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A G R E E M E N T

This agreement entered into this 25th day of June, 1956, in original and five copies, by and between the State of Utah, acting through the Utah Water and Power Board, First Party, hereinafter sometimes referred to as the State; and the Kolob Reservoir and Storage Association, Inc., a corporation of the State of Utah, the Hurricane Canal Company, a corporation of the State of Utah, and the St. George and Washington Canal Company, a corporation of the State of Utah, Parties of the Second Part, hereinafter sometimes referred to as the Water Users.

W H E R E A S

THAT WHEREAS, the First Party desires to promote a water conservation project entailing the construction of a dam 65 feet high and 692 feet long, a multiple-storage reservoir and other appurtenant facilities, which will impound 5,586 acre-feet of water of Kolob Creek, and is located in Sections 25, 35 and 36, T 38 S, R 11 W, S164M, all of which are located in Washington County, Utah.

WHEREAS, it is the desire of the Second Parties to enter into a contract with the First Party whereby the Second Parties undertake to construct the aforesaid project in the name of the First Party for a consideration hereinafter provided, and to use the water developed by the aforesaid project, and as the Second Parties have the available manpower and facilities necessary to construct the aforesaid project and are ready, willing and able to enter into a contract for such purposes.

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

1. The Second Parties hereby agree to convey, grant and warrant to the First Party, title, in fee simple, to the real estate upon which the structures are to be constructed, and described as follows:

Tract No. 1:

NW $\frac{1}{4}$ NE $\frac{1}{4}$; SW $\frac{1}{4}$ NE $\frac{1}{4}$; NW $\frac{1}{4}$ SE $\frac{1}{4}$; E $\frac{1}{2}$ SW $\frac{1}{4}$; SW $\frac{1}{4}$ SW $\frac{1}{4}$; S $\frac{1}{2}$ NW $\frac{1}{4}$; Section 36, Township 38 South, Range 11 West, S164M.

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Tract No. 21

A parcel of land situated in the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 36, Township 38 South, Range 11 West, Salt Lake Base and Meridian, and being more particularly described as follows:

Beginning at a point which lies 2640 feet East and 248.3 feet North from the SW Corner of said Section 36 and running thence North 1071.7 feet; thence East 1081.7 feet; thence South 671.7 feet; thence West 331.7 feet; thence South 400 feet; and thence West 750 feet to the point of beginning containing 23.5 acres.

2. Second Parties hereby agree to convey, grant and warrant to the First Party, title to such easements and rights of way as shall be necessary to enable the First Party to construct, maintain and operate said project; and further agree to grant and convey to the First Party an easement to use any and all of the facilities of the distribution system situated, as follows:

Section 29 and 30 of Township 41 S and Range 12 W, Sections 23, 24, 25, 26, 33, 34 and 35 of T 41 S, R 13 W; Sections 2, 3, 4, 9, 10, 15, 16 and 20 of T 42 S, R 13 W, SIBEH.

Sections 21, 20, 19 of T 42 S, R 14 W, Sections 24, 25 and 36, T 42 S, R 15 W, and Sections 3, 9, 10 and 16, T 43 S, R 15 W, SIBEH.

3. The Second Parties hereby agree to convey, assign and quitclaim to the First Party all right, title and interest which it has or may have, to the right to use of water which shall be saved or conveyed through the use of the aforesaid project, and particularly water rights acquired by Award Numbers 58, 59 and 60, Virgin River Decree of December 12, 1925 and supplemented by Decree of April 21, 1931, and as amended by Change Application Numbers a-2996, a-2997 and a-2998. Also Application No. 26952, all of which are on file in the office of State Engineer.

4. The First Party is the owner of Application No. 12571 heretofore filed in the office of the State Engineer of the State of Utah, for the storage of 4,000 acre-feet of water in the Kolob Creek Reservoir. Title to said Application No. 12571 will, with the approval of Utah State Senate, be transferred to the Second Parties upon payment in full of the total purchase price as hereinafter provided.

