sufficient if given in writing as personally delivered, or by certified or registered mail, addressed to Davis & Weber Counties Canal Company, 138 West 1300 North, Sunset, Utah 84015 or to such address or addresses as D&WCCC shall hereafter designate to SWDC in writing, or by electronic mail, with a copy to follow by mail.

Any notice herein contemplated to be given to SWDC shall be deemed sufficient if given in writing as personally delivered, or by certified or registered mail, addressed to Summit Water Distribution Company, P.O. Box 680963, Park City, Utah 84098, with a copy to such address or addresses as SWDC shall hereafter designate to D&WCCC in writing, or by facsimile, with a copy to follow by mail.

CHANGE ADDRESS

Notice given by mail shall be deemed effective and complete 48 hours following the time of posting and mailing thereof addressed as aforesaid. Notices given personally shall be deemed effective and complete upon delivery thereof to the address indicated and obtaining a signed receipt therefore.

11. **Termination.**

- a. This Agreement shall be considered a permanent commitment by both parties subject to satisfaction of all terms and conditions of the Agreement by both parties subject to subparagraph 9(b) hereinbelow.
- b. This Agreement shall be subject to termination only upon the occurrence of a default as defined hereinbelow by SWDC.

12. A default is defined as a failure by SWDC to pay to D&WCCC any and all fees and charges under this agreement within sixty (60) days of receipt of a Notice of Default from D&WCCC.

13. **Assignment.**

This Agreement in whole or in part may not be assigned by SWDC without the prior written consent of D&WCCC, that consent being not unreasonably withheld.

14. **Mutual Indemnification.**

- a. **By SWDC.** SWDC shall indemnify, save harmless and defend D&WCCC, its officers, trustees, directors, employees, agents and representatives, from and against any and all losses, expenses, costs (including without limitation court costs and attorneys' fees), claims, actions, demands, damage and liabilities, of whatsoever kind or nature, which are imposed or claimed to be imposed upon D&WCCC, its officers, trustees, directors, employees, agents and representatives, for bodily injuries, including death, or for damage to property, real or personal, sustained by any person, including without limitation employees of SWDC, employees of D&WCCC, or third parties, or for environmental liabilities, and whether such bodily injuries, death or damage to property arise or are claimed to arise in whole or in part out of negligence or any other grounds for legal liability (including violation of any duty imposed by statute, ordinance or regulation), which result from, arise out of or are otherwise attributable, in any way, to the existence, ownership, construction, reconstruction, operation, control, maintenance, repair, renewal and replacement of all SWDC Facilities; including treatment plant and water delivery to SWDC customers. Notwithstanding the foregoing, the indemnification provided herein shall not extend to any losses, expenses, costs, claims, actions, demands, damages and liabilities to the extent the same are caused by, result from or are otherwise attributable to any act or forbearance of SWDC pursuant to written instructions from the D&WCCC and the SWDC acts or forbears in conformance with said instructions without negligence on its part, or to the extent the same are caused by, result from or are otherwise attributable to the negligence of D&WCCC.
- b. **By D&WCCC.** D&WCCC shall indemnify, save harmless and defend SWDC, its officer, trustees, directors, employees, agents and representatives, from and against any and all losses, expenses, costs (including without limitation court costs and attorneys' fees), claims, actions, demands, damage and liabilities, of whatsoever kind or nature, which are imposed or claimed to be imposed upon SWDC, its officers, trustees, directors, employees, agents and representatives, for bodily injuries, including death, or for damage to property, real or personal, sustained by any person, including without limitation employees of

D&WCCC, employees of SWDC, or third parties, or for environmental liabilities, and whether such bodily injuries, death or damage to property arise or are claimed to arise in whole or in part out of negligence or any other grounds for legal liability (including violation of any duty imposed by statute, ordinance or regulation), which result from, arise out of or are otherwise attributable, in any way, to the existence, ownership, construction, reconstruction, operation, control, maintenance, repair, renewal and replacement of D&WCCC East Canyon Reservoir. Notwithstanding the foregoing, the indemnification provided herein shall not extend to any losses, expenses, costs, claims, actions, demands, damages and liabilities to the extent the same are caused by, result from or are otherwise attributable to any act or forbearance of D&WCCC pursuant to written instructions from the SWDC and the D&WCCC acts or forbears in conformance with said instructions without negligence on its part, or to the extent the same are caused by, result from or are otherwise attributable to the negligence of SWDC.

15. **General.**

- a. **Integration.** This Agreement constitutes the entire understanding and agreement by and between the Parties hereto and supersedes, in its entirety, the Agreement between the Parties dated October 13, 1999 and any and all prior agreements, representations or understandings by and between them, whether written or oral, pertaining to the subject matter hereof.
- b. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.
- c. **Construction.** This Agreement is the result of negotiations between the Parties, neither of whom has acted under any duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms and provisions hereof shall be construed in accordance with their usual and customary meanings. Each Party hereby waives the application of any rule of law which otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the Party who (or whose attorney) prepared the executed Agreement or any earlier draft of the same. As used herein, all words in any gender shall be deemed to include the masculine, feminine, or neuter gender, all singular words shall include the plural, and all plural words shall include the singular, as the context may require.
- d. **Further Action.** The Parties hereby agree to execute and deliver such additional documents and to take further action as may become necessary or desirable to fully carry out the provisions and intent of this Agreement

- e. Inducement. The making and execution of this Agreement has not been induced by any representation, statement, warranty or agreement other than those herein expressed.
- f. Business Relationship. This Agreement neither acknowledges the existence of nor is it intended nor shall it be construed to establish, create or organize any principle-agent relationship, partnership, joint venture, or any other legal entity or form of business relationship between the Parties, and is limited solely to the purposes and interests expressed herein.
- g. No Third Party Beneficiaries. This Agreement shall not be deemed to create any right in any person who is not a Party (other than the permitted successors and assigns of a Party) and shall not be construed in any respect to be a contract, in whole or in part, for the benefit of any third party (other than permitted successors and assigns of a Party hereto).
- h. Force Majeure. Performance by any Party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrections, strikes, lock-outs, floods, earthquakes, fires, casualties, acts of God, epidemics, quarantine, restrictions, inability (when the responsible Party is faultless) to secure necessary labor, materials, tools, acts or failure to act of any public or governmental agency or entity, or by any other reason not the fault of the Party delayed in performing work or doing acts required under the terms of this Agreement, and in such event, the performance of such work or the doing of such act shall be excused for the period of the delay and the period of performance for any such work or the doing of any such act shall be extended for a period equivalent to the period of such delay.
- i. Severability. If any term or provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be void, voidable, or unenforceable, such void, voidable or unenforceable term or provision shall not affect the enforceability of any other term or provision of this Agreement.
- j. Attorney's Fees. Attorneys' fees and costs shall be awarded to the prevailing party in any action brought to enforce the provisions of this Agreement.

