

Account No. 22019

CONTRACT BETWEEN WEBER BASIN WATER CONSERVANCY DISTRICT
AND FOURTH PRINCESS ANNE PROPERTIES, INC.
FOR THE SALE AND USE OF UNTREATED WATER

THIS CONTRACT, made this 6th day of April
1989, by and between WEBER BASIN WATER CONSERVANCY DISTRICT,
organized under the laws of the State of Utah, herein styled
"District", and FOURTH PRINCESS ANNE PROPERTIES, INC., a
Virginia Corporation, authorized to do business in the State of
Utah, herein styled the "Purchaser".

WITNESSETH:

WHEREAS, District operates (in part under agreement with
the United States of America, Bureau of Reclamation), a water
storage and distribution system commonly known as the Weber
Basin Project, by means of which the right to use water is made
available by purchase; and

WHEREAS, Purchaser owns and operates a water system that
has been constructed for the purpose of irrigating a golf
course facility commonly known as the Jeremy Ranch golf course
in Summit County Utah. A plat which legally describes the
property comprising the Jeremy Ranch Golf Course (the "Golf
Course") is on file and recorded under No. 204245 in the office
of the Summit County Recorder; and

REC'D BY *ALAN SPRIGGS* 532-499-508
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WEBER BASIN WATER

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ALAN SPRIGGS
SUMMIT COUNTY RECORDER

WHEREAS, Purchaser has applied to the office of the Utah State Engineer for approval of Temporary Exchange Application No. E2660 and permanent Exchange Application No. E2653 which, upon approval, will permit Purchaser to withdraw water from East Canyon Creek to irrigate the Golf Course; and

WHEREAS, such pending applications assume the availability of water under a contract with the District.

NOW, THEREFORE, in consideration of the mutual and dependent promises and covenants herein contained, it is hereby mutually agreed by and between the parties hereto as follows:

1. SALE OF WATER. The District for the price hereinafter specified, hereby sells and agrees to deliver in the manner and at the place hereinafter provided, and the Purchaser hereby purchases the right to use in each calendar year untreated Project water in amounts of 435.0 acre-feet, except the District will not be obligated to deliver water to the Purchaser as herein provided until satisfactory evidence is furnished that the use of this water as replacement water has been approved by the State Engineer of Utah and Purchaser's obligations hereunder shall be limited by paragraph 10 hereof.

2. PLACE OF DELIVERY AND USE. The right to use water covered hereby is sold to the Purchaser for the replacement of water diverted, withdrawn or to be diverted or withdrawn by Purchaser from East Canyon Creek or other water source pursuant

800- 532 PAGE 500

to the pending exchange applications on file with the Utah State Engineer for distribution by Purchaser through its water system for irrigation of the Golf Course. The use of such water as replacement water shall be subject to such rules and regulations as the Utah State Engineer may prescribe.

Delivery of such water shall be as directed by the Utah State Engineer or his representative. The District shall have no obligation to provide works or facilities of any type to conduct such water from the point of delivery to its ultimate place of use. The Purchaser shall have no right to hold over or accumulate the right to use water from year to year, nor to sell or rent the right to use surplus water if not used to irrigate the Golf Course.

3. OBLIGATION OF PURCHASER TO PAY FOR WATER. For the purchase of the use of the annual quantity of water which the District holds and will hold for Purchaser as hereinabove provided, the Purchaser shall pay to District an annual amount to consist of the total of the following items:

(a) \$99.66 per acre-foot of water. Such price per acre-foot shall continue until such time as the District may otherwise determine; provided, only, that an increase in such price shall become operative only at the beginning of the next calendar year.

(b) A fair amount of estimated operating and maintenance charges of the District for the then calendar year. Such fair amount shall be determined each year by the Board of Directors of the District and the determination shall be final and conclusive. If such estimate is more or less than the actual cost thereof, an appropriate adjustment will be made in the annual amount for the year following the year for which the estimate was made.

(c) The first annual payment under Items (a) and (b) above, shall be made by the Purchaser to the District concurrently with the execution hereof by Purchaser and shall be in payment for water available for use of Purchaser in the calendar year in which this contract becomes effective as provided in paragraph 10 hereof. Succeeding annual payments shall be made by the Purchaser to the District on or before January 1 of each year thereafter. Each annual payment shall be made to the District whether or not all or any part of the water is called for or used hereunder.

4. PENALTY FOR DELINQUENCY. Every installment or charge required to be paid to the District under this contract, which shall remain unpaid after its due date, shall bear interest from date of delinquency at the existing prime interest rate as of January 1 of each year.

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5. REMEDIES OF DISTRICT IN CASE OF DEFAULT. The annual amount payable hereunder shall be and constitute a perpetual lien upon the lands hereinabove described. If the Purchaser shall fail to make any payment due hereunder on or before the due date, the District may refuse the delivery of water, or upon written notice to Purchaser, cancel this contract in its entirety, but either or both of these remedies are not exclusive, and the District may exercise any other remedy given by this contract or by law to enforce collection of any payment due hereunder, and for the foreclosure of the lien hereby created.

6. RELIEF IN EVENT OF DROUGHT AND WATER SHORTAGE. In the event there is a shortage of water caused by drought, inaccuracies in distribution not resulting from negligence, hostile diversion, prior or superior claims or other causes not within the control of the District, no liability shall accrue against the District or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom and the payments to the District provided for herein shall not be reduced because of any such shortage or damage. During periods of water shortage, allocations of treated and untreated water for municipal, domestic and industrial use shall have first priority.

