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AGREEMENT

This Agreement entered into this 13th day of AUGUST, 1993, by and between the State of Utah, acting through the BOARD OF WATER RESOURCES, sometimes referred to herein as the STATE, and SALT LAKE COUNTY WATER CONSERVANCY DISTRICT, a conservancy district organized under the laws of the State of Utah, sometimes referred to herein as the DISTRICT:

W I T N E S S E T H

THAT WHEREAS, the Utah Legislature has authorized the BOARD OF WATER RESOURCES, under Title 73-10 Utah Code Annotated, to enter into contracts for the construction of water conservation projects which, in opinion of the Board, will best conserve and utilize the water resources of the State of Utah; and

WHEREAS, the STATE desires to promote a water conservation project, estimated to cost \$1,150,000, and to provide 85% of the project cost from the Conservation and Development Fund for construction of approximately 24,000 feet of 20 and 16 inch culinary transmission pipeline, hereinafter referred to as the PROJECT and located in Sections 11, 12, 13, 14, 23, 24, 25, 26, 35, and 36, T3S, R2W, and Sections 1 and 2, T4S, R2W, SLB&M, in Salt Lake County, Utah; and

WHEREAS, it is the desire of the DISTRICT to enter into a contract with the STATE, for a consideration to be hereinafter provided, and to use the water developed by the PROJECT, and as the DISTRICT has the available manpower and facilities necessary to construct the PROJECT, and is ready, willing, and able to enter into a contract for such purpose;

NOW, THEREFORE, the Parties hereto enter into this Agreement and make the following assignments:

1. The DISTRICT hereby agrees to convey, grant, and warrant to the STATE, title to such permanent easements upon which the structures are to be constructed; and further agrees to convey, grant, and warrant to the STATE, title to such easements and rights-of-way as shall be necessary to enable the STATE to construct, maintain, and operate the PROJECT; and further agrees the STATE shall have the right to use any and all of the DISTRICT'S water storage and distribution facilities relating to the PROJECT, during the life of this Agreement.

2. The DISTRICT hereby agrees to convey, assign, and warrant to the STATE, all right, title, and interest which it has or may have, to the right to the use of the water which shall be developed or conveyed through the use of the PROJECT, and particularly:

Water User Numbers 57-2507 and 57-2427

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3. The DISTRICT recognizes as valid the conveyance of easements and rights-of-way executed by various owners of the land to the STATE, and agrees that all performance by the DISTRICT under this contract shall be subservient to, and in recognition of, the aforesaid rights of the STATE in and to the aforesaid easements and rights-of-way.

4. Subject to the provisions of paragraph 13 hereof, the DISTRICT agrees that during the DISTRICT'S current fiscal year (ending December 31, 1993), the DISTRICT shall supply the necessary manpower and facilities to complete the construction of the PROJECT on or before December 31, 1993, regardless of unforeseen contingencies, in accordance with plans, specifications, and work items, a copy of which is hereby incorporated by reference and made a part hereof.

5. The STATE agrees to pay to the DISTRICT Eighty-five Percent (85%) of the total cost of constructing the PROJECT, but in no event shall the amount paid by the STATE exceed Nine Hundred Seventy-eight Thousand Dollars (\$978,000), and, subject to the provisions of paragraph 13 hereof, the DISTRICT agrees to pay during the DISTRICT'S current fiscal year, from legally available funds, all costs in excess of the amount paid by the STATE. In the event the DISTRICT receives Federal grant funds for the PROJECT, the funds provided by the STATE shall be reduced by the amount of the Federal grant.

6. Payments from the STATE to the DISTRICT, for work done under this Agreement, shall be made with state warrants sent to the DISTRICT for disbursement to the contractors or other payees (VENDORS). At the option of the STATE, warrants will be made payable either jointly to the DISTRICT and the VENDOR as co-payees, or to the DISTRICT solely. Payments shall be mailed to David G. Ovard, Secretary, SALT LAKE COUNTY WATER CONSERVANCY DISTRICT, P. O. Box 70, West Jordan, Utah 84084-0070 (Phone 565-8903). Joint warrants shall be endorsed by the DISTRICT officials and immediately forwarded to the appropriate VENDOR. Warrants payable to the DISTRICT only, along with all other monies dedicated to the PROJECT, shall be deposited in a checking account established by the DISTRICT and disbursed by check to meet PROJECT obligations. All costs related to the PROJECT shall be fully accounted for, and upon completion of construction, the DISTRICT shall send to the DIVISION OF WATER RESOURCES a financial report summarizing all project expenditures.

