

**WATER RIGHT CONVEYANCE AND HOLDING AGREEMENT  
BY AND BETWEEN  
SAGERS FAMILY LIMITED PARTNERSHIP  
AND STANSBURY PARK IMPROVEMENT DISTRICT**

This Water Right Conveyance and Holding Agreement (“Agreement”) is made and entered into this 6<sup>th</sup> day of October, 2004, by and between the SAGERS FAMILY LIMITED PARTNERSHIP, a Utah limited partnership (“Sagers”), and STANSBURY PARK IMPROVEMENT DISTRICT, a political subdivision of the State of Utah (the “District”).

THIS AGREEMENT is made and entered into with reference to the following definitions, facts and objectives:

A. The District is organized for the purpose of providing municipal water service to those properties that are situated within its service area. The District’s policy is to require persons wanting water service to bring their own water rights into the District and thus enable the District to provide water service to the properties.

B. Sagers is the owner of certain property within the District’s service area which it plans to sell for development as more fully described on Attachment A, attached (“Sagers Property”). It is Sagers’ intent that the Sagers Property receives municipal water service from the District for the development of the Sagers Property, utilizing a water right to be transferred to the District by Sagers.

C. Sagers owns approved Application to Appropriate A29601 (15-458) for the diversion of 1.5 (one and five-tenths) cubic feet per second (“cfs”) of water from

underground wells (“Water Right”). The Water Right is authorized for use on property located within the boundaries of the District.

D. The exact quantity of water rights necessary to serve the Sagers Property will not be determined until plat approvals by the Tooele County Commission. There will likely be a surplus of water rights, measured in acre-feet, conveyed under this Agreement to the District over and above what are necessary for the Sagers Property. Sagers desires to have the right to sell any of its contract interest in the surplus water rights, created by this Agreement, as surplus water right credits to persons who own properties within, or to be annexed into, the District.

E. As a political subdivision, the District may hold water rights for the future use and benefit of the residents who are to receive water service within the District’s service area. By transferring the Water Right into the District, the District can protect the Water Right in good standing for the future use and benefit of those residents of the District who will use water on the Sagers Property and elsewhere within the District service area.

F. Sagers and the District mutually desire by this Agreement to provide for Sagers to convey to the District the Water Right, in exchange for the District accepting the Water Right and agreeing to provide water service and water right credits on terms and conditions more particularly set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, as well as for other good and valuable

consideration, the receipt and sufficiency of which they are hereby acknowledged, the parties agree as follows:

1. Conveyance of Water Right. Subject to the terms and provisions of this Agreement, Sagers shall assign and convey the Water Right by Quit Claim Deed and Assignment to the District on or before October 15, 2004, subject to the condition that such Water Right will be reserved for use by the District on real property designated by Sagers within the boundaries of the District. The District hereby agrees to accept transfer and conveyance of the Water Right. The District shall cause the Water Right deed to be recorded and shall cause to be filed a copy with the State Engineer and any necessary report of water right conveyance as shall be necessary to update the State Engineer's official records with respect to water right ownership.

2. Reservation of Water Supply and Water Right Credits under the Sagers Water Right. The Water Right shall be reserved by the District as water right credits, measured in acre-feet, for use on the Sagers Property and on such other real property now or hereafter located within the boundaries of the District as Sagers may hereafter designate in writing. In the event that Sagers desires to sell all or any part of the Sagers Property or any of its other real property for which water is reserved herein, Sagers shall have all rights to sell, transfer and assign to the purchasers of such properties all or a portion of these water right credits reserved by this Agreement for the benefit of the Sagers Property or any other real property now or hereafter located within the boundaries of the District.