16. **Benefit.**

This Agreement shall be binding upon the parties hereto, their successors and assigns.

17. **Counterpart Execution.**

This Agreement may be executed in counterpart.

IN WITNESS WHEREOF, D&WCCC and SWDC have entered into this Agreement at the date and place herein above first mentioned.

DAVIS & WEBER COUNTIES CANAL COMPANY

By: Dee A. Page
Its: PRESIDENT

Attest

Cheryl A. Carter
Secretary

SUMMIT WATER DISTRIBUTION COMPANY

By: H. Sanders
Its: President

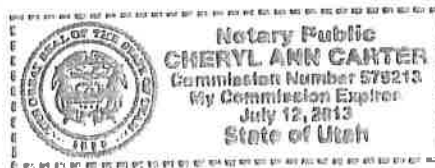
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 7th day of July, 2009, personally appeared before me, Dee A. Page, and after being by me duly sworn did say he/she is the President of Davis & Weber Counties Canal Company, and that the within and foregoing instrument was signed in behalf of said non-profit mutual water company, and that he/she duly acknowledged to me that said non-profit mutual water company executed the same.

Cheryl Ann Carter
Notary Public
Residing at: West Haven, Utah

My Commission Expires:

7/12/2013



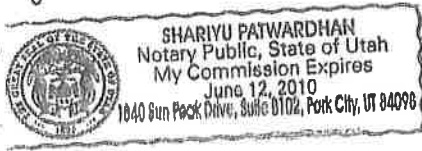
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 8th day of July, 2009, personally appeared before me, Hy Saunders and after being by me duly sworn did say he is the President of Summit Water Distribution Company, and that the within and foregoing instrument was signed in behalf of said non-profit mutual water company, and that he/she duly acknowledged to me that said non-profit mutual water company executed the same.

Shariyu Patwardhan
Notary Public
Residing at: Salt Lake

My Commission Expires:

June 12, 2010



SCHEDULE 2.1

East Canyon Water Treatment Plant

Description of the WTP

The East Canyon Water Treatment Plant (ECWTP) is located at 2950 W. Rasmussen Road, Park City, Utah at approximate elevation of 6300 feet mean sea level. The ECWTP is a membrane plant and was constructed and commissioned in 2002; however, it has seen only very limited operation during the 11 years since it was commissioned. Based on an evaluation performed by CDM Smith in the spring of 2012, the current firm (N-1), sustainable treatment capacity of the existing membrane filtration system is projected to be between 3.0 to 3.6 mgd. The ECWTP building is large enough to accommodate capacity expansion up to 22 mgd. The June 8, 2012 CDM Smith report entitled "Weber Basin Water Treatment Plant Assessment Project, East Canyon Water Treatment Plant" provides more information and a complete condition assessment of the ECWTP.

SCHEDULE 2.1(a)

Real Property

Parcel 1

Beginning at a point on the North line of the South half of the Northwest Quarter of Section 12, Township 1 South, Range 3 East, Salt Lake Base and Meridian; said point lies South 00°06'00" West along the Section line (basis of bearings), 1339.68 feet and South 89°32'29" East along said North line 1072.00 feet from the Northwest corner of the aforesaid Section 12; and running thence South 00°27'31" West 200.00 feet; thence South 63°57'13" West 253.00 feet; thence North 81°10'08" West 226.00 feet; thence North 00°27'31" East 280.00 feet to a point on the aforesaid North line of the South half; thence South 89°32'29" East along said North line 450.00 feet to the point of beginning.

Parcel 2

Together with a non-exclusive access easement as granted in that certain Easement Agreement dated September 18, 1995, recorded September 20, 1995, as Entry No. 437720, at Book 909, Page 193.

SCHEDULE 2.1(b)

Tangible Personal Property

Fork lift, used to lift chemical totes

Computer and software used to run the treatment plant

All existing laboratory equipment used to take water samples and measure water quality.

SCHEDULE 2.2

Highway 40 System

Description of SWDC Existing Facilities from the East Canyon WTP to Quinn's Junction

The following descriptions begin at the East Canyon WTP and continue to the end at Quinn's Junction. The SWDC pipeline for all reaches consists of a 16-inch ductile iron pipeline. While the capacity of this pipeline can vary depending on the available head, most modeling scenarios for this system estimate a capacity of approximately 4000 gpm (5.76 mgd).

- **Reach 1: SWDC Pipeline, ECWTP to Kimball Junction along Rasmussen Road** – The 16-inch ductile iron pipeline was installed in 1992. The pipeline was installed without polywrap. The length is 9,420 feet for this reach.
- **Reach 2: SWDC Pipeline, Kimball Junction to Burns Fire Station along Rasmussen and Bitner Roads** – The 16-inch ductile iron pipeline was installed in 1993. The pipeline was installed without polywrap. The length is 7,200 feet for this reach.
- **Reach 3: SWDC Pipeline, Burns Fire Station to Old Ranch Road through the Meadow** – The 16-inch ductile iron pipeline was installed in 1994. The pipeline was installed without polywrap. The length is 5,550 feet for this reach.
- **Reach 4: SWDC Pipeline, Old Ranch Road to Trailside Reservoir through Mountain Ranch Estates** – The 16-inch ductile iron pipeline was installed in 1995. The pipeline was installed without polywrap. The length is 3,575 feet for this reach.
- **Reach 5: SWDC Pipeline, Trailside Reservoir to Section 27 Reservoir along the north and east section lines of Section 28** – The 16-inch ductile iron pipeline was installed in 1996. The pipeline was installed without polywrap. The length is 6,970 feet for this reach.
- **Reach 6: SWDC Pipeline, Section 27 to Quinn's Junction** – The 16-inch ductile iron pipeline was installed in 2007. The pipeline was installed without polywrap. The length is 14,900 feet for this reach.
- **Trailside Reservoir** – This reservoir is a circular, cast-in-place, buried concrete reservoir with an existing volume of 1,500,000 gallons. It was constructed in 1996.
- **Trailside Booster Station** – The Trailside Booster Station was constructed in 1999 with a current capacity of 600 gpm (2 vertical turbine pumps). However, it has been designed to be expandable to 4000 gpm with 4 vertical turbine pumps. The pump station shares a structure with restrooms for the Trailside Park.
- **Section 27 Reservoir** – This reservoir is a circular, cast-in-place, buried concrete reservoir with an existing volume of 750,000 gallons. It was constructed in 1996-1997.

