

When Recorded Mail to:  
STRAWBERRY WATER USERS ASSOCIATION  
P.O. BOX 70  
PAYSON, UTAH 84651



Name: Hearthstone Investments LC  
Tax I.D. No(s): 27:039:0281

SWUA Account No: 15636/SW  
Water Serial #(s): 1619.031

ENT 1751:2012 PG 1 of 7  
JEFFERY SMITH  
UTAH COUNTY RECORDER  
2012 Jan 09 3:49 PM FEE 0.00 BY SS  
RECORDED FOR SPANISH FORK CITY CORPORATI

**WATER DEDICATION AGREEMENT  
AMONG  
STRAWBERRY WATER USERS ASSOCIATION,  
EAST BENCH IRRIGATION COMPANY,  
THE CITY OF SPANISH FORK, AND  
HEARTHSTONE INVESTMENTS LC**

**LANDOWNER WARRANTIES AND REPRESENTATIONS**

Hearthstone Investments LC (Landowners), residing at 1424 S 1700 E, Spanish Fork, Utah, represents and warrants that Landowner holds, subject to encumbrances of record, all right, title and interest in and to the following land in Utah County, Utah (Subject Land):

COM N 1807.2 FT & W 23.83 FT FR S 1/4 COR. SEC. 29, T8S, R3E, SLB&M.; N 0 DEG 14' 16" W 320.72 FT; S 89 DEG 26' 58" W 148.55 FT; W 81.09 FT; S 321.32 FT; N 89 DEG 29' 51" E 230.98 FT TO BEG. AREA 1.696 AC.

Landowner warrants that no other person or entity claims any right, title or interest in or to the Subject Land, except encumbrances of record.

Landowner represents and warrants that appurtenant to the Subject Land are 4.57 shares of Strawberry Water Users Association (Association) Class S stock, Water Serial Numbers 1619.031 (Subject Association Shares), and Water Right Application recorded on the 10 day of OCT, 1916 as Entry Number 6015, Book 161 and Page 320 in the books and records of the Utah County Recorder (Subject Water Right Application). Landowner represents and warrants that the Subject Association Shares and Subject Water Right Application are in good standing.

Landowner represents and warrants that Subject Association Shares are delivered at the head of the East Bench Irrigation Company (Company) canal per the Subject Water Right Application. Landowner represents and warrants that Landowner holds all right, title and interest in and to the Subject Association Shares and Subject Water Right Application, and that no other person or entity

claims any right, title or interest in or to the Subject Water Right Application and Subject Association Shares.

Landowner warrants and represents that together the Subject Water Right Application and Subject Association Shares entitle Landowner to use Strawberry Valley Project (SVP) water for the SubjectLand, in a manner consistent with Association Articles of Incorporation, Bylaws, policies and contracts, and Company Articles of Incorporation, Bylaws, policies and contracts, and applicable state and federal law. The Association and the Company have agreed to act reasonably to cooperate with the performance of this Agreement to the extent of dealing with the City regarding voting of shares, assessments, notices, delivery of the SVP water and transfers, as described in this Agreement. The Association and the Company are not obligated to incur costs beyond those they would respectively incur for their respective shareholders generally in this regard, and in particular, they are not obligated to incur attorney's fees or court costs. The Association and Company make no warranties or representations as to the effectiveness of this Agreement.

## AGREEMENT TERMS

In consideration of the mutual covenants contained in the Agreement, the parties agree as follows:

1. **All Shares and the Subject Water Right Application to Remain Appurtenant to SubjectLand.**

a. **Appurtenance and Future Owners of SubjectLand** - Except as expressly described in this Agreement, the Subject Water Right Application and Subject Association Shares will remain appurtenant to the SubjectLand for the benefit of the future owners and users of the SubjectLand. In particular, except as expressly described in this Agreement, the right to call on and beneficially use SVP water on the Subject Land, as described in the Subject Water Right Application and Subject Association Shares will remain appurtenant to the Subject Land.

b. **Right to Transfer SVP Water**

Landowner acknowledges that, before entering into this Water Dedication Agreement, he/she understands that he/she had the right to pursue a transfer of all or part of his/her SVP water to other SVP lands in accordance with applicable State law, Reclamation law, policy and contracts, Association Articles, Bylaws, policy and contracts and Company Articles, Bylaws, policy and contracts. Landowner hereby waives and forsakes in perpetuity any such right to transfer the subject SVP water.