3. Sale by Sagers of Surplus Water Right Credits. Sagers also has the right to sell any Surplus Water Right Credits, as defined in paragraph 8, to any owner of property now or hereafter located within the District boundaries. As additional consideration for the District receiving and holding the Water Right and agreeing to file all the necessary requests for extension of time with the State Engineer to prevent the Water Right from lapsing, Sagers agrees to pay the District any money Sagers receives for the Surplus Water Right Credits that is over and above \$2,500 per acre-foot. Additionally, Sagers agrees to pay to the District the sum of \$400, concurrent with the execution of this Agreement, which sum represents the future cost to the District of proving up on the Water Right. In the event that the future proving up costs are more than \$400, Sagers shall promptly pay any amount in excess of \$400, up to a maximum total of \$750, upon invoice and substantiation by the District to the Sagers.

4. No Benefit to Other Properties. The District agrees that the foregoing rights reserved to Sagers shall be and remain in full force and effect for the exclusive benefit of Sagers and its properties, notwithstanding the existence at any time of such other properties within the District for which sufficient water rights may not be available.

5. Change Application. The District agrees that upon executing this Agreement and upon Sagers delivering the Water Right deed to the District, the District shall permit to be filed a change application in its name with the Utah State Engineer to change the point of diversion, nature of use, and place of use of the Water Right as necessary for the uses contemplated by this Agreement. A copy of the change application is attached as Attachment B. Sagers shall file the change application and pay

for any expenses, costs or fees in connection with carrying out the obligations of this paragraph. Sagers shall also file the report of water right conveyance referred to in paragraph 1.

6. Extension Request. Simultaneously with the change application, the District shall permit to be filed with the State Engineer a request for extension of time (“Extension Request”) on the Water Right. A copy of the Extension Request is attached as Attachment C. Sagers shall file the Extension Request and pay for any expenses, costs or fees in connection with carrying out the obligations of this paragraph.

7. Time is of the Essence. Time is of the essence for this Agreement. The District shall sign and cause to be filed with the State Engineer, the Change Application and the Extension Request no later than October 25, 2004.

8. Surplus Water Right Credits.

a. Pursuant to paragraph 2, the District agrees to accept the Water Right to supply the water necessary and reserve the water right credits necessary for the Sagers Property. The exact quantity of water rights necessary to serve all the Sagers Property that lies within the District will not be finally determined until the Tooele County Commission approves the subdivision plats for development.

b. Furthermore, as part of this Agreement, a change application will be filed with the State Engineer to change the Water Right to the District’s groundwater wells for municipal use within the District service area. The parties acknowledge that as part of the change application evaluation, the State Engineer will quantify the Water Right and may place limitations on the number of acre-feet that may be diverted under the change

application. It is anticipated that the number of acre-feet approved by the State Engineer may exceed the water rights required by the District for the future development of the Sagers Property. Any remaining acre-feet of the Water Right, as quantified by the State Engineer in the change application approval, over and above the total amount of the water rights ultimately required by the District for the Sagers Property are, for purposes of this Agreement, Surplus Water Right Credits as measured in acre-feet of water. Sagers may sell, transfer and assign their contract interest in the Surplus Water Right Credits to any person for use within the District's service area as it currently exists or may be expanded over time.

9. Due Diligence. Sagers agrees to hold the District harmless for failure to show due diligence and prove up on the Water Right if such failure is due to circumstances beyond their control, such as new legislation or State Engineer rules or policies that make it impossible to prove up on the Water Right.

10. Notices. Notice to a party under this Agreement shall be deemed to have been properly given when hand-delivered or mailed, postage prepaid and certified, to the party entitled to receive said notice at the following addresses:

Willard Sagers Family Limited Partnership  
458 North Broadway  
Tooele, UT 84074

With a Copy to:

John H. Mabey, Jr.  
Mabey & Wright, LLC  
265 East 100 South, #300  
SLC, UT 84111

Stansbury Park Improvement District  
# 10 Plaza  
Stansbury Park, UT 84074

With a copy to:

Allen Sims, Esq.  
Prince, Yeates & Geldzahler  
175 East 400 South, Suite 900  
Salt Lake City, UT 84111

11. Reconveyance. Sagers agrees that all water used under the conveyed Water Right shall be used exclusively within the District's service area as it exists or may be expanded over time.

