

WATERLINE EXTENSION AND REIMBURSEMENT AGREEMENT

This contract is entered into this 12 day of April 2005, by and between Midway City ("City"), 100 West 75 North, Midway Utah 84049, a Utah municipal corporation, and Watts Dutch Fields L.L.C, 5200 South Highland Drive, Suite 101, Salt Lake City, Utah 84117, a Utah Limited Liability Company.

WHEREAS, Watts Dutch Fields, L.L.C., is the owner of property referred to as the Dutch Fields Annexation;

WHEREAS, Dutch Fields intends to develop a planned unit development and construct up to 169 residential units, (in the Dutch Fields Development) and

WHEREAS, Dutch Fields desires to extend the City's water distribution system in its project by installing a 12" pipeline and,

WHEREAS, pursuant to City standards and review by the Midway City Engineer, the Dutch Fields Development will require an 8" diameter water line to meet fire flow and water demand requirements of its proposed development; and

WHEREAS, the parties have agreed that the Dutch Fields Development will require an 8" pipeline and that Dutch Fields will oversize the pipeline as requested by the City by constructing a 12" diameter water line along the line extension to benefit a possible future development of a well and tank and provide for the health, safety and welfare of its residents; and

WHEREAS, other properties and Midway City will benefit from the additional capacity and future planning; and

WHEREAS, Ordinance 98-2, Section 20(F) sets forth the procedure by which Midway City shall reimburse developers for water line extensions that benefit adjacent and connecting properties; and

WHEREAS, Watts Dutch Fields L.L.C is ready willing and able to finance and construct the water line extension provided that proper reimbursement is made for the benefit to adjacent and connecting properties as a result of extending the water line; and

WHEREAS, Midway City and Watts Dutch Fields L.L.C desire to set forth the terms and conditions of reimbursement consistent with Ordinance 98-2.

1. Authorization to Connect. City hereby grants Watts Dutch Fields L.L.C the right to connect onto the City's water distribution system as shown on the attached Exhibit "A". Said connection pipeline shall be 12" duct line iron pipe or PVC C-900 pipe with a #8 copper tracer line placed on top of the line installed in accordance with the plans and specifications as planned in Phase III and called out on Exhibit "A", attached hereto and incorporated herein by reference.
2. Acceptance by City and Transfer of Ownership. Upon completion of construction and acceptance by City. Dutch Fields will, by Bill of Sale and Grant of Easement, transfer ownership of the pipeline and appurtenant facilities to City, free and clear of encumbrances, together with a perpetual pipeline easement sufficient to operate, maintain, repair and replace said pipeline. City will thereafter own and operate said pipeline as City property subject only to Dutch Fields rights to reimbursement as set forth herein.
3. Final Costs and As-Built Drawings. As a condition precedent to reimbursement under this agreement, Dutch Fields shall deliver to City as-built drawings of the pipeline and final project costs as to be determined by the City Engineer.
4. Reimbursement.
 - a. **Oversizing of Pipeline and Off-site Facilities.** City agrees to reimburse Dutch Fields for the difference in actual cost between 8" line Dutch Fields would have otherwise had to install for its own purposes and the 12" line it is actually being required to install at City's request. It is estimated that the difference in cost between the 8" and 12" pipeline \$14,375.00. The labor costs of installing a 12" waterline instead of an 8" line are roughly equivalent so no reimbursement on this item of cost is being provided. The terms and conditions of the reimbursement for these items and costs is as follows:
 - 1) The City shall entered a deferred credit on its books and records for the amount of actual difference in pipeline costs between the 8" line and 12" as determined by the City Engineer. However, in no event shall the total reimbursement for these items exceed \$14,375.00.
 - 2) The City shall provide reimbursement for the oversizing of the pipeline to Dutch Fields as new connections are made to the City water system from the Dutch Fields Development and City connection

fees are paid.