c. **Right and Waiver of Right to Transfer Excess SVP Water**

Landowner acknowledges that development of his/her lands may create water in excess of that amount needed to meet the City's water supply requirement. Upon

entering into this Water Dedication Agreement, the Landowner waives and forsakes any present or future right to initiate the transfer of the Subject Association Shares to other lands; to avoid application of SVP water in excess of the City's water supply requirement, the Landowner may transfer the excess water to other SVP Lands consistent with applicable State law, Reclamation law and policy, Association Articles, Bylaws, policy, and contracts, and Company Articles, Bylaws, policy and contracts. Such transfer of excess water by the Landowner should be approved by the Bureau of Reclamation and Association and Company prior to Landowner executing this Agreement.

- d. **Right to Seek Approval for SVP Water on Subject Lands** The City shall have any and all rights of the Landowner to seek any necessary approvals to use the SVP water available to the Subject Association Shares and Subject Water Right Application for indoor uses on the Subject Lands, without further approval of, or compensation to Landowner. All of this shall be done in accordance with applicable State law, Reclamation law and policy, and Association Articles, Bylaws, policy, and contracts, and Company Articles, Bylaws, policy, and contracts.
- e. **Right to Seek Approval for Water Exchanges**  
The City shall have the right to seek any necessary approvals to use water from sources other than the SVP to provide for the needs of owners and users of the Subject Land, and use the SVP water available to the Subject Association Shares and Subject Water Right Application on other lands by exchange including the transfer of some or all of the Subject Shares to other Company service areas within the SVP with the approval of the Company, the Association and Reclamation but without further approval or compensation to the Landowner. All of this shall be done in accordance with applicable State law, Reclamation law and policy, and Association Articles, Bylaws, policy, and contracts, and Company Articles, Bylaws, policy, and contracts.

2. **Perpetual Right to Vote Association Shares**. Landowner grants to East Bench Irrigation Company any and all of Landowner's rights to vote the Subject Association Shares on all matters that come before Association Class S shareholders for a vote.
3. **Perpetual Right to Receive and Pay Assessments, Receive Notice, Delivery, and Charge Usual City Rates**.
  - a. Landowner grants and assigns to the City any and all of Landowner's rights and obligations to receive and pay all Association and other assessments or charges under the Subject Association Shares and Subject Water Right Application.
  - b. Landowner grants to the City any and all of Landowner's rights to receive notice relating to the Subject Association Shares and Subject Water Right Application.

- c. Landowner grants to City any and all of Landowner's rights to receive delivery of the SVP water available under the Subject Water Right Application, Subject Association Shares, and Company Articles, Bylaws, policy, and contracts.
- d. Landowner agrees the City may assess such development, operation, maintenance, repair or replacement charges or assessments as determined by the City to be fair and reasonable, not to exceed city rates charged to other city customers who have not dedicated SVP water, applicable for the same uses and quantities.
- e. City agrees to pay reasonable fees to cover estimated actual direct and indirect administrative costs reasonably incurred by Association and Company in reviewing, approving administering and performing this Agreement.
- f. City agrees to resolve any and all delinquencies associated with Subject Association Shares.

#### **4. City's Obligations**

- a. Landowner has applied to City for approval to dedicate his/her Subject Shares appurtenant to the Landowner's property, described as Subject Land.
- b. City agrees to accept the dedication of the Subject Shares.
- c. City agrees to use the Subject Shares to serve the needs of the Subject Property as described in this Agreement.

**5. Indemnification.** The Landowner agrees to indemnify and hold harmless the City and its elected officials, officers, employees and contractors; Association and its directors, officers, employees and contractors; and the Company and its directors, officers, employees and contractors for all damages, costs, or liabilities resulting from suits, actions, or claims of any character brought relating to the terms of this Agreement. The Landowner does not agree to indemnify or hold harmless for any damages based upon any intentional or malicious actions committed by the City and its elected officials, officers, employees and contractors; Association and its directors, officers, employees and contractors; and the Company and its directors, officers, employees and contractors.

**6. Sub-Contracting of Delivery.** The City agrees to deliver the SVP water through its secondary irrigation system, on behalf of the Company, to the Subject Land.