12. Covenant of Further Assurances and Good Faith. Each of the Parties hereto covenant to execute and deliver any and all additional papers, documents, and other assurances, and to act in good faith in doing any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder, in carrying out the intent of the Parties to transfer the Water Right as contemplated by this Agreement.

13. Attorney's Fees. In the event any action or negotiation shall be instituted by a Party to enforce any of the terms and provisions contained herein, the prevailing Party in such action or negotiation shall be entitled to reasonable attorney's fees, costs and expenses incurred in enforcing this Agreement.

14. Modification or Amendments. No amendment, change or modification of this Agreement shall be valid unless in writing and signed by the Parties hereto.

15. Integration. This Agreement constitutes the entire understanding and agreement of the Parties and any and all prior agreements, understandings or representations are hereby terminated, canceled and superseded, in their entirety, and are of no force and effect.

16. Waiver. The waiver by any Party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or waiver of any subsequent breach whether of the same or another provision of this Agreement.

17. Severability. If any material term or provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be void, voidable, or unenforceable, either Party may elect to terminate this Agreement.

18. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and to their respective successors-in-interest and assigns.

19. No Obligation to Third Parties. This Agreement is not intended to be a contract for the benefit of third parties, and shall not be deemed to confer any rights upon any person or entity other than the Parties to this Agreement, nor obligate the Parties to this Agreement to any person or entity other than the Parties to this Agreement.

20. Warranty of Authority. The individuals executing this Agreement on behalf of the Parties hereby warrant that they have the requisite authority to execute this Agreement on behalf of the respective Parties and that the respective Parties have agreed to be and are bound hereby.



IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the day and year first above written.

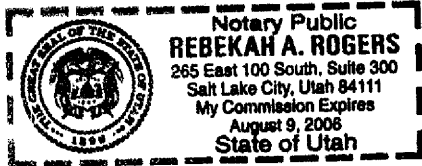
**SAGERS FAMILY LIMITED PARTNERSHIP**

By: *Willard H. Sagers* Gen. Partner  
Willard H. Sagers, General Partner

*Geraldine B. Sagers* Gen. Partner  
Geraldine B. Sagers, General Partner

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

On the 4<sup>th</sup> day of October, 2004, personally appeared before me Willard H. Sagers and Geraldine B. Sagers who, being by me duly sworn, did say, each for himself or herself, that they are General Partners of the Sagers Family Limited Partnership ("Sagers"), and that the within and foregoing instrument was duly signed on behalf of Sagers and did each duly acknowledge to me that Sagers executed the same.



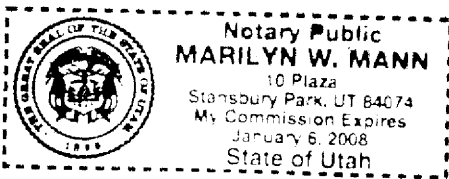
*Rebekah A. Rogers*  
Notary Public

**STANSBURY PARK IMPROVEMENT DISTRICT**

By: *Brett Palmer*  
Chairman, Board of Trustees

STATE OF UTAH )  
 ) ss.  
COUNTY OF TOOELE )

On the 6<sup>th</sup> day of October, 2004, personally appeared before me Brett Palmer who, being by me duly sworn, did say that he is the Chair of the Board of Trustees of the Stansbury Park Improvement District ("SPID"), and that the within and foregoing instrument was signed on behalf of SPID by authority of a motion of the Board of Trustees of SPID and he did duly acknowledge to me that SPID executed the same.