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5. The Second Parties recognize as valid the conveyance of easements and rights of way executed by various owners of the benefited land to the First Party, and agree that all performance by the Second Parties under this contract shall be subservient to, and in recognition of the aforesaid rights of the First Party in and to the aforesaid easements and rights of way.

6. The Second Parties agree to supply the necessary manpower and facilities, and agree to complete the construction of the aforesaid project at a cost in accordance with plans, specifications and work items, a copy of which is attached to this contract and which is hereby incorporated by reference and made a part hereof.

7. The First Party agrees to pay to the Second Parties the equivalent of seventy-five (75%) percent of the total cost of constructing the project, but in no event shall the amount paid by the First Party exceed \$152,000.00, and the Second Parties shall themselves pay for all costs in excess of the amount paid by the First Party. Second Parties agree and undertake to construct to completion as designed and specified, the aforesaid project in all events regardless of unforeseen contingencies, and agree to pay all costs in excess of the aforesaid amount paid by the First Party.

8. It is further agreed that the First Party shall pay ninety (90%) percent of the amount payable by the First Party to the Second Parties upon the presentation by the Second Parties to the First Party of a certified statement of the payment required which shall be in the nature of a partial estimate of the work completed to date by the Second Parties on each work item.

9. It is further agreed that the Second Parties shall complete the construction of the project on or before December 1, 1957, and that title to the entire project, including all appurtenant facilities and water rights shall immediately vest in the First Party. It is also agreed that this contract shall not become binding upon the First Party until it has been signed by all persons and agencies required by law, and that the First Party shall not become liable to the Second Parties for any commitments made by the Second Parties until this contract has been completed.

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10. The First Party agrees to sell, and the Second Parties agree to purchase the easements, rights of way, water rights, the project as constructed under this agreement and all appurtenant facilities, acquired by the First Party in this Agreement and Assignments at a total purchase price defined to be the combined total of all funds paid by the First Party to the Second Parties for the construction of the project, but not to exceed \$152,000.00, plus all expense incurred by the First Party for the investigation, engineering and inspection of the project, and to be determined by the First Party upon the completion of the project, and payable over a period of time not to exceed twenty (20) years, in annual installments of one-twentieth (1/20), or more per year, of the total purchase price as defined above without interest.

11. The first annual installment of one-twentieth (1/20), or more, of the total purchase price, as defined above, shall become due and payable on the First day of December 1958, and a like sum, or more, to be due and payable on the First of December of each and every year thereafter until the full purchase price, as defined above, shall have been paid in full; said sums shall be payable at the office of the UTAH WATER AND POWER BOARD, and the first monies received by the First Party under the terms of this contract will be applied against the indebtedness incurred by the First Party for investigation, engineering and inspection, until fully paid, and any residue will be applied to funds paid by the First Party for the construction of the Project. Delinquent payments shall bear interest at a rate of six (6) percent per annum.

12. It is further agreed by the Second Parties, that they will maintain a complete and separate accounting record of all expenditures made in connection with the cost of the project. The records, as maintained, shall become the property of the First Party upon the completion of the project.

13. During the period of such purchase under this contract, provided the Second Parties are not delinquent in any manner, the Second Parties shall have, and are hereby given the right to use the First Party's water rights, reservoir, distribution systems and other facilities constructed thereunder. The Second Parties do hereby assume during the life of this Agreement, the full obligation of

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To still further insure the maintenance and repair of the dam, distribution system and other facilities, and of protecting all water rights from forfeiture.

14. In order to secure the payment of the aforesaid purchase price, it is hereby expressly agreed that the First Party may require the Second Parties to assess all outstanding shares of their stock for the full amount of any delinquencies in the aforesaid purchase installments. It is further agreed by the Second Parties that they will not incur any mortgage or encumbrances, other than those already acquired by them, on any of their property, real or personal, without first securing the written consent of the First Party. It is further agreed that the Second Parties will not incur any indebtedness whatsoever for a principal sum in excess of \$40,000.00, without first procuring the written consent of the First Party. The remedies herein provided shall be deemed cumulative, and not exclusive.