SCHEDULE 4.1

Highway 224 System

Description of SWDC Existing Facilities from Kimball Junction to The Canyons on State Road 224

The following descriptions begin at Kimball Junction and continue south on State Road 224 to the Canyons Resort. The SWDC pipeline for all reaches consists of a 16-inch ductile iron pipeline. While the capacity of this pipeline can vary depending on the available head, most modeling scenarios for this system estimate a capacity of approximately 4000 gpm (5.76 mgd).

- **Reach 1: SWDC Pipeline, Interstate-80 Bore near Kimball Junction from Bitner Road to Ute Blvd** – The 16-inch ductile iron pipeline was installed in 1995. The pipeline was installed without polywrap. The pipe has a 30-inch casing under I-80. The length is 1,060 feet for this reach.
- **Reach 2: SWDC Pipeline, Ute Blvd to State Road 224** – There is a section on Ute Blvd of 12-inch ductile iron pipeline to the connection at State Road 224. The pipe was installed in 1989. The pipeline was installed without polywrap. The length is 640 feet for this reach.
- **Reach 3: SWDC Pipeline, Ute Blvd to Cutter Lane on State Road 224** – The 16-inch ductile iron pipeline was installed in 1989. The pipeline was installed without polywrap. The length is 5,500 feet for this reach. Approximately 300 feet of this reach was replaced when the pedestrian tunnel under State Road 224 was installed in 2011 near Ute Blvd. HDPE pipe was used.
- **Reach 4: SWDC Pipeline, Cutter Lane to Old Ranch Road on State Road 224** – The 16-inch ductile iron pipeline was installed in 1991. The pipeline was installed without polywrap. The length is 4,970 feet for this reach.
- **Reach 5: SWDC Pipeline, Old Ranch Road to the Canyons Resort** – The 16-inch ductile iron pipeline was installed in 1994. The pipeline crosses under State Road 224 from east to west. The pipeline was installed without polywrap. The length is 3,770 feet for this reach.
- **Reach 6: SWDC Pipeline, State Road 224 Crossing to IHC Booster Station** – The 12-inch ductile iron pipeline was installed in 1998. The pipeline was installed without polywrap. The length is 380 feet for this reach.
- **Ranch Place Reservoir** – This reservoir is a circular, cast-in-place, buried concrete reservoir with an existing volume of 750,000 gallons. It was constructed in 1991-1992.
- **Ranch Place Booster Station** – The Ranch Place Booster Station was constructed in 1992 with a current capacity of 4,000 gpm (4 vertical turbine pumps, 2-1,000 gpm & 1-2,000 gpm operating and 1 redundant 1,000 gpm). The Canyons Resort expanded the pump station to its maximum capacity in 2008.
- **IHC Booster Station** – The IHC Booster Station was constructed in 1999 with a current capacity of 4,000 gpm (5 vertical turbine pumps, 4 operating and 1 redundant). The Canyons Resort expanded the pump station to its maximum capacity in 2008.

SCHEDULE 4.2

East Canyon Pipeline

Description of Existing East Canyon Pipeline

The following descriptions begin at the East Canyon WTP and continue north to the Summit/Morgan County Line on East Canyon Road. The SWDC pipeline for all reaches consists of a 30-inch ductile iron pipeline.

- **Reach 1: East Canyon Pipeline, ECWTP to Rasmussen Road** – The 30-inch ductile iron pipeline was installed in 2002 as part of the ECWTP construction project. The pipeline was installed without polywrap or joint bonds. The length is 1,030 feet for this reach.
- **Reach 2: East Canyon Pipeline, ECWTP to Toll Creek on Rasmussen Road (Station 358+35 to 369+88)** – The 30-inch ductile iron pipeline was installed in 2008 as part of Phase 1. The pipeline was installed without polywrap or joint bonds. The length is 1,153 feet for this reach.
- **Reach 3: East Canyon Pipeline, Toll Creek to East Canyon Road along Rasmussen and Jeremy Roads (Station 680+00 to 749+60)** – The 30-inch ductile iron pipeline was installed in 1999. The pipeline was installed without polywrap or joint bonds. The length is 6,960 feet for this reach.
- **Reach 4: East Canyon Pipeline, Jeremy Ranch to Summit/Morgan County Line along East Canyon Road (Station 113+40 to 287+45)** – The 30-inch ductile iron pipeline was installed in 2008 as part of Phase 1. The pipeline was installed with polywrap or joint bonds. The length is 17,405 feet for this reach.

SCHEDULE 4.2(a)

East Canyon Pipeline Real Property

EAST CANYON PIPELINE

Project Easements

Easements for the East Canyon Project were obtained by SWDC for all installed facilities as well as for some future facilities for the East Canyon Project. The following paragraphs provide a summary of the existing easements. Table 3-1 provides a list of each easement with its corresponding location, property owner, and status. Figure 3-1, East Canyon Project Plan and Profile, shows the corresponding easement locations.

Summit Water Treatment Plant. The Clines Auto Sales, Inc. granted an easement on November 4, 1997 to SWDC for the 30-inch waterlines entering and exiting the SWDC water treatment plant. The easement is limited to a 30' wide strip running from Rasmussen Road to the Summit Water Treatment Plant property line. The easement was recorded at Summit County and its location is between Points A and B on Figure 3-1.

Rasmussen Road / Jeremy Road. The East Canyon Pipeline runs through the Summit County public right-of-way on Rasmussen Road and Jeremy Road from Points B to C on Figure 3-1. No easement is required.