*Marilyn W. Mann*  
Notary Public

FINAL

**Sagers Property****Attachment A**

Beginning at a point on the Quarter Section Line, said point being N00°22'54"W 2664.21 feet and S89°23'06"W, 815.08 feet along the Quarter Section Line, from the Southeast Corner of Section 20, Township 2 South, Range 4 West, Salt Lake Base and Meridian; and running thence along the Quarter Section Line S89°23'06"W, 4465.48 feet to the Section Line; thence N00°13'40"W along said Section Line 1154.87 feet to the Southerly Right of Way Line of Highway 138; thence along said Line the following calls: N56°42'18"E, 385.30 feet; thence Northeasterly 617.30 feet along the arc of a 11409.20 foot radius curve to the right, (chord bears N58°15'18"E, 617.22 feet); thence N59°48'18"E, 3887.11 feet; thence leaving said Line S30°11'42"E, 121.00 feet; thence N59°48'18"E, 90.00 feet; thence N30°11'42"W, 121.00 feet to the Southerly Right of Way Line of Highway 138; thence along said Right of Way Line N59°48'18"E, 381.46 feet; thence S37°00'00"E, 439.23 feet; thence Southeasterly 186.08 feet along the arc of a 222.12 foot radius curve to the right, (chord bears S13°00'00"E, 180.69 feet); thence Southwesterly 116.03 feet along the arc of a 96.35 foot radius curve to the right, (chord bears S45°30'00"W, 109.15 feet); thence Northwesterly 186.08 feet along the arc of a 212.12 foot radius curve to the right, (chord bears N76°00'00"W, 180.69 feet); thence N52°00'00"W, 169.00 feet; thence S38°00'00"W, 270.00 feet along the Westerly boundary of the Lakeside Subdivision No. 8 Subdivision; thence continuing along said Subdivision Line the following calls: S52°00'00"E, 37.12 feet; thence S34°06'33"W, 120.82 feet; thence Southwesterly 55.61 feet along the arc of a 150.00 foot radius curve to the left, (chord bears S23°29'15"W, 55.30 feet); thence S12°51'58"W, 204.29 feet; thence Southeasterly 1039.52 feet along the arc of a 442.36 foot radius curve to the left, (chord bears S54°27'17"E, 816.31 feet); thence N58°13'28"E, 226.86 feet along the Southerly Boundary Line of the Lakeside Subdivision No. 5 Subdivision; thence along said Line the following calls: N45°13'53"E, 145.93 feet; thence Northeasterly 170.30 feet along the arc of a 150.00 foot radius curve to the right, (chord bears N77°45'21"E, 161.30 feet); thence S68°43'12"E, 78.79 feet; thence Southeasterly 152.20 feet along the arc of a 200.00 foot radius curve to the right, (chord bears S46°55'07"E, 148.56 feet); thence S26°07'02"E, 101.96 feet; thence S15°57'37"E, 263.22 feet to the Northerly boundary line of the Bayshore Drive Church Subdivision; thence along said subdivision the following calls: N89°31'48"W, 410.48 feet; thence S00°25'20"E 327.04 feet; thence S89°31'48"E, 424.55 feet; thence Northeasterly 166.08 feet along the arc of a

330.00 foot radius curve to the left, (chord bears N14°53'17"E, 164.34 feet); thence N00°28'12"E, 165.41 feet to a Southerly boundary line of Lakeside Subdivision No. 5 Subdivision; thence S89°32'37"E, 666.16 feet along a Southerly line of both the Lakeside No. 5 and No. 2B Subdivisions; thence 170.96 feet along the arc of a 660.00 foot radius curve to the left, (chord bears N83°02'08"E, 170.49 feet); thence Southwesterly 315.18 feet along the arc of a 256.53 foot radius curve to the right, (chord bears S03°10'34"W, 295.73 feet); thence S38°22'22"W, 149.38 feet; thence Southwesterly 193.82 feet along the arc of a 895.00 foot radius curve to the left, (chord bears S32°10'08"W, 193.44 feet); thence leaving the Westerly boundary line of the Lakeside Subdivision No. 4B Subdivision and running thence N89°15'47"W, 107.90 feet; thence S88°08'32"W, 635.77 feet; thence S00°13'40"E, 979.91 feet; thence S89°48'50"W, 1157.80 feet; thence S00°36'54"E, 534.83 feet to the point of beginning.