15. The Second Parties, hereby warrant to the First Party, 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 aforesaid project, then the Second Parties hereby agree to indemnify the First Party to the extent of such claim or cause of action.

After the Second Parties shall have paid in full, the purchase price as defined above, the First Party shall, with the approval of Utah State Senate, execute such deed and bills of sale as will be necessary to revert the same title to the aforesaid property and water rights in the Second Parties, as are vested in the First Party.

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.

17. The Second Parties hereby agree to assume the full obligation for any claim or liability for any injury or death of persons, or for any property loss or damage that may arise in accomplishing the construction of this project for the

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First Party, and further, the Second Parties agree to hold the First Party immune for all such claims for damages, injury, or death of persons during the life of this Agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

STATE OF UTAH, acting through the UTAH WATER AND POWER BOARD

APPROVED:

BOARD OF EXAMINERS:

[Signature]
Governor

[Signature]
Secretary of State

[Signature]
Attorney General

[Signature]
Vice Chairman

[Signature]
Director

MOLCH RESERVOIR AND STORAGE ASSOCIATION, INC

[Signature]
President

[Signature]
Secretary

ST. GEORGE AND WASHINGTON CANAL COMPANY

[Signature]
President

[Signature]
Secretary

APPROVED AS TO FORM:

[Signature]
Assistant Attorney General

HURRICANE CANAL COMPANY

[Signature]
President

[Signature]
Secretary

APPROVED AS TO AVAILABILITY OF FUNDS COMMISSION OF FINANCE

[Signature]
[Signature]
[Signature]

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STATE OF UTAH
County of Salt Lake

On the 22 day of June 1956, personally appeared before me Gordon W. Clark and George D. Clyde who being by me duly sworn, did say that they are the Vice-Chairman and Director, respectively, of the Utah Water and Power Board, and that the said instrument was signed in behalf of the State of Utah, acting through the Utah Water and Power Board by authority of a resolution of said Board at a meeting held March 26, 1955, and said Gordon W. Clark and George D. Clyde acknowledged to me that said Board executed the same.

Gordon W. Clark
Notary Public
Residing at: Salt Lake City, Utah

My Commission Expires:
June 23, 1959

STATE OF UTAH
County of Washington

On the 22 day of June 1956, personally appeared before me Ray Schmits and Schuyler B. Everett who being by me duly sworn, did say that they are the President and Secretary, respectively, of the St. George and Washington Canal Company, Inc., and that the said instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors, and said Ray Schmits and Schuyler B. Everett acknowledged to me that said corporation executed the same.

Lillian O. Cook
Notary Public
Residing at: *St. George, Utah*

My Commission Expires:
April 29, 1959

STATE OF UTAH
County of Washington

On the 22 day of June 1956, personally appeared before me Raymond DeHille and Clint Wright who being by me duly sworn, did say that they are the President and Secretary, respectively, of the Hurricane Canal Company, and that said instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors, and said Raymond DeHille and Clint Wright acknowledged to me that said corporation executed the same.

Lillian O. Cook
Notary Public
Residing at: *St. George, Utah*

My Commission Expires:
April 29, 1959

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STATE OF UTAH

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: ss
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County of Washington

On the 22nd day of June, 1956, personally appeared before me Wayne Wilson and LeRoy H. Cox who being by me duly sworn, did say that they are the President and Secretary, respectively, of the Kolob Reservoir and Storage Association, Inc., and that the said instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors, and said Wayne Wilson and LeRoy H. Cox acknowledged to me that said corporation executed the same.

Lullman & Cox
Notary Public
Residing at: St. George, Utah

My Commission Expires:
April 29, 1959

APPROVED AS TO AVAILABILITY OF FUNDS:

STATE FINANCE COMMISSION

Chairman

Commissioner

Commissioner

Entry No. 101509 Recorded at request of State of Utah
Date July 13, 1956 at 10:30 A.M., Book S-8, pages 266-267-268 Fee 0 No Fee
Helmer P. Bleach Washington County Recorder, By 269-270-271-272-273 Deputy.