7. CONSTRUCTION, OPERATION AND MAINTENANCE OF PURCHASER'S FACILITIES. The Purchaser shall construct, operate and maintain, without cost to the District, appurtenant facilities necessary to secure and accurately measure its water supply. The metering or other measuring device installed by the Purchaser shall be satisfactory to the Utah State Engineer. The District has no responsibility for the quality or quantity of water that the Purchaser is able to secure.

8. BENEFICIAL USE OF WATER. The basis, the measure and the limit of the right of the Purchaser in the use of water shall rest perpetually in the beneficial application thereof, and the Purchaser agrees to put the water purchased by him hereunder to beneficial use in accordance with law.

9. ASSIGNMENT LIMITED - SUCCESSORS AND ASSIGNS OBLIGATED. The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto.

10. PENDING APPLICATIONS - EFFECT ON NON-APPROVAL. Purchaser has filed in the office of the Utah State Engineer, Temporary Exchange Application No. E2660 and permanent Exchange Application No. E2653. Purchaser agrees to diligently pursue approval of such exchange applications, however, the obligations of Purchaser hereunder are conditioned upon the final approval of permanent Exchange Application No. E2653 (or as amended). If Purchaser shall obtain approval by the Utah State Engineer of Temporary Exchange Application No. E2660 (or

as amended), this contract shall become effective for the term of such Temporary Exchange Application and Purchaser shall be responsible for paying the yearly annual payment as provided herein for the calendar year during which Purchaser is entitled to divert water under Temporary Exchange Application No. E2660 (or as amended).

Upon receiving final approval of permanent Exchange Application No. E2653 (or as amended) by the Utah State Engineer, or in the event of judicial review, final approval of the District Court and/or Supreme Court, as provided by law, Purchaser's obligation to perform as provided herein shall immediately become unconditional. If neither Temporary Exchange Application No. E2660 (or as amended) nor permanent Exchange Application No. E2653 (or as amended) is approved by the Utah State Engineer for reasons other than Purchaser's failure to diligently pursue such approval or Purchaser's voluntary withdrawal of such exchange applications, this contract shall become null and void and the District shall refund to Purchaser all amounts paid in connection herewith. If Purchaser shall voluntarily withdraw its pending exchange applications, this contract shall become null and void but the District may retain all amounts paid as of the date of voluntary withdrawal of such exchange applications. If approval by the

Utah State Engineer of either Temporary Exchange Application No. E2660 (or as amended) or permanent Exchange Application No. E2653 (or as amended) is not obtained on or before October 1, 1989, but is obtained after October 1, 1989, and prior to December 31, 1989, the first annual payment delivered herewith shall be applied in payment for the 1990 calendar year and no payment shall be required for the remainder of the calendar year in which such initial payment is made. This provision shall govern over any language to the contrary contained in paragraph 3(c) of this Agreement.

11. NOTICE. Any notice herein required to be given to the Purchaser shall be sufficiently given in sent by mail addressed to Purchaser at: 210 25th Street, P. O. Box 848, Virginia Beach, Virginia 23451, and to the District if sent to 2837 East Highway 193, Layton, Utah 84041.

12. OBSERVATION OF FEDERAL AND STATE POLLUTION LAWS. The Purchaser agrees that it will comply fully with all applicable Federal laws, orders and regulations and the laws of the State of Utah, all as administered by appropriate authorities, concerning the pollution of streams, reservoirs, ground water or water courses with respect to thermal pollution or the discharge of refuse, garbage, sewage effluent, industrial waste, oil, mine tailings, mineral salts or other pollutants.

800: 532 PAGE 506

IN WITNESS WHEREOF, the parties have caused this contract to be executed and signed the day and year first above written.

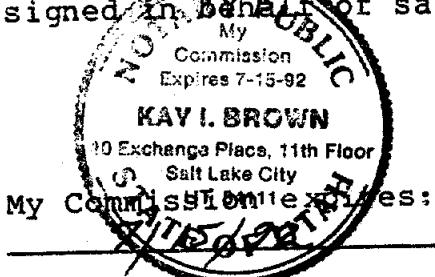
FOURTH PRINCESS ANNE PROPERTIES,
INC.

By George A. Hunt *is authorized agent.*

ACKNOWLEDGEMENT

STATE OF UTAH)
: ss.
COUNTY OF Salt Lake)

On the 6th day of April, 1989, personally appeared before me George A. Hunt, who being by me duly sworn, did say that he is the authorized agent, and that said instrument was signed in behalf of said corporation.



Kay I. Brown
Notary Public
Residing at: Salt Lake City, Utah

WEBER BASIN WATER CONSERVANCY
DISTRICT

By Wayne B. Gibson
Chairman, Board of Directors
Wayne B. Gibson

ATTEST:

Ivan W. Flint
Secretary
Ivan W. Flint

(SEAL)

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SEAL

BOOK 532 PAGE 507

RESOLUTION OF THE BOARD OF DIRECTORS
OF
WEBER BASIN WATER CONSERVANCY DISTRICT

BE IT AND IT IS HEREBY RESOLVED by the Board of Directors of the Weber Basin Water Conservancy District, that the Chairman of the Board and the Secretary of said District be and they are hereby authorized and empowered to execute on behalf of said District the Contract between Weber Basin Water Conservancy District and Fourth Princess Anne Properties, Inc., for the sale and use of 435.0 a.f. of untreated water, on the terms and conditions contained in the form of agreement presented to and considered at this meeting.

CERTIFICATE

I, IVAN W. FLINT, Secretary of the Weber Basin Water Conservancy District, hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Directors of said District at a regular meeting held March 31, 1989.



Ivan W. Flint, Secretary

(SEAL)



BOOK 532 PAGE 508