- 2) From each connection fee paid to City for connections from the Dutch Fields Development City shall reimburse to Dutch Fields \$1,500.00 per connection from the Base Connection Fee as set forth in the Midway City Water Impact Fee Ordinance. No interest shall accrue to Dutch Fields during the period of repayment.
- 3) Dutch Fields right of reimbursement shall extend for a period of twenty (20) years from the date of completion of construction of the pipeline and acceptance by the City, or until the deferred credit has been reduced to zero, whichever occurs first. In no event will Dutch Fields be entitled to further repayment period has expired.
- 4) Dutch Fields understands that City makes no guarantees that the Dutch Fields Development will make any connections to the City Water System or pay connection fees within a twenty (20) year period, or that no money will be paid over to Dutch Fields if no connections are made.
- 5) Dutch Fields shall be responsible for tracking new connections from the Dutch Fields Development and requesting reimbursement from the city as the new connection fees are paid.

5. Inspection of Pipeline and Other Facilities by City. Watts Dutch Fields L.L.C. hereby agrees, consistent with City Ordinance, to pay the hourly rate of the City Water Superintendent or his designated representative as set by the City, for all inspections associated with construction and approval of the pipeline, water delivery and reimbursement under this agreement.

6. Notice. Any notice to the parties hereto shall be sufficiently given if sent by certified mail, return receipt requested, addressed as follows, or hand-delivered:

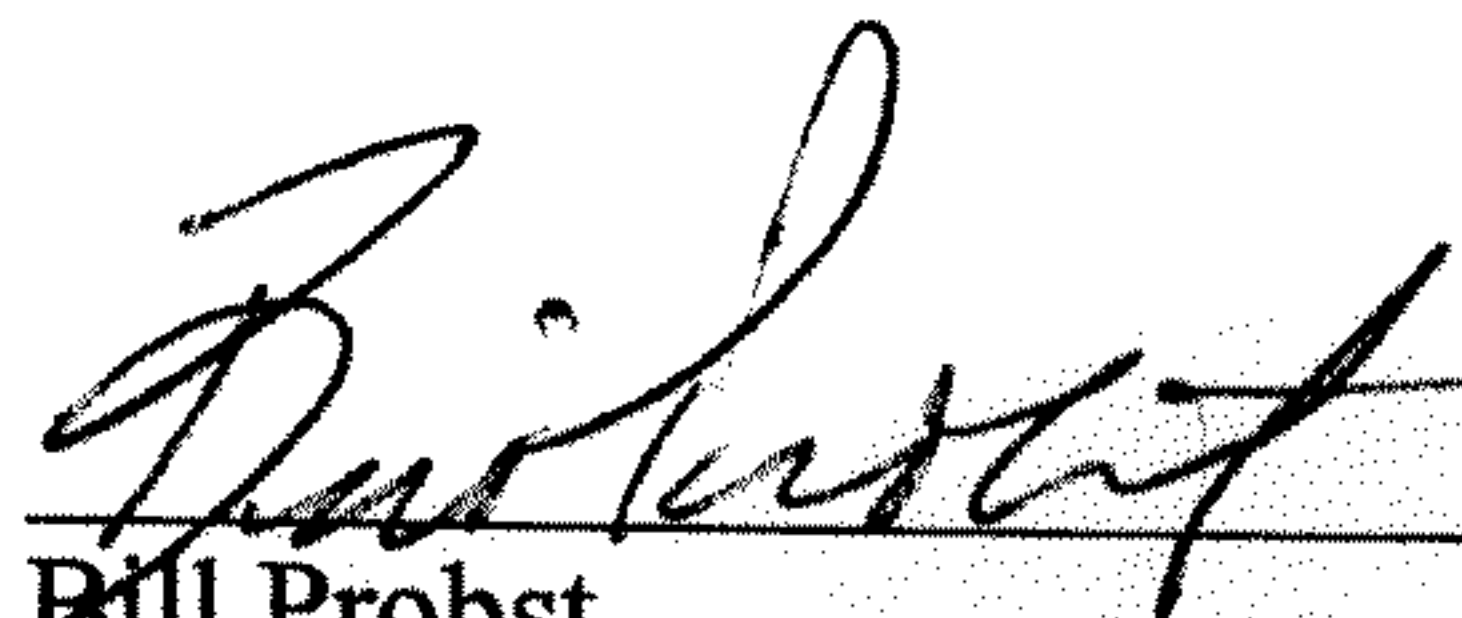
Midway City
c/o Bill Probst
75 North 100 West
Midway, UT 84049

Watts Dutch Fields, L.L.C
c/o Russ Watts
5200 South Highland Dr. Suite 101
Salt Lake City, UT 84117

7. Integration. The stated terms of this Agreement represent the entire Agreement regarding the matters herein and the parties hereto agree that no additional statements or agreements made by representatives of the City or Dutch Fields shall be binding unless appended hereto in writing.