7. It is further agreed that payment of the STATE'S share of the construction costs shall be made periodically to the DISTRICT upon the presentation by the DISTRICT to the STATE of a certified statement of the payment requirement which shall be in the nature of a partial estimate of the work completed to date by the DISTRICT on each work item. The DISTRICT shall withhold Ten Percent (10%) of each payment to the construction contractor

until Fifty Percent (50%) of the work has been completed, at which time the remaining partial payments may be made in full, if the work is progressing satisfactorily. Also, whenever the work is substantially complete, the amount withheld may be further reduced. The amounts withheld as set forth hereinabove shall be deposited by the DISTRICT in a separate interest-bearing account, with the interest accruing to the benefit of the contractors and subcontractors on a pro-rata basis according to the work performed by each. The withholdings and the interest earned thereon shall become due and payable to the said contractors and subcontractors upon satisfactory completion of the construction work under this Agreement, or sub-agreements, and upon final inspection and acceptance of the work by an engineer designated by the STATE.

8. It is further agreed that title to the entire PROJECT, including all appurtenant facilities and water rights, shall immediately vest in the STATE as each part thereof is acquired and constructed.

9. The land, easements, rights-of-way, water rights, the constructed works, and all appurtenant facilities acquired by the STATE pursuant to this Agreement and constituting the PROJECT shall be sold by the STATE to the DISTRICT in accordance with the provisions hereof at a total purchase price defined to be the combined total of all funds paid by the STATE to the DISTRICT for the construction of the PROJECT, but not to exceed Nine Hundred Seventy-eight Thousand Dollars (\$978,000), plus all expenses incurred by the STATE for the investigation, development, and administration of the PROJECT, plus interest on this total amount at the rate of Five Percent (5%) annually. Interest shall accrue on the outstanding balance from the date of the first progress payment by the STATE. The actual cost of investigation, development, and administration shall be determined by the STATE upon completion of the PROJECT.

10. (a) The initial term of this Agreement begins on the date first written above and expires at midnight on December 31, 1993, subject to the DISTRICT'S option to extend the term of this Agreement during each fiscal year of the DISTRICT. Each such extension shall be for a renewal term equal to the next fiscal year of the DISTRICT provided that the last renewal term shall end not later than March 2, 2009.

(b) The term of this Agreement shall expire upon the first to occur of (1) the expiration of the initial term or any renewal term during which an event of nonappropriation (as described in paragraph 10(c) below) occurs, (2) the day after the purchase option price (as described in paragraph 10(f) below) is paid in full, or (3) March 2, 2009.

(c) Each option to extend the term of this Agreement is exercised automatically when the Board of Directors of the DISTRICT appropriates funds sufficient for the purpose of paying amounts to become due under this Agreement during the succeeding renewal term. The DISTRICT agrees to notify the STATE immediately (and in any case prior to the last day of the DISTRICT'S then current fiscal year) in the event sufficient funds are not appropriated for the purpose of paying amounts to become due under this Agreement for the next succeeding renewal term. Such an event shall constitute an "event of nonappropriation".

(d) The General Manager and Secretary-Treasurer of the DISTRICT will do all things lawfully within such officials' power to obtain and maintain funds from which payments under this Agreement may be made, including making provisions for such payments in each annual budget and using best efforts to have such portion of the budget approved.

(e) On the first day of March of each renewal term beginning with the renewal term during which March 1, 1995, occurs, the DISTRICT agrees to pay, subject to the provisions of paragraph 13 hereof, an installment of the purchase price for the PROJECT in the amount of Ninety-five Thousand Dollars (\$95,000) (or more at the DISTRICT'S option). Said annual installments shall be due and payable commencing on the first day of March, 1995, and shall continue to be due and payable on the same day of each and every year thereafter until the purchase price, as defined above, shall have been paid in full. Delinquent payments shall bear an interest penalty at the rate of Eighteen Percent (18%) per annum. Said sums shall be payable at the office of the DIVISION OF WATER RESOURCES to be applied as follows: After all accrued interest has been paid, said annual payments shall be applied first against the indebtedness incurred by the STATE for project investigation, development, and administration until fully paid, and then to principal, and finally to penalties.

