

EXHIBIT B



August 2, 2012

Celtic Bank
268 South State Street, Suite 300
Salt Lake City, Utah 84111

RE: LAKE VIEW WATER SYSTEM REPORT

The Lakeview Water System is located just South of Pineview Reservoir along State Road 39 and Snow Basin Road in the Huntsville Area. This water system can also be described as being located in Sections 13, 23 and 24 of Township 6 North, Range 1 East, Salt Lake Base and Meridian.

The water system was established in the 1960's to first serve Pineview Plunge, a swimming pool that sat on the property now know as Lakeside Village, and then expanded to serve Valley Lake Estates in the 1970's. The water system was sold to Ronald J. Catanzaro in 1979 and upgraded to handle the proposed development of approximately 250 acres of property that Dr. Ronald J. Catanzaro was developing, plus the existing phases of Valley Lake Estates. Dr Catanzaro is no longer involved with the project and several individuals and entities now own the undeveloped areas. The Lakeview Water System has been upgraded several times and now consists of the following:

- 449,000 gallon concrete reservoir (2003)
- 52,200 gallon concrete reservoir (1982 +/-)
- 52,200 gallon concrete reservoir (1966 +/-)
- 2 Culinary Water Wells (East Well approved at 245 gpm)
(West Well approved at 90 gpm)
- Distribution System including 4", 6", 8" and 10" PVC pipe, Fire Hydrants, Pressure Reducing Stations, Service Laterals and Meters.

The East Well has state approved pumping level of 245 gpm, however this well has been cleaned and surged and retested at 350 gpm, and an approval to upgrade the well to its current producing capabilities has been requested through the Utah State Division of Drinking Water. (The Estimated cost to upgrade this pump, the pump controls, meter and piping between the well head, meter and supply line to the pressure reducing station, is approximately \$50,000).

Lakeview Water Company 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 Lakeview Water Company currently serves the following developments:

- 39 lots in Valley Lake Estates
- 85 condominiums (Lakeside Village)
- 4 condominiums (Edgewater Beach Resort),
- 21 lots in Ski-Lake Estates,
- 43 Lots in the Summit at Ski Lake,
- 32 lot in the Chalets at Ski Lake,
- Catholic Church with culinary water.

Lake View Water Company

Lakeview Water Company serves some of the Irrigation needs of the properties in this service area. However several of the properties are provided irrigation water through South Bench Canal Company. There are also landscape restrictions on the single family lots defining the amount of square footage that can be watered through the culinary water system. Below is a summary of the irrigation restrictions:

- 27 Lots have water shares; the Catholic Church has 1.0 acres of irrigated landscaping from the South Bench Canal,
- 33 Lots are allowed up to 10,000 square feet of irrigated landscaping area,
- 43 Lots are allowed up to 5,000 square feet of irrigated landscaping,
- 32 lots are allowed up to 4,000 square feet of irrigated landscaping and the condominiums have 108,900 square feet of irrigation landscaping.

Storage Availability

Storage Capacity = 553,400 gallons
Currently Allocated = 315,578 gallons
Storage Available = 237,822 gallons

Source Availability (only 2/3 of the test pump rates can be used for source calculation)

Total Source = 223.34gpm (test pumped at 350gpm)
Currently Allocated = 186.13gpm (test pumped at 90gpm)
Source Available = 37.21gpm

Lakeview Water Company is currently serving 225.5 equivalent residential connections and providing irrigation to 17.95 acres of landscaping with 37.21gpm available to serve the proposed developable areas within the service area.

The 37.21gpm is adequate to provide 67 connections at 0.556gpm per dwelling unit, assuming no irrigation requirements. If a new pump is approved in the East Well a 350gpm, an additional 70gpm of source would be available that could accommodate 126 more connections (193 total connections without irrigation). Each acre that is irrigated will reduce the number of connections by 6.1 lots or units.

Proposed Developments with at least preliminary approval.

The following developments within the Lakeview Water Company's district boundaries currently have at least preliminary approval:

The Summit at Ski Lake (Phases 12 and 13)	11 lots
The Chalets at Ski Lake (Phases 6 thru 8)	44 lots
Edgewater Beach Resort	<u>62 units</u>
Total	117 units/lots

The 117 additional connects will require a culinary water source of 64.994gpm, plus an additional 35.09gpm to cover the irrigation need to water approximately 10.35 acres of landscaping within the proposed developments. Total source needed is 100.08gpm while there is only 37.21gpm available. A shortfall of 62.87gpm. The approval of the proposed pump will provide 70gpm or 7.13gpm more than required.

One additional option would be to put an existing third well, called the Stoddard well into service. This well was drilled in 2005 and produces about 200 gpm, but the water quality is not adequate to provide culinary water without treatment, however it could be used for secondary

Mountain Sewer Corporation

water (irrigation). A separate irrigation system could be set up to provide secondary water to The Chalets at Ski Lake and the adjacent areas by converting the West 52,200 gallon reservoir in to an Irrigation reservoir, separating it from the culinary system. This system would be able to serve all of the irrigation needs for all of the single family lots, not already covered by the South Bench Canal. There would not be adequate storage to cover all of Lakeside Village's Irrigation needs. (The estimated costs to equip the Stoddard Well would be with a pump, power and control panel is approximately \$38,000. Infrastructure for this secondary system to serve The 52 Lots of the Chalets would be included with the standard development costs of the subdivision. The costs to serve the earlier phases of The Chalets, the Summit and Ski Lake Estates would require significant distribution piping, service connections and a pump station. – Estimated costs of \$200k to \$300k)

Potential developments with Lakeview Water Company's Service Boundary

There are 4 additional parcels within the Lakeview Water Company's Service Boundary:

A 3.25 acre parcel at the Southwest Corner of Highway 93 and the Old Snow Basin Road, previously approved for 70 units (approvals have expired)

A 1.77 acre parcel at the Southeast corner of Highway 93 and the Old Snow Basin Road, zoned commercially. (5 equivalent connections)

Parcels owned by Allen Samurai totally approximately 17 acres, which are in a 3 acre per lot zone. (4 connections)

Langeland parcel – 1.93 acres – Currently below the 3.0 acre minimum, but if allowed to develop will need a connection (1 connection).