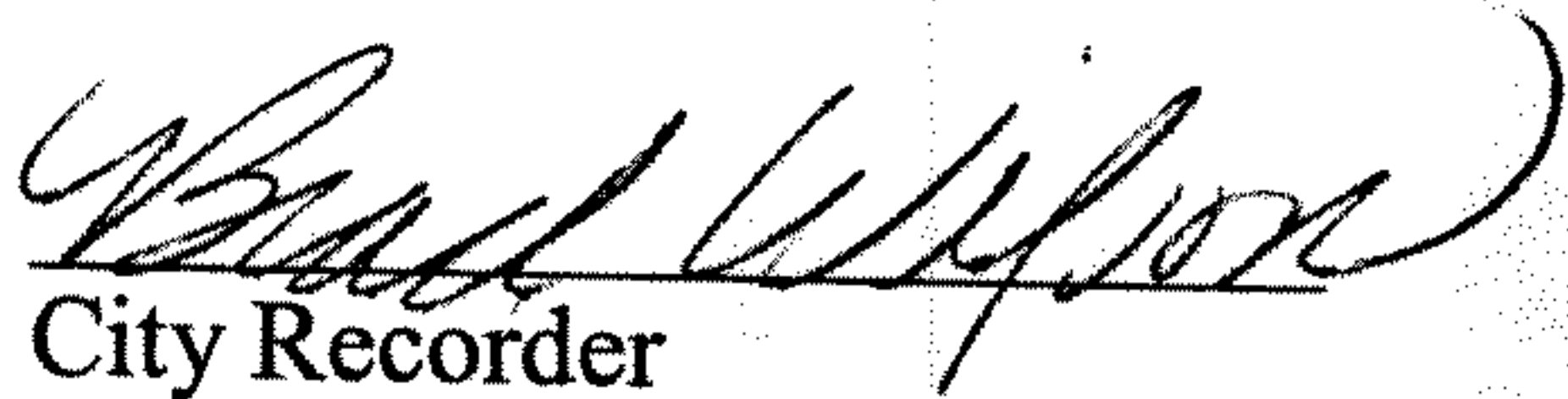
DATED this 12 day of April 2005

MIDWAY CITY



Bill Probst
Mayor

Attest:



City Recorder

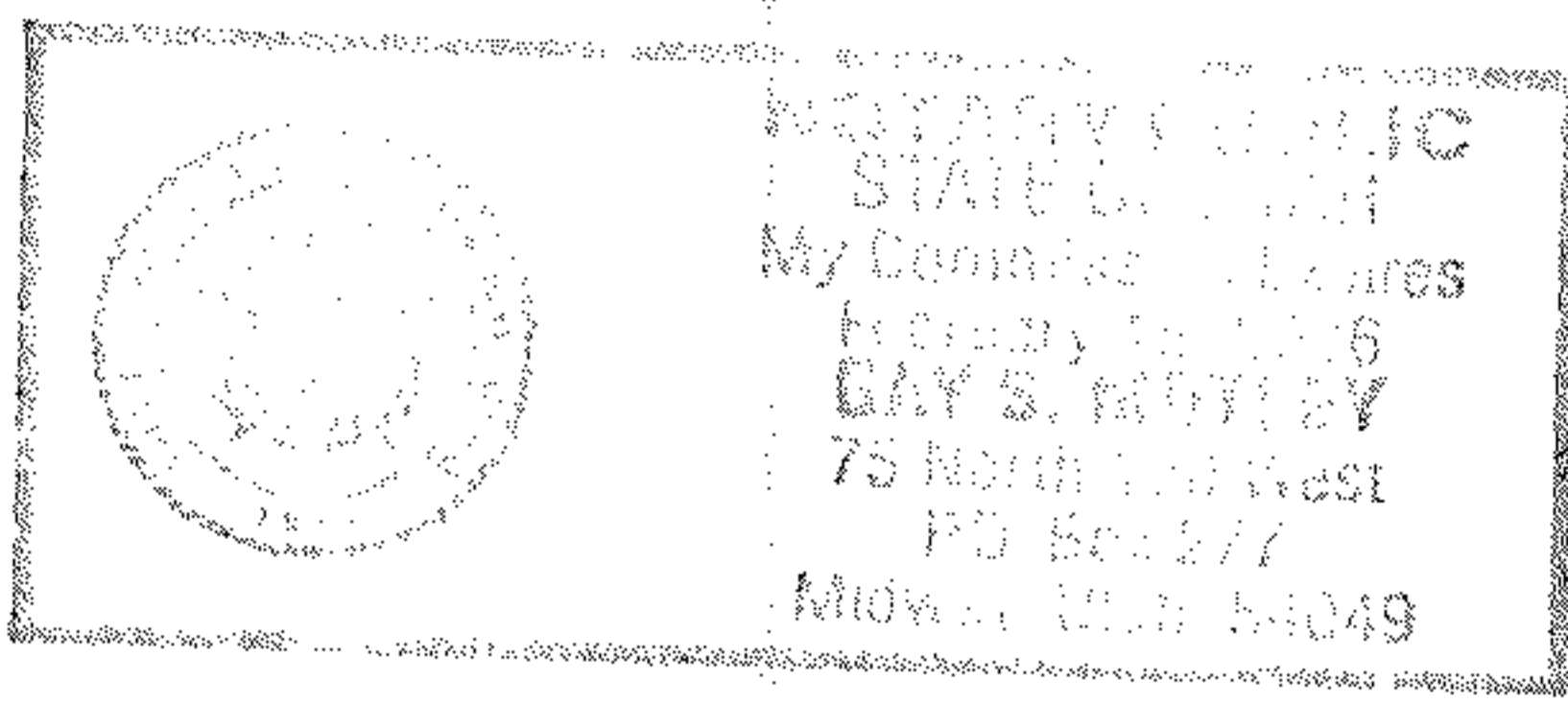
WATTS, DUTCH FIELDS L.L.C

Russ Watts

Russ Watts
Manager

STATE OF UTAH)
)
) :SS
COUNTY OF *Wasatch*

On this 19 day of April 2005, personally appeared before me Bill Probst and Brad Wilson, the signers of the foregoing instrument, who, being by my duly sworn, did say that they are MAYOR and CITY RECORDER, respectively, of MIDWAY CITY CORPORATION, a municipal corporation of the State of Utah, and said persons acknowledged to me that said corporation executed the same.



Gay S. Motley
Notary Public
Residing at: *Midway, Utah*

My Commission Expires: ~~2~~
February 15, 2006

STATE OF UTAH)
)
) :SS
COUNTY OF *Salt Lake*

On this 12 day of April 2005, personally before me RUSS WATTS, who, being by me duly sworn, did say that he is MANAGER of WATTS DUTCH FIELDS L.L.C a Utah Limited Liability Company, and that said instrument was signed by him in behalf of said company and said RUSS WATTS acknowledged to me that said company executed the same.

