

**MEMORANDUM OF UNDERSTANDING
&
WILL-SERVE AGREEMENT
(Lakeview Water Corporation – Edgewater Beach Resort)**

This Memorandum of Understanding & Will-Serve Agreement (the "Agreement") to provide culinary and irrigation service to the Edgewater Beach Resort (the "Resort") is effective as of Feb 7, 2013, and is between Lakeview Water Corporation ("Lakeview Water") and Celtic Bank Corporation ("Celtic Bank"). Lakeview Water and Celtic Bank shall hereinafter collectively be referred to as the "Parties" and individually as a "party".

BACKGROUND:

The Lakeview Water operates a water system that serves the Ski Lake Resort Area, which includes four units ("Existing Units") in the Resort, as well as existing homes and condominiums in Valley Lake Estates, Ski Lake Estates, and The Summit at Ski Lake, Lakeside Village, a Catholic Church and The Chalets at Ski Lake. Lakeview Water also has water rights to 280 acre-feet of water approved by The Utah State Engineer (Division of Water Rights) through Weber Basin Water Conservancy District.

The Resort is an approved PRUD currently owned by Celtic Bank. The development is being marketed for sale and this Agreement is intended to establish the understanding of the Parties as to culinary and irrigation water service for the Existing Units and future development of the Resort.

Lakeview Water is currently serving 225.5 equivalent residential connections and providing irrigation to 17.95 acres of landscaping with 37.21 gpm available to serve the proposed developable areas within the service area. The 37.21 gpm is adequate to provide 67 connections at 0.556 gpm per dwelling unit, assuming no irrigation requirements.

As of the effective date, there are adequate connections to serve such Edgewater Estates Phase 1, consisting of nine (9) residential units, two commercial buildings containing up to six (6) commercial units and a pool house.

TERMS AND CONDITIONS:

In consideration of the mutual covenants set forth in this Agreement and other good and valuable consideration, Lakeview Water and Celtic Bank agree as follows:

1. Memorandum of Understanding.

- 1.1. There are Adequate Connections to Serve Edgewater Beach Estates Phase I Based on the Following Assumptions.** Phase I consists of nine (9) residential units, two commercial buildings containing up to six (6) commercial units and a pool house. It is assumed that each of the residential connections will require 800 gpd¹ at a flow

¹ The abbreviations "gpd" and "gpm" mean "gallons per day" and "gallons per minute" respectively.

rate of 0.556 gpm. The commercial usage will assume to vary depending on the type of business: a business office will be anticipated to use 15 gpd per employee and a restaurant to use 35 gpd per seat. The pool house will require 10 gpd per person for an estimated 50 people per day. The total indoor usage for Phase I is estimated at 5.726 gpm. Outdoor watering in Phase I is anticipated for 1.0 acres of landscaping will require 3.39 gpm. The total anticipated culinary and irrigation requirements for Phase I is 9.12gpm.

1.2. Future Resort Phases and Development of the Ski Lake Resort Area. As development of the Ski Lake Resort Area, which includes Edgewater Beach Resort, Valley Lake Estates, Ski Lake Estates, The Summit at Ski Lake, Lakeside Village, the Catholic Church and The Chalets at Ski Lake, proceeds, it is anticipated that an additional source of water will be required. The cost of development of an additional water source, anticipated to require the replacement of the Mitchell Well, will be covered pro-rata by all system users.

1.3. Connection Fees to be Paid at Plat Recording. Connection fees for single family units proposed for Phase I of the Resort will be paid at the rate of \$3,500 per unit where lines and extensions are provided by the developer and at the rate of \$4,000 for the single business connections and will be paid at the time of plat recording. Connection fees for units proposed for Phases II, III, and IV, will be paid at the time of plat recording as specified by the Residential and Connection Fee & Maintenance Tariffs effective as of January 1, 2008 and attached hereto as Exhibits 1 and 2 respectively, or as amended by the Public Service Commission or other governing body.

2. Will-Serve Agreement for the Existing Units, and Phases I, II, III, and IV of the Resort.

2.1. Lakeview Water to Provide Connections for the Resort. As the public utility providing culinary and irrigation water service to the Resort, Lakeview Water agrees to connect and service the residential and commercial units and a pool house to be included in Phase I, continue to service the Existing Units as well as Phases II, III, and IV of the Resort as outlined herein. Celtic bank agrees to install all water facilities and improvements located within the Resort property, including water lines and water main within the Resort property, at his sole cost and expense as part of the development costs of the Resort. Lakeview Water agrees to install all necessary water meters within the Resort property and to pay all costs associated with expanding the water system necessary to service the Resort.