East Canyon Road. The existing East Canyon Pipeline follows East Canyon Road from the Jeremy Ranch (Point C) to the Summit/Morgan County Line. The future phase will continue along the East Canyon Road to the intersection with State Road 65 near East Canyon Resort. SWDC has a blanket easement over the 910 Cattle Company property that allows them to obtain easements for water improvements. They are currently working with the 910 Cattle Company to identify potential development and prepare corresponding easements for pipelines, reservoirs, wells, and booster stations in conjunction with the development plan for the property. In addition, the East Canyon Road has been recognized as a public right-of-way in a Supreme Court of Utah appeal decision from District Court, Third Judicial District, Summit County in Case No. 6216, Jeremy versus Bertagnole, dated August 26, 1941. The decision states that the Supreme Court of Utah is of the opinion that the case's evidence supports the findings of the trial court as to use of the road, that under the law of that jurisdiction, the court did not err in decreeing that East Canyon Road to be dedicated as a public way nor in fixing its width (60 feet to 5 rods) as by the decree provided. The decree of the lower court was affirmed. Lastly, John Flitton has provided a legal opinion regarding the East Canyon Road as a public right-of-way in a letter dated May 15, 2012.

Rick Sutherland Property. The intermediate Booster Station site is located on Rick Sutherland's property as shown on Figure 3-1. Mr. Sutherland has requested that the pump station building include his existing well head inside the structure along with a space of adequate size for him to develop his well, equip it, and park a truck inside. He also has requested that the pump station building be designed and constructed to minimize the noise that will be emitted impacting his residence located west of the proposed pump station site. As part of the easement

discussions, a noise evaluation was performed by Sound Design International, Inc. including a noise level simulation and recommendations for mitigation with means and methods for construction of the building. SWDC has prepared an easement agreement and is currently in negotiation with Mr. Sutherland for the easements.

State Road 65. The East Canyon Pipeline would run through the UDOT maintained public right-of-way on State Road 65 from Points D to E on Figure 3-1. No easement is required.

US Bureau of Reclamation Property. The East Canyon Pipeline and access road would run along the existing US Bureau of Reclamation (USBR) dirt access road from Points E to F, and cross country from Point I to the Intake Pump Station, and from Point K to the Intake Pump Station as shown on Figure 3-1. The Intake Pump Station site will be located on USBR property as well. As part of the USBR Study completed in September 2009, they have agreed to allow the use of their property to facilitate the East Canyon Project. No easement has been formally prepared in addition to the report.

East Canyon Resort Property. The East Canyon Pipeline and Intake Booster Station access road would run along the existing dirt access road through East Canyon Resort Properties from Points F to G, from Points H to I, and from Points J to K as shown on Figure 3-1. SWDC has prepared easement agreements and is currently in negotiation with East Canyon Resort for the three parcels that will be impacted.

East Canyon Herb Farm Property. The East Canyon Pipeline and Intake Booster Station access road would run through East Canyon Herb Farm Property from Points G to H, and from Points 6 to J as shown on Figure 3-1. SWDC has prepared an easement agreement and is currently in negotiation with East Canyon Herb Farm for the easements.

Davis and Weber Counties Canal Company Property. The original East Canyon Project proposed to make use of a portion of the Davis and Weber Counties Canal Company (DWCCC) property near East Canyon Reservoir as shown on Figure 3-1. The signed agreement has an expiration date of June 26, 2013 if nothing is done to occupy the property with water distribution facilities.

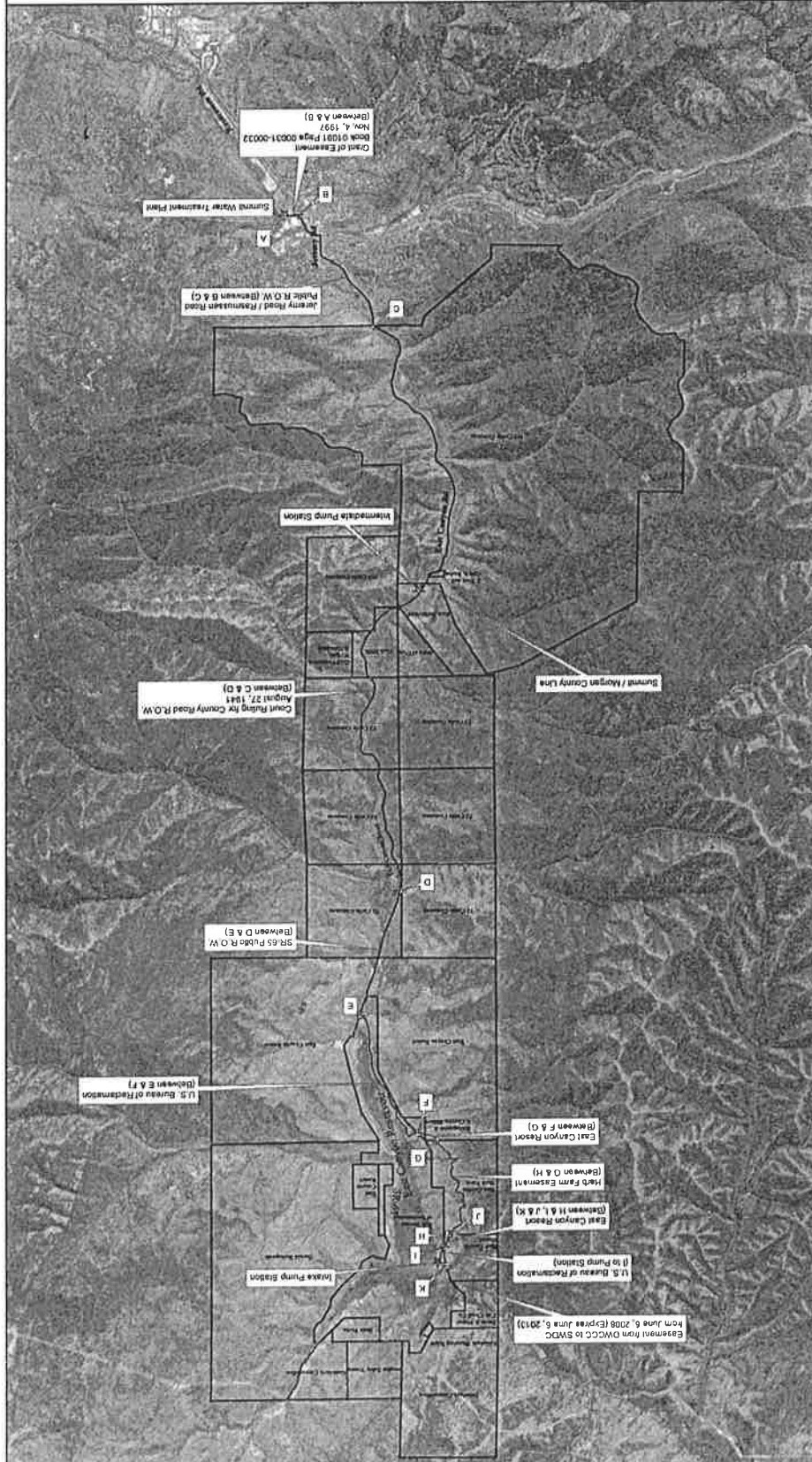
**Table 3-1
East Canyon Project Easements**