Tamara L. Petersen
Notary Public
Residing at: *5200 S Highland Dr.*

My Commission Expires:
5/16/06

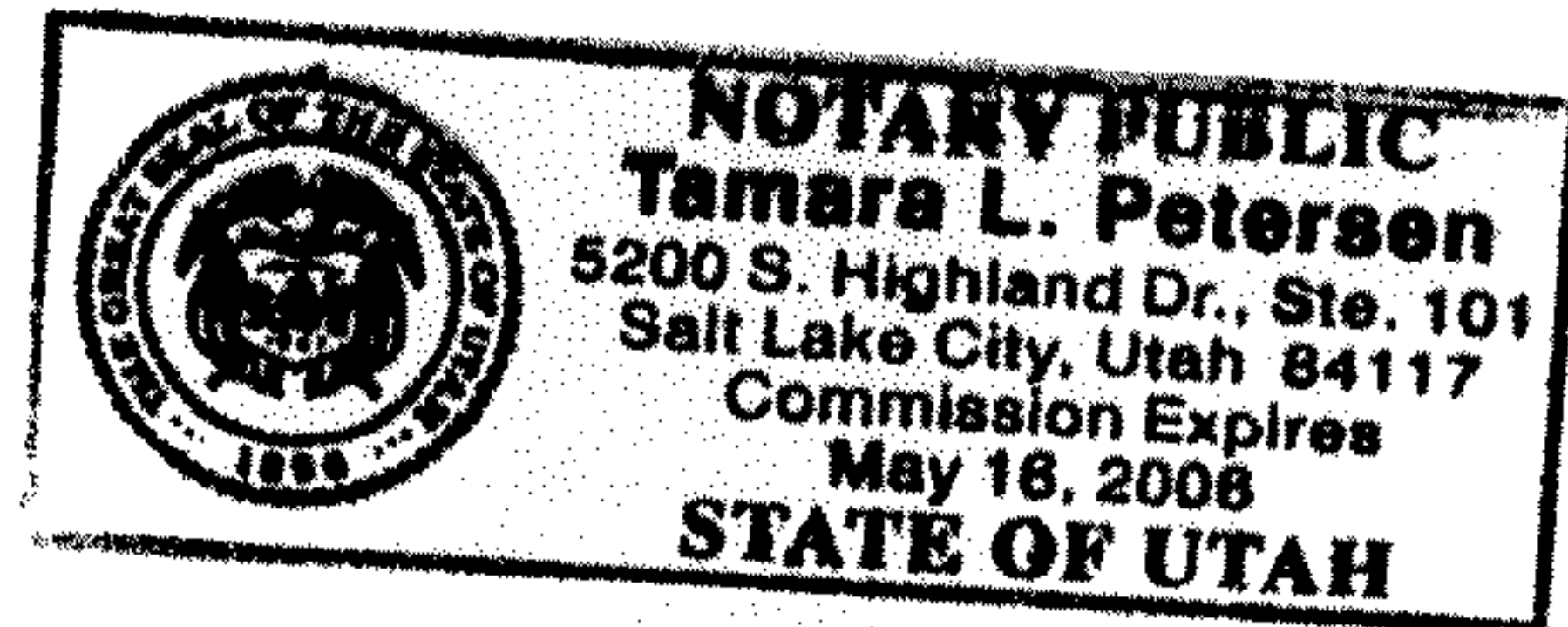


EXHIBIT "A"

LEGAL DESCRIPTION

Beginning at the Northeast corner of Section 26, Township 3 South, Range 4 East, Salt Lake Base & Meridian; thence South 89°41'16" West 1,726.10 feet along the section line; thence South 518.42 feet to the point of beginning.

Thence South 63°36'22" East 112.53 feet;
Thence South 57°53'22" East 225.78 feet;
Thence East 533.64 feet;
Thence South 149.88 feet;
Thence East 56.61 feet;
Thence South 10°49'10" West 379.43 feet;
Thence South 23°43'48" West 118.92 feet;
Thence along the arc of a 1175.00 foot radius curve to the left 107.91 feet (curve has a central angle of 05°26'19" and a chord bearing North 63°38'20" West 107.87 feet);
Thence South 28°59'32" West 262.99 feet;
Thence South 61°29'08" West 103.18 feet;
Thence South 75°34'34" West 132.41 feet;
Thence North 89°49'44" West 70.75 feet;
Thence North 76°59'11" West 174.59 feet;
Thence North 72°56'25" West 50.98 feet;
Thence North 05°49'48" East 231.45 feet;
Thence North 69°36'32" West 448.94 feet;
Thence North 34°23'38" East 182.66 feet;
Thence North 29°40'47" East 147.88 feet;
Thence North 30°02'28" East 283.72 feet;
Thence North 25°47'46" East 110.93 feet;
to the point of beginning.