

BOUNDARY LINE ADJUSTMENT AGREEMENT

This AGREEMENT this 1st day of September, 2007 by and between Orca Theaters, Inc., an Alaska corporation ("Orca"), PAYSON CITY, UTAH (the "City"), BLACK WATCH - PAYSON L.L.C., a Utah limited liability company ("Black Watch"), and Washington Mutual Bank (the "Bank").

RECITALS

WHEREAS, prior to January 27, 2003, Orca owned certain real property located in Payson, Utah, as depicted in Exhibit "A" hereto and more particularly described in Exhibit "B" hereto (hereinafter the "Orca Property"). The Orca Property is a part of a larger parcel that was and remains subject to a Deed of Trust dated February 27, 2001, made by Orca as Trustor, in favor of the Bank as Beneficiary (the "Trust Deed"); and

WHEREAS, Orca, the City and Black Watch are working together to improve and to enhance the value of property located in the City of Payson of which the Orca Property is a part; and

WHEREAS, by Boundary Line Agreement dated January 27, 2003, Orca conveyed the Orca Property to the City; and

WHEREAS, by Warranty Deed dated September 14, 2004, the City conveyed the Orca Property to Black Watch as a part of a larger parcel of land for purposes of further commercial development; and

WHEREAS, the Bank has asserted that the transfer of the Orca Property to the City was in violation of the terms of the Trust Deed and related Promissory Note, and the Bank has not released its security interest in the Orca Property; and

WHEREAS, as consideration for the transfer of the Orca Property to the City, the City has given Orca credits totaling \$50,000 toward Orca's municipal utility bill with the City; and

WHEREAS, Orca is presently indebted to the City in the amount of \$44,635.27 for sums advanced pursuant to that certain Trust Deed and Note dated October 16, 2002 (the "Orca Loan"); and

WHEREAS, the Parties desire that the repayment of the Orca Loan be extended for a three year period at the current interest rate, and that the Orca Property be reconveyed to Orca, less a portion with a fair value of an amount equal to the amount of Phillips Agreement clean.doc

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the municipal utility bill credits received by Orca from the City and subject to certain utility and access easements.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The foregoing recitals are hereby incorporated by reference.
2. The Parties shall execute all documents necessary for the transactions contemplated by this Agreement at a Closing to be held on or before September 1, 2007, or as the Parties may otherwise agree.
3. Black Watch shall convey to Orca by quit claim deed, the Orca Property, excepting therefrom approximately 5,662.6 square feet of the Orca Property depicted in Exhibit "C" hereto, and more particularly described in Exhibit "D" hereto (hereinafter, the "Black Watch Parcel").
4. Orca shall grant to Black Watch an access easement over, along, and across that portion of the property owned or to be owned by Orca, as is described in Exhibit F hereto and at the approximate location shown and highlighted on Exhibit E.
5. Orca shall grant to the City a utility easement and right of way for the construction and maintenance of subterranean electrical, telephone, natural gas, sewer, water and drainage lines and appurtenances through and across that portion of the property owned or to be owned by Orca, as is described in Exhibit F hereto and at the approximate location shown and highlighted on Exhibit E.
6. The City shall continue maintenance of the roadway described in paragraph 5 above. Blackwatch and City agree that access to the Orca property shall not be materially affected during any reconfiguration of the public street alignment through the Blackwatch Development.
7. Orca shall resume payment of utility bills from the City without further application of discounts or credits as of September 1, 2007.
8. The Bank shall consent to the easements described in paragraphs 4 and 5 hereof, and shall release its lien on the Black Watch Parcel.
9. The City and Orca agree that Orca shall repay the Orca Loan to the City as follows: Six Hundred Thirty-One and 10/100 Dollars (\$631.10) due and payable on or before the first day of September, 2007, and Six Hundred

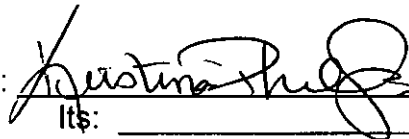
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Thirty-One and 10/100 Dollars (\$631.10) due and payable on or before the first day of each and every month thereafter, until September 1, 2010, at which time the whole sum of the principal and accrued interest shall be paid in full.

- 10. The Parties agree that this Agreement contains the entire agreement and understanding between the Parties concerning the ownership of and encumbrances on the Orca Property.


IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

ORCA Theaters, INC., a Utah corporation

By: 
Its: _____


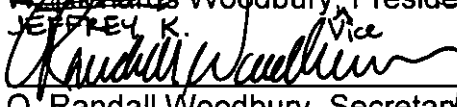
By: _____
Its: _____

PAYSON CITY

By: 
Its: _____

BLACK WATCH - PAYSON L.L.C., a Utah limited liability company

By: **WOODBURY CORPORATION, a Utah corporation, Its Co-Manager**

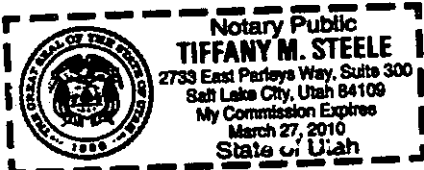
By: 
 Jeffrey K. Woodbury, President
 By: 
 O. Randall Woodbury, Secretary



ACKNOWLEDGMENT OF BLACKWATCH PAYSON

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 19th day of February, 2008, before me personally appeared Jeffrey K. W. RICHARDS WOODBURY and O. RANDALL WOODBURY, to me vice personally known, who being by me duly sworn did say that they are the President and Secretary of WOODBURY CORPORATION, known to be the Manager of BLACK WATCH - PAYSON L.L.C., the company that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of said company therein named, and acknowledged to me that such company executed the within instrument pursuant to its Operating Agreement.

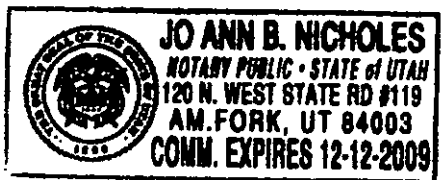


[Signature]
Notary Public

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 19th day of February, 2008, before me personally appeared SCOTT C. McLACHLAN, to me personally known, who being by me duly sworn did say that he is the Manager of McLACHLAN FARMS, L.L.C., known to be the Manager of BLACK WATCH - PAYSON L.L.C., the company that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of said company therein named, and acknowledged to me that such company executed the within instrument pursuant to its Operating Agreement.

[Signature]
Notary Public



[Handwritten initials]

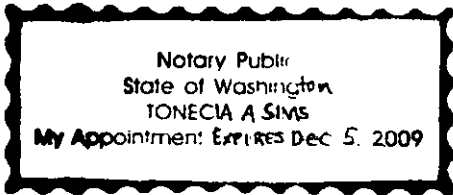
ACKNOWLEDGMENT OF WASHINGTON MUTUAL
(Corporate)

STATE OF WA)

:SS.