Location *	Property Owners	Status
Summit Water Treatment Plant to Rasmussen Road (Points A to B)	Clines Auto Sales, Inc.	Recorded in Summit County, Book 01091, Page 00031-00032
Rasmussen Road / Jeremy Road (Points B to C)	Summit County Public R.O.W.	
East Canyon Road (Point C to the Summit / Morgan County Line)	910 Cattle Company	1) Recorded in Summit County, Book 609, Page 583-588 2) Court Decision Case No. 6216 3) Legal Opinion by John Flitton dated 05-15-12
Intermediate Pump Station	Rick Sutherland	SWDC in negotiation with Rick Sutherland
East Canyon Road (Summit / Morgan County Line to Point D)	-Rick Sutherland -State of Utah -Utah Dept of Natural Resources -910 Cattle Company -TJ Cattle Company	1) Recorded in Summit County, Book 609, Page 583-588 2) Court Decision Case No. 6216 2) Legal Opinion by John Flitton dated 05-15-12
State Road 65 (Points D to E)	UDOT Public R.O.W.	
From SR-65 to East Canyon Resort Property (Points E to F)	U.S. Bureau of Reclamation	Use Granted and Permit Required Per USBR Study dated September 2009
East Canyon Resort Property (Points F to G)	East Canyon Resort and Bertagnoles	SWDC in negotiation with East Canyon Resort
Herb Farm (Points G to H and Points G to J)	East Canyon Herb Farm	SWDC in negotiation with East Canyon Herb Farm
East Canyon Resort Property (Points H to I, and Points J to K)	East Canyon Resort	SWDC in negotiation with East Canyon Resort
Intake Pump Station (Point I to Pump Station, and Point K to Pump Station)	U.S. Bureau of Reclamation	Use Granted and Permit Required Per USBR Study dated September 2009
North of Pump Station	Davis and Weber Counties Canal Company	Signed by both parties but not recorded

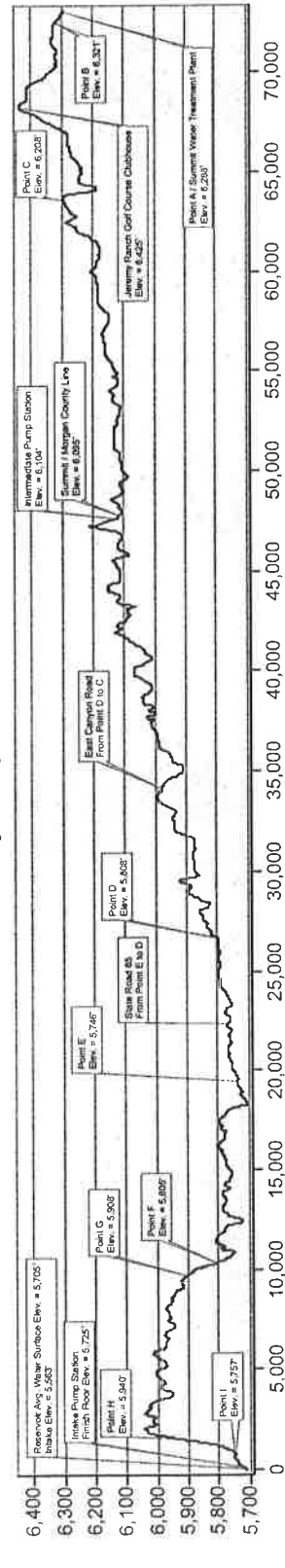
*See Figure 3-1, East Canyon Project Plan and Profile, for locations.

Legend

- 1999 Pipeline
- Phase 1 Pipeline (2008)
- Phase 2 Pipeline (90% Design)
- Phase 3 Pipeline
- Proposed Access Road
- Existing Roads



East Canyon Pipeline Profile



NORTH

SCALE: 0 1,500 3,000 Feet

PLAN AND PROFILE

WEBER BASIN WATER CONSERVANCY DISTRICT
EAST CANYON PROJECT

Bowen Collins & Associates, Inc.
 CONSULTING ENGINEERS

FIGURE NO. **3.1**

SCHEDULE 6.4

Absence of Certain Changes

None

SCHEDULE 6.5

Liens

None

SCHEDULE 6.6

Facilities Exceptions

None

SCHEDULE 6.7

Sufficiency and Condition of Assets Exceptions

None

SCHEDULE 6.8

Intellectual Property Rights

None

SCHEDULE 6.10

Key Relationships

None

SCHEDULE 6.11

Necessary Permits

PERMITS

Multiple permits were required for the construction of the East Canyon Pipeline and SWDC Water Treatment Plant. Many of the same permits will be required for the construction of additional phases of the East Canyon Pipeline and pump stations. The following is a summary of the existing permits giving the date they were issued, when they expire, and what action is needed if any. Table 3-2 summarizes each permit.

Utah Division of Drinking Water (DDW) Permits and Approvals. For the entire length of the East Canyon Pipeline, a conditional plan approval was given on June 25, 1998. The 1999 phase was constructed under this approval, but an operating permit was not issued since the rules did not require one at this time. The conditional plan approval expired a year later for the remaining portions of the pipeline that did not construct and the permit was superseded by newer permits for different phases of the project. Plan approval for the 2008 Phase I of the project was issued on July 14, 2008. Construction for Phase 1 was started but was never officially completed. As a result, an operating permit was never requested. Phase 2 received plan approval that was issued on June 24 and again on July 2, 2009. It is unclear why it was issued twice. Construction never began on Phase 2 and the plan approval expired after one year. An operating permit for the East Canyon Water Treatment Plant was issued on July 1, 2002. Plan approval will be required for future phases of the project.