3. Rates for Existing Units and Phase 1. Rates for Phase 1 will be charged according to the current rates in existence as of the effective date according to the Residential and Connection Fee & Maintenance Tariffs effective as of January 1, 2008 and attached hereto as Exhibits 1 and 2 respectively, or as amended by the Public Service Commission or other governing body from time to time.

4. **Rates and Connection Fees for Future Phases.** Rates for future phases of the Resort will be charged according to the then-prevailing rates.
5. **Term.** Lakeview Water is the sole provider of culinary and irrigation water service to the Resort. Therefore, this Agreement will be effective for an initial term of 50 years beginning on the date of execution of this Agreement, unless Weber County, as the body politic over Lakeview Water, takes over management and control of the water system and provides culinary and irrigation water services to the Resort, in which case this Agreement will terminate.
6. **Miscellaneous Terms.**
 - 6.1. **Entire Agreement.** This Agreement constitutes the sole agreement of the Parties with respect to its subject matter. It supersedes any prior written or oral agreements or communication between the Parties. It may not be modified except in a writing signed by the Parties.
 - 6.2. **No Assignment.** Neither party may assign this Agreement without the other party's prior written consent, which must not be unreasonably withheld. A party's entering into contracts with subcontractors is not considered an assignment.
 - 6.3. **Waiver.** If either party fails to require the other to perform any term of this Agreement, that failure does not prevent the party from later enforcing that term or terms. If either party waives the other's breach of a term or terms, that waiver is not treated as waiving a later breach of that term or terms.
 - 6.4. **Successors and Representatives.** This Agreement binds and inures to the benefit of the Parties and their respective heirs, personal representatives, successors, and (where permitted) assignees.
 - 6.5. **Notices.** All notices and other communications required or permitted under this Agreement must be in writing and must be sent to the party at that party's address set forth below or at whatever other address the party specifies in writing.
 - 6.6. **Severability.** If any part of this Agreement is for any reason held to be unenforceable, the rest of it remains fully enforceable.
 - 6.7. **"Including."** Unless the context requires otherwise, the term "including" means "including but not limited to."
 - 6.8. **Headings.** Headings are for convenience only and do not affect the interpretation of this Agreement.
 - 6.9. **Applicable Law.** Utah and United States law apply to this Agreement without regard

for any choice-of-law rules that might direct the application of the laws of any other jurisdiction.

6.10. Counterparts. This Agreement may be signed in counterparts, each one of which is considered an original, but all of which constitute one and the same instrument.


LAKEVIEW WATER CORPORATION

By: 

Its: 

Date: 2/7/13

CELTIC BANK CORPORATION

By: 

Its: CEO

Date: 2-6-13

EXHIBIT 1

WATER SERVICE REGULATION NO. 9

STATE OF UTAH

 RESIDENTIAL SERVICE

1. AVAILABILITY

This Schedule is for approved water to be delivered through a meter at a single Point of Delivery for a single family residence, or for commercial purposes at a single business connection.

Each separate dwelling or living unit shall be metered, except by agreement with the Company, and in that event each dwelling or living unit shall be charged for water service by dividing the amount of water used by the number of dwelling or living units. Each dwelling or living unit shall be charged at least the minimum and any overage shall be pro-rated among all dwelling or living units.

2. MONTHLY BILLING RATE

(I) The monthly Billing Rate Shall Be:

<u>Monthly Gallons Consumed</u>	<u>Monthly Rate</u>
-0- to 12,000	3 Year Phase-In: January 1, 2008 - \$26.00 January 1, 2009 - \$34.00 January 1, 2010 - \$35.00
12,001 to 15,000	\$3.25 per 1,000 gallons
20,001 to 40,000	\$3.75 per 1,000 gallons
40,001 to 60,000	\$4.25 per 1,000 gallons

ISSUED: December 14, 2007

EFFECTIVE: January 1, 2008

60,001 to 80,000	\$5.50 per 1,000 gallons
>80,000	\$7.00 per 1,000 gallons

All connections physically connected to the Company's lines shall be charged the minimum fee for +0- to 12,000 gallons (as listed above) per month per connection regardless of whether any water is consumed during any given month or months.

3. STANDBY FEE

- (I) All Customers owning connections which are not physically connected to the Company's lines shall pay a stand-by fee of \$10.00 per month per connection.

LAKEVIEW WATER COMPANY

Notice to Water Users,

On December 29, 2007, the Public Service of Utah approved the Company's application for a rate increase and a change in the rate structure. Effective January 1, 2008, the new rates applicable to all water users in the Company's service area are as follows:

First 12,000 gallons	3 Year Phase-In:
	January 1, 2008 - \$26.00
	January 1, 2009 - \$34.00
	January 1, 2010 - \$35.00
12,001 - 20,000 gallons	\$ 3.25 per 1,000 gallons
20,001 - 40,000 gallons	\$ 3.75 per 1,000 gallons
40,001 - 60,000 gallons	\$ 4.25 per 1,000 gallons
60,001 - 80,000 gallons	\$ 5.50 per 1,000 gallons
80,001 gallons	\$ 7.00 per 1,000 gallons

The new rate structure is designed to provide ample water for your reasonable needs, but also to encourage conservation by making water use which is well in excess of the State standards for household water consumption more expensive. The January 1, 2008 water bill for the month of December, 2007, was figured on the old rates.