(f) The DISTRICT may purchase all (but not less than all) of the PROJECT at any time at the purchase price specified in paragraph 9 above. The DISTRICT may exercise the purchase option at any time whether or not an event of nonappropriation described above shall have occurred.

11. During the term of this Agreement, the DISTRICT may not change the use of any PROJECT water or facilities from municipal and industrial to hydroelectric power generation without the written consent of the BOARD OF WATER RESOURCES. The DISTRICT agrees that such consent may be conditional upon an amendment to this Agreement to reflect a higher interest rate and/or a shorter repayment period for the outstanding balance due the STATE under this Agreement. The terms of the amendment shall be negotiable between the Parties hereto.

12. During the term of this Agreement, provided the DISTRICT is not delinquent in any manner, the DISTRICT shall have and is hereby given the right to use the PROJECT. During the life of this Agreement, the DISTRICT agrees to assume, at the DISTRICT'S expense, the full and complete obligation of maintaining and operating the constructed works, and other facilities, and of protecting all water rights, easements, and rights-of-way from forfeiture, including the payment of any fees or assessments for said water rights, easements or rights-of-way.

13. (a) The obligations of the DISTRICT to make payments hereunder constitute a current obligation payable exclusively from funds that are appropriated and legally available for such purpose and shall not be construed to be an indebtedness within the meaning of any applicable constitutional or statutory limitation or requirement. Further, this Agreement shall not be construed as creating an indebtedness or obligation, the satisfaction of which requires an expenditure greater than the ordinary annual income and revenue of the DISTRICT within the meaning of Section 17A-2-1440, Utah Code Annotated, 1953, as amended.

(b) Installments payable pursuant to paragraph 10 hereof shall be payable from "Net Revenues" of the "System" (as defined in the DISTRICT'S Resolution Providing for the Issuance of Water Conservancy Revenue Bonds, adopted February 6, 1987, as amended and supplemented by supplemental resolutions adopted October 27, 1989, and February 21, 1992) from amounts remaining in the Revenue Fund at the end of each fiscal year and available for such purpose pursuant to Section 5.06 of such Resolution.

14. The DISTRICT hereby warrants the STATE that the construction of the PROJECT will not interfere with existing water rights. If the PROJECT herein described shall give rise to a claim, or cause of action to any holder of any water rights because of the interference with such rights by the operation of the PROJECT, then the DISTRICT hereby agrees to indemnify the STATE to the extent of such claim or cause of action.

15. In constructing or causing the PROJECT to be constructed, the DISTRICT shall comply with the provisions of the Utah Anti-Discrimination Act of 1969 and hereby agrees as follows:

(a) The DISTRICT will not discriminate against any employee or applicant for employment because of race, color, sex, religion, ancestry, or national origin.

(b) In all solicitations of advertisements for employees, the DISTRICT will state that all qualified applicants will receive consideration without regard to race, color, sex, religion, ancestry or national origin.

(c) The DISTRICT will send to each labor union or workers representative notices to be provided, stating the DISTRICT'S responsibilities under the statute.

(d) The DISTRICT will furnish such information and reports as requested by the Anti-Discrimination Division for the purpose of determining compliance with the statute.

(e) Failure of the DISTRICT to comply with the statute, the rules and regulations promulgated thereunder and this non-discrimination clause shall be deemed a breach of this contract and it shall be cancelled, terminated or suspended in whole or in part.

(f) The DISTRICT will include the provisions of Items (a) through (e) in every subcontract or purchase order (unless exempted under the statute or rules and regulations) so that such provisions will be binding upon such subcontractor or vendor.

16. If either party to the contract violates any of the conditions or covenants made herein, the other may give written notice of such breach or failure, and if the same shall not be cured within Ninety (90) days after such notice, the other may declare the contract forfeited and may proceed to its remedies at law for such breach. In addition, upon the occurrence of an "event of nonappropriation", the State may declare the contract forfeited and shall thereafter have no further obligation to convey "assets" to the District under paragraph 9 of this Agreement.

17. The DISTRICT hereby agrees to indemnify and hold harmless the STATE and its officers, agents and employees from any and all liability or claims in connection with this Agreement or the development, design, inspection, construction, or operation and maintenance of the PROJECT, including but not limited to, any and all claims for injury or death of persons or animals, or for any property loss or damage, including damage to the PROJECT facilities; except for any such claims arising from or caused by the sole negligence of the STATE.