Stream Alteration Permit – Utah State Engineer. An order by the State Engineer of Utah issued a stream alteration permit numbered 08-35-23SA on July 18, 2008. The permit expired on July 18, 2009. A renewal of the stream alteration permit will be required before construction can begin on future phases of the project.

UDPES Permit – Utah Division of Water Quality. The current UDPES permit for the East Canyon Pipeline construction is numbered UTR358225 with an active period from July 6, 2011 to June 30, 2013. Several previous permits for the project have been issued but are superseded by the current permit. If construction is to continue, the UPDES permit will need to be renewed on or before June of 2013.

US Army Corps of Engineers Nationwide Permit. An unsigned copy of a letter from John Flitton dated August 13, 2004 addressed to Nancy Kang at the Utah Regulatory Office of the US Army Corps of Engineers (USACOE) references the Davis & Weber Counties Canal Company (NWP-12 199850577. The permit is a joint permit with the State Engineer's office permit number 98-35-49SA. There is no record of an acknowledgement from the USACOE regarding this letter. This permit will need to be reapplied for and obtained again for construction to begin on future phases of the project.

Conditional Use Permit – Morgan County. The 2009 application for the conditional use permit with Morgan County is still on file and considered an open application. The conditional use permit review letters were issued from the County and the County's engineer both dated June 30, 2009. The letters requested additional information which must be submitted before the application can move forward in the County's process.

Encroachment Permit – UDOT Region 1. An encroachment permit for construction of the pipeline within the State Road 65 right-of-way is required from the UDOT Region 1 Permits Office. The permits office has had several meetings with Summit Water Distribution Company concerning the proposed project. As of 2009, UDOT is requiring the final stamped design plans for their review before they will have any further discussion regarding the encroachment permit. Final plans will need to be approved by the UDOT Region 1 Permits Office before an encroachment permit can be issued for State Road 65.

Excavation Permit – Summit County. An excavation permit was issued by Summit County for the 2008 Phase 1 construction of the East Canyon Pipeline. The construction was completed with the exception of the air and vacuum valve stations, the cathodic test stations, and check dams required by the County. The excavation permit has expired and approval from Summit County will be required to complete construction of the remaining items on Phase 1.

Pretreatment Permit – Snyderville Basin Water Reclamation District. The current pretreatment permit for the SWDC East Canyon Water Treatment Plant was obtained from Snyderville Basin Water Reclamation District (SBWRD) on February 2, 2008 and expires on January 31, 2013. This permit allows the treatment plant to discharge waste to SBWRD. The permit will need to be renewed on or before the expiration date.

UPDES General Permit – Utah Division of Water Quality. The current UPDES general permit for the East Canyon Water Treatment Plant is numbered UTG640037 and has an active period through May 31, 2013 with an automatic renewal of the permit at the Utah Division of Water Quality.

**Table 3-2
Summary of Permits**

Permit	Date Issued	Expiration Date	Action Needed
DDW – Conditional Plan Approval (Entire Pipeline)	June 25, 1998	Expired	None – Superseded by subsequent plan approvals
DDW –Plan Approval (Phase 1)	July 14, 2008	Expired	Finish construction and apply for an operating permit
DDW –Plan approval (Phase 2)	June 24 & July 2, 2009	Expired	Resubmit for plan approval when construction is ready to proceed
DDW – Operating Permit for Treatment Plant	July 1, 2002	None	None
Stream Alteration Permit	July 18, 2008	July 18, 2009	Reapply for permit when construction is ready to proceed
DWQ – UDPES Construction Permit	July 6, 2011	June 30, 2013	Renew on or before expiration date
US Corps of Engineers Nationwide Permit	September 13, 2004	Unknown	Reapply for permit when construction is ready to proceed
Conditional Use Permit – Morgan County	June 30, 2009	Application still open	Additional information needed as requested by Morgan County
Encroachment Permit for SR-65 – UDOT	Not Issued		Submit final design plans
Excavation Permit – Summit County	In 2008 for Phase 1	Expired	Obtain approval to complete construction of Phase 1
SBWRD – Pretreatment Permit for Water Treatment Plant	February 1, 2008	January 31, 2013	Renew on or before expiration date
DWQ – UPDES General Permit for Treatment Plant	Unknown	May 31, 2013	Renew on or before expiration date

SCHEDULE 6.12

Tax Matters

None

SCHEDULE 6.13

Environmental Matters

None

SCHEDULE 6.14

Litigation

None

SCHEDULE 6.18

Insurance

General Liability Policy #GPPAPF605314700
Commercial Package
American Alternative Insurance Corporation
Term: 11/26/12 to 11/26/13