**7. Binding Upon Successors and Assigns.** Each individual signing this Agreement hereby warrants on behalf of themselves and the Party for which they sign, that their respective Party has authorized the individuals to execute this Agreement through appropriate board action,

and that the Parties and their successors and assigns are bound hereby. All obligations of Landowner under this Agreement shall run with the Subject Land.

IN WITNESS WHEREOF, the Parties have executed this Agreement on this 15 day of November, 2011.

## LANDOWNER

By: Roger Chen

And

By:

## STRAWBERRY WATER USERS ASSOCIATION

By: Calvin Crandall  
Calvin Crandall, President

## EAST BENCH IRRIGATION COMPANY

By: Fred Vincent  
Fred Vincent, President

SPANISH FORK CITY CORPORATION

By:   
G. Wayne Andersen, Mayor

**Attest and Countersign:**

Kent R. Clark



Kent Clark, City Recorder

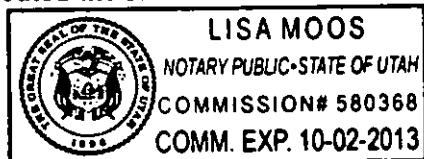
Concurrence:

By:

*Christopher Palmer*  
Area Manager, Provo Area Office  
Bureau of Reclamation

STATE OF UTAH )  
:ss.  
COUNTY OF UTAH )

On the 7 day of December, 2011, personally appeared before me, Calvin Crandall, President of Strawberry Water Users Association, and acknowledged that he has been duly authorized to execute the foregoing Water Dedication Agreement Regarding Strawberry Water Users Association Shares on behalf of Strawberry Water Users Association, and that he executed the same on behalf of Strawberry Water Users Association.

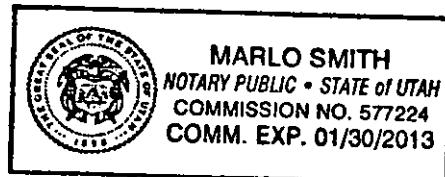


*Calvin Crandall*  
\_\_\_\_\_  
NOTARY PUBLIC

STATE OF UTAH )  
:ss.  
COUNTY OF UTAH )

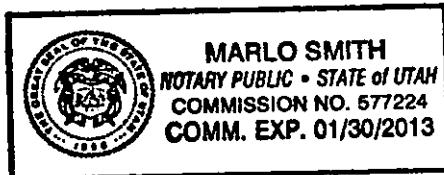
On the 21 day of November, 2011, personally appeared before me, Fred Vincent, President of East Bench Irrigation Company, and acknowledged that he has been duly authorized to execute the foregoing Water Dedication Agreement Regarding Strawberry Water Users Association Shares on behalf of East Bench Irrigation Company, and that he executed the same on behalf of East Bench Irrigation Company.

*Marlo Smith*  
\_\_\_\_\_  
NOTARY PUBLIC



STATE OF UTAH )  
:SS.  
COUNTY OF UTAH )

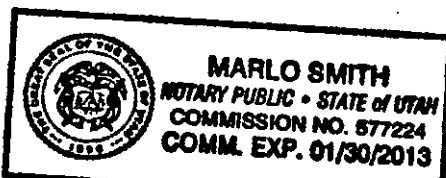
On the 14 day of November, 2011, personally appeared before me, G. Wayne Andersen, Mayor of Spanish Fork City, and acknowledged that he has been duly authorized to execute the foregoing Water Dedication Agreement Regarding Strawberry Water Users Association Shares on behalf of Spanish Fork City, and that he executed the same on behalf of Spanish Fork City.



Marlo Smith  
NOTARY PUBLIC

STATE OF UTAH )  
:SS.  
COUNTY OF UTAH )

On the 15 day of November, 2011, personally appeared before me Bryan C. Mathews, the Landowner(s) in the foregoing Agreement, and acknowledges that he/she executed the same for the purposes stated therein.



Marlo Smith  
NOTARY PUBLIC

STATE OF UTAH )  
:SS.  
COUNTY OF UTAH )

On the 15 day of November, 2011, personally appeared before me Bryan C. Mathews, the Landowner(s) in the foregoing Agreement, and acknowledges that he/she executed the same for the purposes stated therein.

Marlo Smith  
NOTARY PUBLIC