Lakeview Water Company

ISSUED: December 14, 2007

EFFECTIVE: January 1, 2008

EXHIBIT 2

WATER SERVICE REGULATION NO. 11

STATE OF UTAH

 CONNECTION FEE AND MAINTENANCE

1. AVAILABILITY

The Company shall, upon the signed application of the Customer or his authorized agent, connect those dwelling or living units as are authorized to the Company's system for a fee as set out below, which includes meter, necessary fitting for the meter risers and installation, meter box and cover, and connection to the Company's main, including the valve and three feet of galvanized copper pipe.

2. CONNECTION FEES

(I) Type of Connection	Size of Service	Fee Per Dwelling Unit
Single Family Dwelling Unit		
within a subdivision as defined in Regulation No. 14 where Company's Lines and extensions are Provided by the Developer	3/4	\$3,500
Other Single Family Dwelling Units and single business connections	3/4	\$4,000

ISSUED: December 14, 2007

EFFECTIVE: January 1, 2008

Multiple Family Dwellings

All dwelling units shall be individually metered except by written agreement between the Customer and Company. No such agreement shall be entered into except with the owner of multiple family rental units or a home-owners association or similar responsible party in the case of condominium type developments. In any such event the connection fee shall be \$3,000 for each dwelling unit to be served through the same meter. The size of service shall be determined by the Company's engineer.

3. INSTALLATION

The Company shall not be responsible for installation of customer's water lines or for excavation as may be required to install the customer's water line.

4. MAINTENANCE OF WATER LINES

The Customer shall have sole responsibility to maintain all water lines from the meter to the area of ultimate use. The Customer shall be responsible for replacement of all defective water lines on his side of the meter loop.

When it comes to the attention of the Company that any Customer's water line is defective or any Customer is allowing water to escape from the water lines, the Company shall give notice to the Customer of such defect or escape of water and if the defective line is not replaced or the cause of the loss of water corrected, the Company shall then have the right to discontinue water service until the defect or cause for the escape has been corrected.

Potential conflicts found on search for: Mindy Sue Sargent

No Conflicts.

Potential conflicts found on search for: Mindy Sargent

No Conflicts.

Potential conflicts found on search for: Sue Sargent

Reference	Record Type	Date	Lwyr	Task	Explanation	Time Dockets
						Context
35422	Time	Jun/ 1/2000	GRW	bw	research mechanic's lien issues, telephone call Gary Sargent, Telephone call wit	00-0068 Telephone call with Daryl Fulmer, research mechanic's lien
		Jul/15/2002	MBS	bw	Sargent regarding code issues. Receive e-mail copy of code. Review of code. T	98-0969 Telephone call with Don Sargent regarding code issues. Re
347374	Time	Jul/11/2007	KDD	bw	council meeting, water issues, etc. Telephone calls to Mr. Boyden and Chalk Cre	98-0969 Brief meeting with Gray Jensen re: city council meeting, w
		Apr/10/2008	MBS	bw	incorrect legal description issues, assumption of obligations, etc. Telephone ca	98-0969 Several calls with Rich Wolper. Closing with Gray Jensen
397296	Time	May/ 5/2008	KDD	bw	re: line item issue. Revisions to Escrow Agreement.	98-0969 Telephone conferences with Scott Simonsen re: escrow agmt,

REPORT SELECTIONS - File Conflict List

Layout Template: All
Requested by: ep
Finished: Thursday, February 07, 2013 at 09:46:45 AM

Name 1:	Mindy Sue Sargent	Name 7:	n/a
Name 2:	Mindy Sargent	Name 8:	n/a
Name 3:	Sue Sargent	Name 9:	n/a
Name 4:	n/a	Name 10:	n/a
Name 5:	n/a	Name 11:	n/a
Name 6:	n/a	Name 12:	n/a

Include Clients/Contacts/Vendors: Yes Include Calendar: Yes
Include Matter Info: Yes Include Notes: Yes
Include Time: Yes Include Accounting: Yes
Include Documents: No Assoc. Matters for Contacts: Yes
Assoc. Matters for Clients: Yes Show Full Re Line or Memo: No
Name Matching Rule: Name Contains
Ver: 11.0 SP2 HF1 (11.0.20120315)