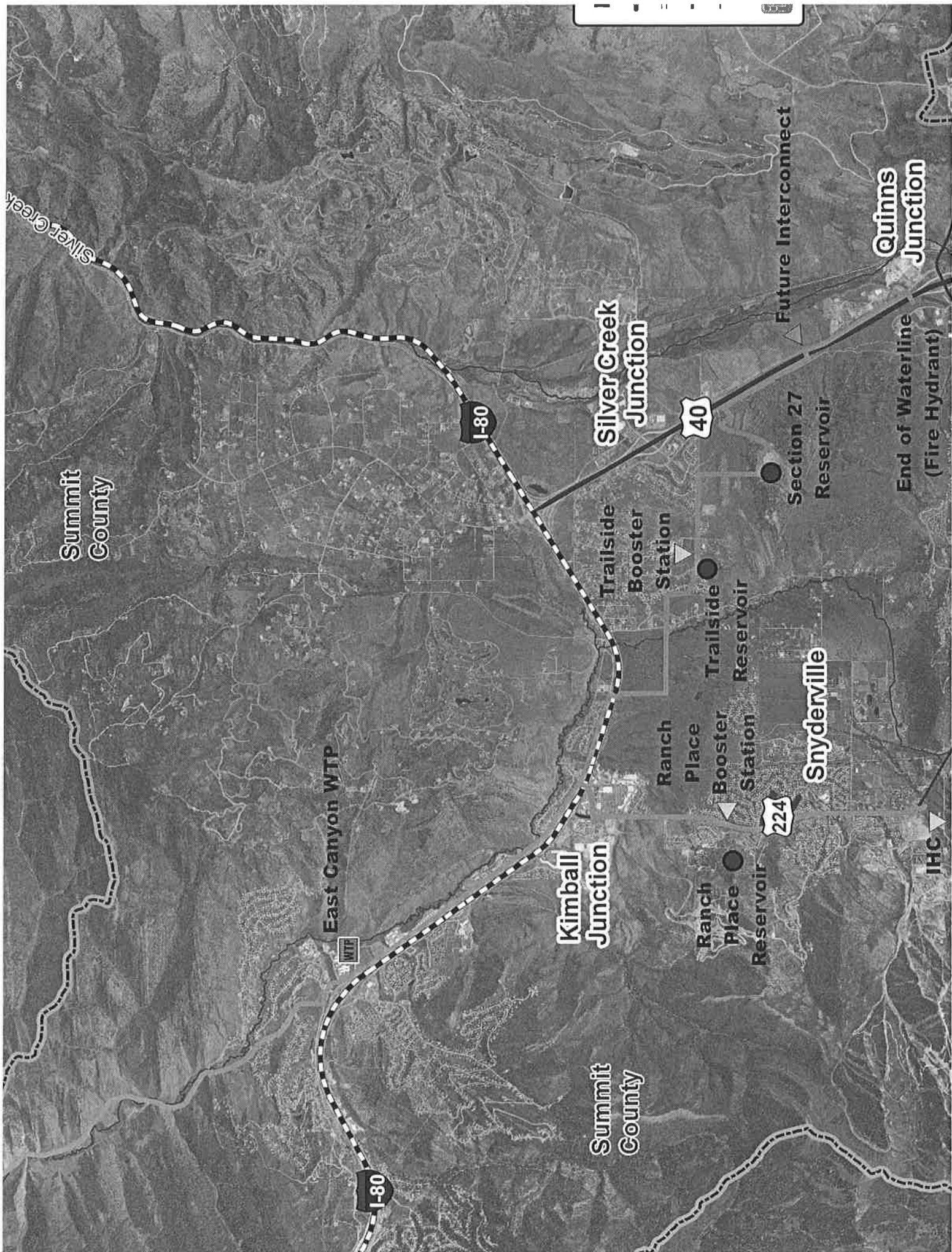
SCHEDULE 6.19

Related Party Transactions

None

EXHIBIT B

Western Summit County Project Map



Summit County

Silver Creek Junction

Quinns Junction

East Canyon WTP

Kimball Junction

Trailside Booster Station

Trailside Reservoir

Ranch Place Booster Station

Ranch Place Reservoir

Section 27 Reservoir

End of Waterline (Fire Hydrant)

Snyderville

Summit County

IHC

EXHIBIT C
Highway 40 System

Description of SWDC Existing Facilities from the East Canyon WTP to Quinn's Junction

The following descriptions begin at the East Canyon WTP and continue to the end at Quinn's Junction. The SWDC pipeline for all reaches consists of a 16-inch ductile iron pipeline. While the capacity of this pipeline can vary depending on the available head, most modeling scenarios for this system estimate a capacity of approximately 4000 gpm (5.76 mgd).

- **Reach 1: SWDC Pipeline, ECWTP to Kimball Junction along Rasmussen Road** – The 16-inch ductile iron pipeline was installed in 1992. The pipeline was installed without polywrap. The length is 9,420 feet for this reach.
- **Reach 2: SWDC Pipeline, Kimball Junction to Burns Fire Station along Rasmussen and Bitner Roads** – The 16-inch ductile iron pipeline was installed in 1993. The pipeline was installed without polywrap. The length is 7,200 feet for this reach.
- **Reach 3: SWDC Pipeline, Burns Fire Station to Old Ranch Road through the Meadow** – The 16-inch ductile iron pipeline was installed in 1994. The pipeline was installed without polywrap. The length is 5,550 feet for this reach.
- **Reach 4: SWDC Pipeline, Old Ranch Road to Trailside Reservoir through Mountain Ranch Estates** – The 16-inch ductile iron pipeline was installed in 1995. The pipeline was installed without polywrap. The length is 3,575 feet for this reach.
- **Reach 5: SWDC Pipeline, Trailside Reservoir to Section 27 Reservoir along the north and east section lines of Section 28** – The 16-inch ductile iron pipeline was installed in 1996. The pipeline was installed without polywrap. The length is 6,970 feet for this reach.
- **Reach 6: SWDC Pipeline, Section 27 to Quinn's Junction** – The 16-inch ductile iron pipeline was installed in 2007. The pipeline was installed without polywrap. The length is 14,900 feet for this reach.
- **Trailside Reservoir** – This reservoir is a circular, cast-in-place, buried concrete reservoir with an existing volume of 1,500,000 gallons. It was constructed in 1996.
- **Trailside Booster Station** – The Trailside Booster Station was constructed in 1999 with a current capacity of 600 gpm (2 vertical turbine pumps). However, it has been designed to be expandable to 4000 gpm with 4 vertical turbine pumps. The pump station shares a structure with restrooms for the Trailside Park.
- **Section 27 Reservoir** – This reservoir is a circular, cast-in-place, buried concrete reservoir with an existing volume of 750,000 gallons. It was constructed in 1996-1997.

EXHIBIT D

Excess Capacity, Surplus Water and Demand Schedule

Park City Water Service District

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess Capacity										
Peaking Factor*	0	0	0	0	0	0	0	0	0	0
Surplus Water										
Raw Water	0	0	0	0	0	0	0	0	0	0
Point of Delivery Charge	NA									
Finished Water	0	0	0	0	0	0	0	0	0	0
Point of Delivery Charge	NA									
Demand										
Raw Water										
Annual Volume										
Peak Day Demand (gpm)	0	0	0	0	0	0	0	200	300	500
Capacity Needs										
Point of Delivery	Silver Creek Meter Vault									
Finished Water										
Annual Volume										
Peak Day Demand	0	0	0	0	0	0	0	0	0	0
Capacity Needs										
Point of Delivery	NA									

*Peaking Factor is defined as peak daily demand in gallons per minute divided by the average annual demand in gallons per minute