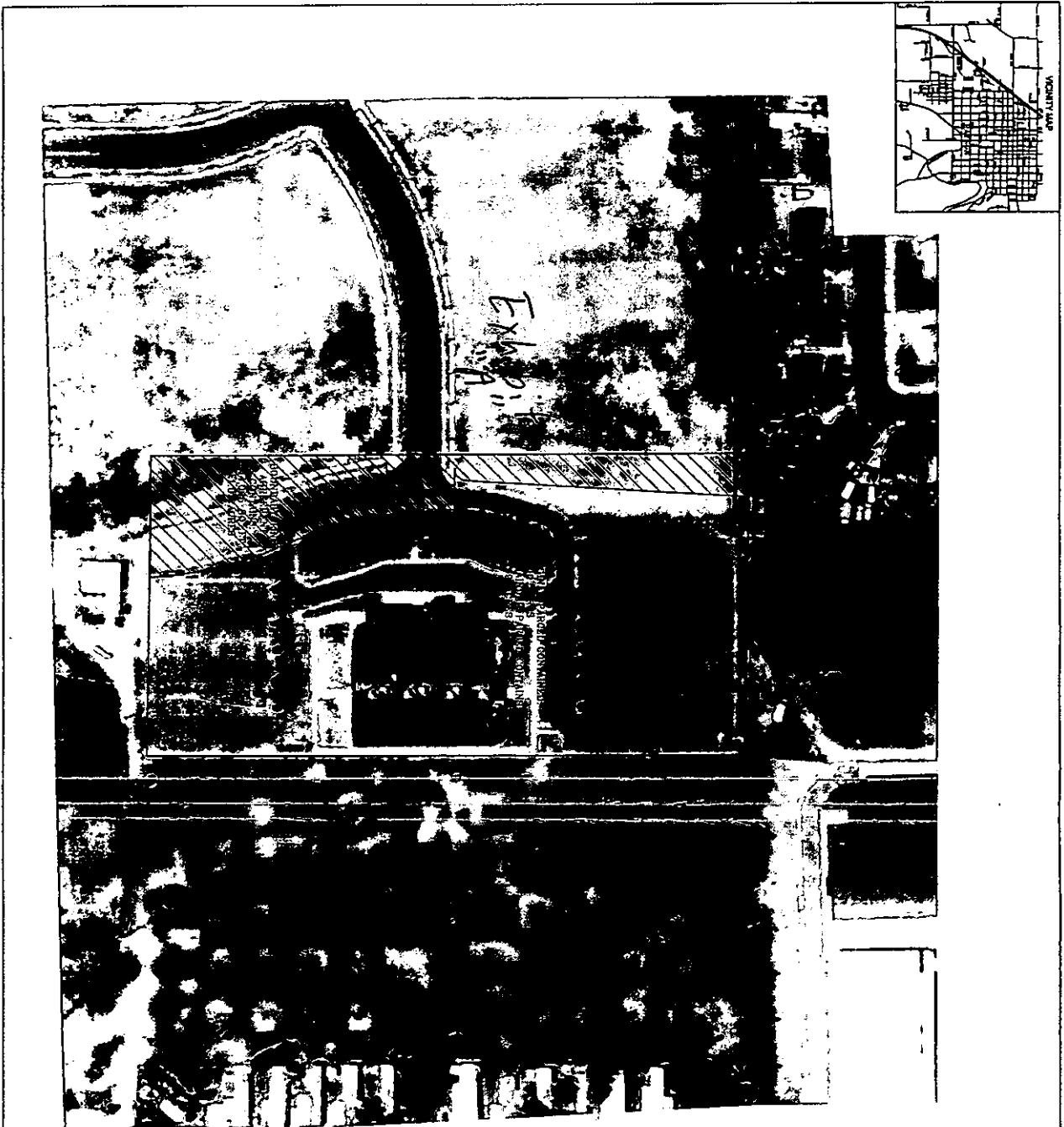
COUNTY OF King)

On this 21 day of April, ~~2007~~ 2008, before me personally appeared ~~and~~ John Lam, to me personally known to be the VP ~~and~~ of WASHINGTON MUTUAL BANK, FSB, the corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of said corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.



T. A. S.
Notary Public

John Lam



NOTES

1. This drawing was made for the purpose of providing and visible showing the boundaries between the subject property and the adjacent property as shown on the attached map. The boundaries shown on this drawing are based on the information provided by the owner of the subject property and are not intended to be a legal description of the property. The owner of the subject property is responsible for the accuracy of the information provided.
2. The lot is a boundary survey and is subject to the same as the other lots shown on the attached map.
3. The drawing is subject to the provisions of the Surveying Act of the State of Utah, Chapter 101, Section 101-1-1, et seq.
4. The drawing is subject to the provisions of the Surveying Act of the State of Utah, Chapter 101, Section 101-1-1, et seq.
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9. The drawing is subject to the provisions of the Surveying Act of the State of Utah, Chapter 101, Section 101-1-1, et seq.
10. The drawing is subject to the provisions of the Surveying Act of the State of Utah, Chapter 101, Section 101-1-1, et seq.

CHAD A. POWELL
 PROFESSIONAL LAND SURVEYOR
 NO. 50182
 STATE OF UTAH

SHERMAN S. CHISHOLM
 11/17/2008
 1" = 60'
 CHECKED BY: SPC

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|------------------|-----------------|--|---|----------------------------|------|----|
| PROJECT: CAP | PLOT: 08-478 | EXHIBIT DRAWING NE 232 1/4 OF SEC. 16 & THE NW 1/4 OF SEC. 17, T9S, R2E, S36AS, PAYSON, BTAM | LPI Landmark Properties, Inc. 3302 No. Main St. Spanish Fork, UT 84660 801-798-0555 Fax 801-798-8393 | REVISION | DATE | BY |
| DATE: 11/17/2008 | SCALE: 1" = 60' | | | PROPERTY OF: ORCA THEATERS | | |
| DRAWN BY: CAP | CHECKED BY: SPC | PREPARED FOR: KRIS PHILLIPS | | | | |
| PAGE 1 | | | | | | |

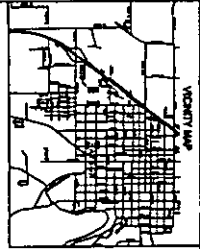
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EXHIBIT B

Legal Description:

Commencing at a point which is located South 00° 00' 10" East along the Section line 48.44 feet from the East Quarter Corner of Section 18, Township 9 South, Range 2 East, Salt Lake Base and Meridian; thence South 89° 28' 40" East 36.22 feet; thence along a 423.00 foot radius curve to the left 156.14 feet (chord bears North 13° 40' 10" West 155.26 feet); thence along a 377.00 foot radius curve to the right 187.18 (chord bears North 10° 01' 13" West 185.27 feet); thence North 89° 59' 50" West 49.98 feet; thence along a 14.00 foot radius curve to the left 20.63 feet (chord bears North 47° 47' 28" East 18.81 feet); thence North 03° 27' 39" East 309.95 feet.

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W
Q



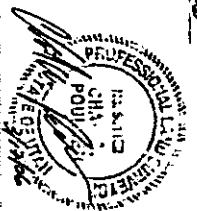
NOTES

1. The drawing was prepared for the purpose of providing a visual representation of the proposed exhibit drawing for the property of ORCA Theaters, Inc. The drawing is not intended to be used for any other purpose.
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SUBMITTAL REQUIREMENTS

1. The drawing is not intended to be used for any other purpose.

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| REVISION | DATE | BY |
|----------|------|----|
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|-----------|-----|------|-----------|-------|----------|-------------|-----|
| PROJECT | CAP | DATE | 8/17/2008 | SCALE | 1" = 50' | DESIGNED BY | SPC |
| TAXIAN BY | CAP | DATE | 8/17/2008 | SCALE | 1" = 50' | DESIGNED BY | SPC |

EXHIBIT DRAWING

PROPERTY OF: ORCA THEATERS
PREPARED FOR: KRIS PHILLIPS

ENT
Consulting Engineers
and Surveyors, Inc.
3302 No. Main St.
Spanish Fork, UT 84600
801-798-6555
Fax 801-798-0393

Handwritten initials and signature

Exhibit D

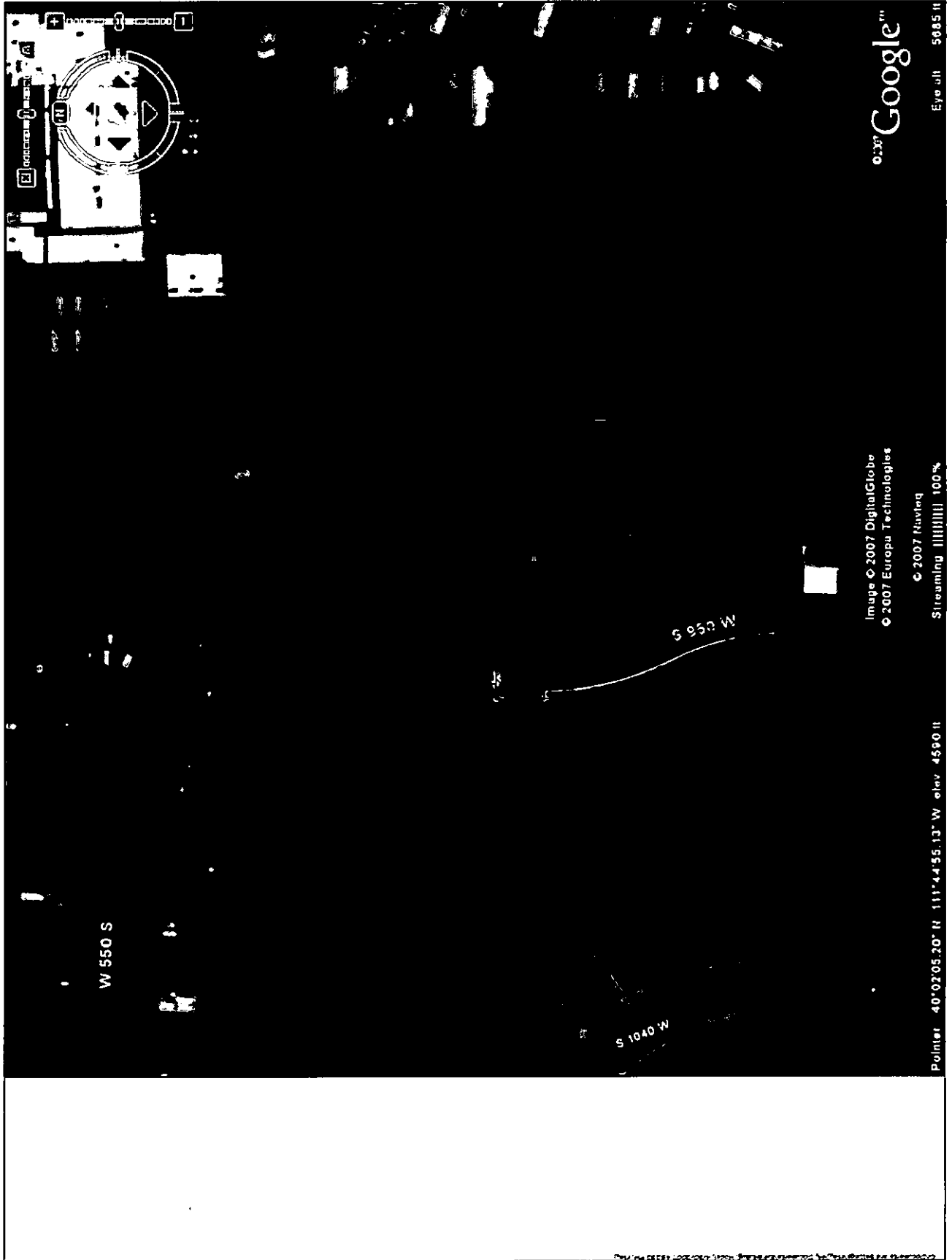
**LEGAL DESCRIPTION
PREPARED FOR
PAYSON CITY CORP.
(August 1, 2007)**