18. It is mutually understood that the STATE'S review of the plans and specifications, bidding documents and general conditions is solely for the purpose of assuring that the PROJECT to be constructed by the DISTRICT is as represented in its application and that the PROJECT meets the STATE'S lending criteria. Neither the STATE nor officers, employees, or agents thereof shall have any duty to note any design or other defect relating to the PROJECT, and none shall be liable for any loss, claim or damages with respect to the design, bidding, construction, maintenance or operation of the PROJECT or any water system of which the PROJECT is a part.

19. After the DISTRICT shall have paid in full the purchase price, as defined above, the STATE shall execute such assignments, deeds and bills of sale as will be necessary to revest the same title to the aforesaid property and water rights in the DISTRICT.

20. This Agreement, or any part thereof, or the benefits to be received under this Agreement, may not be the subject or any assignment to any person, firm, or corporation, by the said DISTRICT, without first having secured the written consent of the STATE to any such proposed assignment or disposition of this Agreement.

21. No covenant or condition of this Agreement can be waived except by the written consent of the STATE. Forbearance or indulgence by the STATE in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by the DISTRICT, and until complete performance by the DISTRICT of said covenant or condition, the STATE shall be entitled to invoke any remedy available to the STATE under this contract or by law or in equity despite said forbearance or indulgence. Receipt by the STATE of a partial payment of any installment due hereunder shall be deemed to be part payment only and notwithstanding any endorsement, the STATE may accept said payment without prejudice to its right to recover the balance.

22. This Agreement shall not become binding upon the STATE until it has been signed by all persons and agencies required by law, and the STATE shall not become liable to the DISTRICT for any commitments made by the DISTRICT until this Agreement has been fully executed.

IN WITNESS WHEREOF, the State of Utah, acting through the BOARD OF WATER RESOURCES, has caused these presents to be signed by the Chairman and Director of the said BOARD OF WATER RESOURCES by authority of a resolution of said Board; and the SALT LAKE COUNTY WATER CONSERVANCY DISTRICT, has caused these presents to be signed and executed on its behalf by Gerald K. Maloney, its Chairman, and David G. Ovard, its Secretary, by authority of a resolution of its Board of Directors at a meeting held April 23, 1993.

SALT LAKE COUNTY WATER CONSERVANCY DISTRICT

Gerald K. Maloney
Chairman
David G. Ovard
Secretary

BOARD OF WATER RESOURCES

Philip S. Knight
Chairman
D. Larry Anderson
Director

87-6011348
Employer Identification No.

AVAILABILITY OF FUNDS:
Eric Hays
Division Budget/Accounting

STATE OF UTAH)
County of Salt Lake)^{ss}

APPROVED: DIVISION OF FINANCE
Richard L. Banks 8/18/93
for Director of Finance

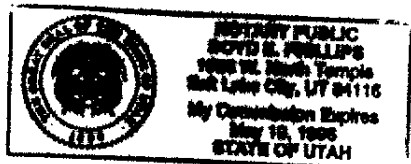
On the 17 day of JUNE, 1993, personally appeared before me Philip S. Knight and D. Larry Anderson, who being duly sworn did say that they are respectively the Chairman and Director of the BOARD OF WATER RESOURCES, and that they signed the foregoing instrument in behalf of the said BOARD by authority of a resolution of said BOARD, and they also acknowledged to me that the said BOARD executed the same.

STATE OF UTAH
County of Salt Lake



Boyd E. Phillips
Notary Public

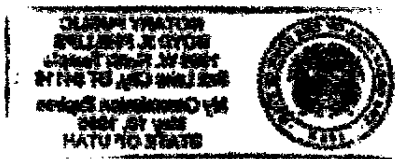
On the 13 day of August, 1993, personally appeared before me Gerald K. Maloney and David G. Ovard, who being duly sworn did say that they are respectively the Chairman and Secretary of the SALT LAKE COUNTY WATER CONSERVANCY DISTRICT and that they signed the foregoing instrument in behalf of said District by authority of a resolution of its Board of Directors, and they also acknowledged to me that said District executed the same.



Boyd E. Phillips
Notary Public

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Book - 8472 Ps - 7868-7876
GARY W. OTT
RECORDER, SALT LAKE COUNTY, UTAH
UT ST-WATER RESOURCES
PO BOX 146201
1594 W NO. TEMPLE
SLC UT 84114-6201
BY: RDJ, DEPUTY - MA 9 P.



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