Less and excepting from the property described above that property conveyed to Tooele County Service Area No. 2, a body corporate and politic in that certain Quit Claim Deed dated February 1, 1983, recorded February 3, 1983, as Entry No. 354717, in Book 207, at Page 974 of official records more particularly described as follows:

The Well site is located in the Northeast Quarter of the Northeast Quarter of Section 20, Township 2 South, Range 4 West, Salt Lake Base and Meridian. The following describes the well site area, being the area of a 25.00 foot radius circle whose center is located South 1050.00 feet and West 75.00 feet from the Northeast Corner of Section 20.

Contains 311.621 Acres

PARCEL NOS. 05-036-0-0015  
 05-035-0-0011  
 05-036-0-0017  
 05-036-0-0016

# APPLICATION FOR PERMANENT CHANGE OF WATER

Rec. by \_\_\_\_\_

Fee Paid \$175.00

Receipt # \_\_\_\_\_

## STATE OF UTAH

For the purpose of obtaining permission to make a permanent change of water in the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Section 73-3-3 Utah Code Annotated 1953, as amended.

CHANGE APPLICATION NUMBER:

WATER RIGHT NUMBER: 15-458

(c2221JAUSICK)

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This Change Application proposes to change the POINT(S) OF DIVERSION, PLACE OF USE, and NATURE OF USE.

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### 1. OWNERSHIP INFORMATION.

A. NAME: Stansbury Park Improvement District INTEREST: 100%  
ADDRESS: #10 Plaza  
Stansbury Park UT 84074

B. PRIORITY OF CHANGE: FILING DATE:

C. EVIDENCED BY:  
15-458(A29601)

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\* DESCRIPTION OF CURRENT WATER RIGHT: \*  
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### 2. SOURCE INFORMATION.

A. QUANTITY OF WATER: 1.5 cfs OR 1,082.64 acre-feet

B. SOURCE: Underground Water Wells COUNTY: Tooele

#### C. POINT(S) OF DIVERSION.

##### POINTS OF DIVERSION -- UNDERGROUND:

- (1) N 1,700 feet W 100 feet from SE corner, Section 08, T 2S, R 4W, SLBM  
WELL DIAMETER: 12 inches WELL DEPTH: to 700 feet
- (2) N 150 feet E 2,150 feet from SW corner, Section 08, T 2S, R 4W, SLBM  
WELL DIAMETER: 12 inches WELL DEPTH: to 700 feet
- (3) S 2,000 feet E 3,450 feet from NW corner, Section 17, T 2S, R 4W, SLBM  
WELL DIAMETER: 12 inches WELL DEPTH: to 700 feet
- (4) S 2,750 feet E 1,500 feet from NW corner, Section 17, T 2S, R 4W, SLBM  
WELL DIAMETER: 12 inches WELL DEPTH: to 700 feet
- (5) S 350 feet W 250 feet from NE corner, Section 18, T 2S, R 4W, SLBM  
WELL DIAMETER: 12 inches WELL DEPTH: to 700 feet

*Attachment B*

**Permanent Change**

3. WATER USE INFORMATION.

IRRIGATION: from Apr 1 to Oct 31. IRRIGATING: 119.2100 acres.  
 STOCKWATERING: from Jan 1 to Dec 31. EQUIVALENT LIVESTOCK UNITS: 1,050.  
 INDUSTRIAL: from Jan 1 to Dec 31.

4. PLACE OF USE. (Which includes all or part of the following legal subdivisions:)

BASE TOWN	RANG	SEC	NORTH-WEST ¼				NORTH-EAST ¼				SOUTH-WEST ¼				SOUTH-EAST ¼							
			NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE				
SL	2S	4W	08				***					***	X	X	X	X	***					
			09				***					***	X	X	X	X	***	X	X	X	X	
			10				***					***	X	X	X	X	***					
			16	X	X	X	X	***	X	X	X	X	***					***				
			17			X	X	***			X	X	***	X	X	X	X	***	X	X	X	X
			18					***	X	X	X	X	***					***				X
			20	X	X	X	X	***					***					***				

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\* THE FOLLOWING CHANGES ARE PROPOSED: \*

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5. SOURCE INFORMATION.