A portion of Lot 7, Plat "B", GATEWAY TOWN CENTER Subdivision, according to the Official Plat thereof on file in the Office of the Utah County Recorder, more particularly described as follows:

Beginning at a point located N89°35'27"W along the north line of said Plat "B" 28.67 feet from the Northeast Corner of Lot 7, Plat "B", GATEWAY TOWN CENTER Subdivision; thence S0°42'14"W 322.26 feet to the north line of 640 South Street; thence West along said Street 15.59 feet; thence North 322.37 feet to the north line of said Plat "B"; thence S89°35'27"E along the north line of Plat "B" 19.55 feet to the point of beginning.

Contains: 5,663+/- s.f.

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Google

Eye alt 5085 ft

Image © 2007 DigitalGlobe
© 2007 Europa Technologies

© 2007 Navteq
Streaming [|||||] 100%

W 550 S

S 950 W

S 1040 W

Pointer 40°02'05.20" N 111°44'55.13" W elev: 4590 ft

Handwritten signature

Exhibit F

**LEGAL DESCRIPTION
PREPARED FOR
PAYSON CITY CORP.
(July 3, 2007)**

**PROPOSED UTILITY EASEMENT
IN
GATEWAY TOWN CENTER SUBDIVISION
PAYSON, UTAH**

A portion of 950 West Street platted as part of GATEWAY TOWN CENTER Subdivision, Plat "B", according to the Official Plat thereof on file in the Office of the Utah County Recorder, more particularly described as follows:

Beginning at a point located S0°00'10"E along the Section line 48.44 feet from the East ¼ Corner of Section 18, T9S, R2E, S.L.B.& M.; thence N89°28'50"W 19.89 feet to the westerly line of 950 West Street; thence Northwesterly along the arc of a 367.00 foot radius non-tangent curve 131.93 feet through a central angle of 20°35'50" (chord: N13°56'44"W 131.22 feet) to a point of reverse curvature; thence along the arc of a 433.00 foot radius curve to the right 142.12 feet through a central angle of 18°48'20" (chord: N14°50'29"W 141.48 feet) to a point of reverse curvature; thence along the arc of a 14.00 foot radius curve to the left 20.66 feet through a central angle of 84°33'41" (chord: N47°43'10"W 18.84 feet), the previous 3 (three) courses along said Street; thence North 56.00 feet to the north line of 640 South Street; thence East 69.00 feet; thence along the easterly line of 950 West Street the following 2 (two) courses: Southeasterly along the arc of a 377.00 foot radius non-tangent curve (radius bears: S85°47'48"E) 187.18 feet through a central angle of 28°26'51" (chord: S10°01'13"E 185.27 feet) to a point of reverse curvature; thence along the arc of a 423.00 foot radius curve to the right 156.14 feet through a central angle of 21°08'58" (chord: S13°40'10"E 155.26 feet); thence N89°28'50"W 36.24 feet to the point of beginning.

Contains: 19,934+/- s.f.

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