EXHIBIT D

**Excess Capacity, Surplus Water and Demand Schedule
Mountain Regional Water Special Service District**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess Capacity (Projected Concurrency)	1,800	2,500	2,800	2,800	2,900	2,950	3,000	3,000	3,000	3,000

SURPLUS WATER

Raw Water

Annual Capacity Available (acre feet)	600	600	600	600	600	600	600	600	600	600
GPM (Peak Day GPM Determines Annual Volume) ²	750	750	750	750	750	750	750	750	750	750
Peaking Factor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Point of Delivery ³	1R	1R/RT	1R/RT	1R/RT	1R/RT	1R/RT	1R/RT	1R/RT	1R/RT	1R/RT
Charge per Acre Foot (Estimates ¹)										
Raw Water Line at Rail Trail in Promontory										
Fixed Costs (Take-or-Pay) ²	\$ 537	\$ 553	\$ 570	\$ 587	\$ 605	\$ 623	\$ 642	\$ 661	\$ 681	\$ 701
Variable Costs Including Power (charged only on usage) ¹	163	171	180	189	198	208	218	229	241	253
Total Charge for Usage	\$ 700	\$ 724	\$ 750	\$ 776	\$ 803	\$ 831	\$ 860	\$ 890	\$ 922	\$ 954
Well #1R - East Canyon Creek Above Treatment Plant										
Fixed Costs (Take-or-Pay) ²	\$ 500	\$ 515	\$ 530	\$ 546	\$ 562	\$ 579	\$ 596	\$ 614	\$ 632	\$ 651
Variable Costs Including Power (charged only on usage) ¹	120	126	132	139	146	153	161	169	177	186
Total Charge for Usage	\$ 620	\$ 641	\$ 662	\$ 685	\$ 708	\$ 732	\$ 757	\$ 783	\$ 809	\$ 837

Finished Water

Annual Capacity Available (acre feet)	\$ 400	\$ 400	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
GPM (Peak Day GPM Determines Annual Volume) ²	500	500	750	750	750	750	750	750	750	750
Peaking Factor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Point of Delivery	T/P	T/P	T/P,SC	T/P,SC	T/P,SC	T/P,SC	T/P,SC	T/P,SC	T/P,SC	T/P,SC
Charge per Acre Foot (Estimates ¹)										
Signal Hill Treatment Plant / Silver Creek US-40 System										
Fixed Costs (Take-or-Pay) ²	\$ 874	\$ 900	\$ 927	\$ 955	\$ 984	\$ 1,014	\$ 1,044	\$ 1,075	\$ 1,107	\$ 1,140
Variable Costs Including Power (charged only on usage) ¹	196	205	216	226	238	250	262	275	289	303
Total Charge for Usage	\$ 1,070	\$ 1,105	\$ 1,143	\$ 1,181	\$ 1,222	\$ 1,264	\$ 1,306	\$ 1,350	\$ 1,396	\$ 1,443

Total Surplus - Acre Feet

Raw Water	600	600	600	600	600	600	600	600	600	600
Finished Water	400	400	600	600	600	600	600	600	600	600
Total	1,000	1,000	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200

¹ The charges for both raw and finished water shown above for 2013 are the actual amounts that will be charged. The amounts shown for variable costs for the period 2014 to 2022 are non-binding estimates, as power cost increases are difficult to determine.

² The annual acre feet Take-or-Pay volume will be determined in one of three ways, using a peaking factor of 2.0:

1) If an entity takes water for a period less than six months, the highest day's peak day demand will determine annual acre feet purchased through a Take-or-Pay contract. For example, if an entity's peak day usage during the year is 125 gpm, then the annual purchased volume is 100 acre feet; even if the entity only used a maximum of 125 gpm for that one day, and a lesser amount on other days. This only applies to the Take-or-Pay portion, it does not apply the variable costs which are charged based upon actual usage.

2) If an entity takes water for a period of six months, the entity's peak demand shall determine the annual volume charged. For example if an entity's peak demand over the six months is 1.25 gpm, the volume charged will be 100 acre feet under a Take-or-Pay agreement. This only applies to the Take-or-Pay portion, it does not apply the variable costs which are charged based upon actual usage.

3) If an entity takes water over a period longer than six months, the annual volume charges will be the actual volume acquired through the Take-or-Pay agreement. This applies to both the Take-or-Pay and variable costs.

³ T/P = Signal Hill Water Treatment Plant (Treatment Plant)

T/P, SC = 50% Treatment Plant; 50% Silver Creek System at US-40

1R = Well 1R at Spring Creek Development On East Canyon Creek

1R / RT = 50% at Well 1R at Spring Creek Development On East Canyon Creek; 50% at Lost Canyon Raw Water Line at Rail Trail at Promontory

EXHIBIT D
Summit Water Distribution Company

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Excess Capacity (gpm)	827	627	327	27	0
Peaking Factor	1.2	1.2	1.2	1.2	1.2
Surplus Water	0	0	0	0	0
Raw Water	0	0	0	0	0
Point of Delivery Charge	-	-	-	-	-
Finished Water	0	0	0	0	0
Point of Delivery Charge	-	-	-	-	-
Demand					
Raw Water					
Annual Volume (acft)	0	0	0	0	0
Peak Day Demand	-	-	-	-	-
Capacity Needs	-	-	-	-	-
Point of Delivery	-	-	-	-	-
Finished Water					
Annual Volume (acft)	0	0	0	300	300
Peak Day Demand (gpm)	0	0	0	360	360
Point of Delivery				(Water Treatment Plant or System Interconnect)	

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Excess Capacity (gpm)	0	0	0	0	0
Peaking Factor	1.2	1.2	1.2	1.2	1.2
Surplus Water	0	0	0	0	0
Raw Water	0	0	0	0	0
Point of Delivery	-	-	-	-	-
Charge	-	-	-	-	-
Finished Water	0	0	0	0	0
Point of Delivery	-	-	-	-	-
Charge	-	-	-	-	-
Demand					
Raw Water					
Annual Volume (acft)	0	0	0	0	0
Peak Day Demand	-	-	-	-	-
Capacity Needs	-	-	-	-	-
Point of Delivery	-	-	-	-	-
Finished Water					
Annual Volume (acft)	300	300	300	300	300
Peak Day Demand (gpm)	360	360	360	360	360
Point of Delivery	(Water Treatment Plant or System Interconnect)				