A. QUANTITY OF WATER: 1.5 cfs OR 1,082.64 acre-feet

B. SOURCE: Underground Water Wells (3) COUNTY: Tooele

C. POINT(S) OF DIVERSION. Changed as Follows:

- POINTS OF DIVERSION -- UNDERGROUND:
- (1) N 49 feet E 139 feet from SW corner, Section 22, T 2S, R 4W, SLBM  
WELL DIAMETER: 10 inches WELL DEPTH: 608 feet
  - (2) S 1,370 feet W 911 feet from N¼ corner, Section 27, T 2S, R 4W, SLBM  
WELL DIAMETER: 16 inches WELL DEPTH: 501 feet
  - (3) S 1,338 feet W 308 feet from N¼ corner, Section 27, T 2S, R 4W, SLBM  
WELL DIAMETER: 16 inches WELL DEPTH: 581 feet

D. COMMON DESCRIPTION: Stansbury Park

6. WATER USE INFORMATION. Changed as Follows:

MUNICIPAL: from Jan 1 to Dec 31. Stansbury Park Improvement District.

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## 7. PLACE OF USE. Changed as Follows:

(Which includes all or part of the following legal subdivisions:)

BASE TOWN RANG SEC	NORTH-WEST $\frac{1}{4}$	NORTH-EAST $\frac{1}{4}$	SOUTH-WEST $\frac{1}{4}$	SOUTH-EAST $\frac{1}{4}$
	NW NE SW SE	NW NE SW SE	NW NE SW SE	NW NE SW SE

## 8. EXPLANATORY.

PLACE OF USE: is within the service area of Stansbury Park Improvement District.

## 9. SIGNATURE OF APPLICANT(S).

The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application, through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained herein, at the time of filing, rests with the applicant(s).

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Stansbury Park Improvement District

IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF UTAH  
REQUEST FOR REINSTATEMENT AND EXTENSION OF TIME  
(After Fourteen Years)

Applicant's Name and Present Address Stansbury Park Improvement District  
#10 Plaza, Stansbury, Utah 84074

Water Right # 15-458 Application # A29601

STATE OF UTAH-COUNTY OF Tooele

Bob Shields, being first duly sworn that he or she is the (agent of the) owner of the above numbered application; that the information given is true and correct to the best of his or her knowledge.

Describe briefly the type and extent of construction completed to date, and cause for delay.

See Attachment

Pursuant to Section 73-3-12, *Utah Code Annotated 1953* (as amended), request is made for REINSTATEMENT AND EXTENSION OF TIME for filing proof from October 30, 20 04 to October 30, 20 10.

\_\_\_\_\_  
APPLICANT (if a corporation, give title of officer signing.)  
District Manager

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC

FOR OFFICE USE ONLY

\$75 fee recd. \_\_\_\_\_ By \_\_\_\_\_ Receipt No. \_\_\_\_\_ Computer \_\_\_\_\_

REMARKS \_\_\_\_\_

RECOMMENDED DISPOSITION \_\_\_\_\_

**ATTACHMENT**  
**to**  
**REQUEST FOR REINSTATEMENT AND EXTENSION OF TIME**  
**Water Right No. 15-458 (A29601)**

The Stansbury Park Improvement District (“District”) was created to provide water and sewer service for the public located within the District service area in the Stansbury Park area of Tooele County, Utah. The District acquired Water Right No. 15-458 (A29601) from the Sagers Family Limited Partnership (“Sagers”) for the purpose of, among other items, providing municipal water to property owned by Sagers located within the District service area.

The District requires and is holding Water Right No. 15-458 (A29601) to provide municipal water for the future reasonable requirements of the public to be served by the District. Change Application Number \_\_\_\_\_ was filed this same date to help provide this water for the public. Therefore, pursuant to Section 73-3-12(j), the District meets the reasonable and due diligence required by Section 73-3-12, and respectfully requests that the extension be granted.