Replacement for the Mitchell Well (East Well)

Based upon test pumping of the existing Mitchell Well, Utah Pump & Motor Supply, Inc, Indicates that a new well drilled within 50 feet of the existing well, properly sized and developed, could produce up to 1000 gpm. The water source needed to provide for all proposed connections (516 connections with irrigation), within the Lakeview Water Company's boundary is approximately 570 gpm. (or get the required 2/3 flow of 380gpm)

The Cost Estimate to drill a replacement well capable of producing 570 gpm, with pump, the pump controls, meter and piping between the well head, meter and supply line, is approximately \$100,000. A new 8" supply line from the well to the existing water distribution system (Approximately 2250 feet of 8" pipe) estimated to cost \$50K.

This replacement well and accessories would provide the best overall, least complicated system and the most reasonable cost.

Please contact me if you have any questions or need further information.

Sincerely,
GREAT BASIN ENGINEERING, INC.



Mark E. Babbitt, P.E

Cc: Mountain Sewer Corporation
Attention: Ray Bowden, Pres.

Lake View Water Company

Summary Table (current connections)

<u>Water System</u>	<u>Connection</u>	<u>With Separate Irrigation</u>	<u>Irrigation From Culinary</u>
Valley Lake	39	26	11 @ 10,000 s.f.
Ski Lake Estates	21	1	20 @ 10,000 s.f.
The Summit @ Ski Lake	43	0	43 @ 5,000 s.f.
The Chalets at Ski Lake	32	0	32 @ 4,000 s.f.
Condominiums (Lakeside)	85		108,900 s.f. (total)
Condominiums (Edgewater)	4	4	
Church	1.5		43,560 s.f.
TOTAL	<u>225.5 connections</u>		761,900 s.f.

Indoor use for 225.5 ERU's

Source

Equivalent Residential Unit @ 800 gpd = 125.28 gpm (0.556gpd)
 Hotel Unit @ 150gpd = 0.1875 ERU's
 Storage @ 400 gpd = 90,200 gallons

Outdoor

Source @ 3.39 gpd
 Storage @ 2,528 gal/ac

33 connections @ 10,000 s.f. = 330,000 s.f. = 7.576 acres
 43 connections @ 5,000 s.f. = 215,000 s.f. = 4.936 acres
 32 connection @ 4,000 s.f. = 128,000 s.f. = 2.938 acres
 Condos 108,900s.f. = 108,900 s.f. = 2.50 acres
 Church 0s.f (on canal water)
TOTAL 17.950 acres

17.950 X 3.39 gpd = 60.851 gpm
 17.950 X 2528 gal/ac = 45,378 gallons

Fire Protection Storage 180,000 gallons

TOTALS	<u>Source</u>	<u>Storage</u>
Culinary Water	125.278 gpm	90,200 gallons
Irrigation Water	60.851 gpm	45,378 gallons
Fire Protection	-----	<u>180,000 gallons</u>
Totals	<u>186.129 gpm</u>	315,578 gallons

BUILD-OUT CONDITIONS

Anticipated build out conditions on Lakeview Water System
361 units / lots
30 acres of irrigated landscaping

Storage: (553,400 gallons)

Residential units require 400 gallons of storage per connection.
Landscaping for Zone 3 requires 2528 gallons of storage for each irrigated acre.
Fire Department has also required 180,000 gallons of storage for fire protection.
Based on the criteria for storage, the reservoirs can provide storage for:
595 residential connections at 400 gallons each and
53.5 acres of irrigated landscaping at 2528 gallons / acre.
180,000 gallons for fire protection
There is 123,672 gallons of excess capacity under build out conditions.

Source: (223.33gpm)

Residential units require a peak day demand of 800gpd (0.556gpm) per connection
Landscaping for Zone 3 requires a peak day demand of 3.39 gpm per irrigated acre.
Based on the criteria for source, the current two (2) wells can provide:
267 residential connections at 0.556gpm each and
22 acres of irrigation landscaping at 3.39gpm / acre or some combination of each
There is 37.21gpm of excess capacity for the Existing Developments.
Additional source development will be required in the future to ensure adequacy for total build out conditions.

Water Rights: (280 acre-feet)

Residential units require 146,000 gallons per year (0.448 ac-ft) per connection.
Landscaping for Zone 3 requires 1.66 ac-ft per irrigated acre.
Based on the criteria for water rights, the current water rights can provide:
491 residential connections at 0.448 ac-ft each and
36 acres of irrigated landscaping at 1.66 ac-ft / acre or some combination of each
There are 30 ac-ft excess water rights under build out conditions.

Distribution System:

We have developed a flow analysis on the water system under build out conditions. This model shows an overall water master plan for the development served by the Water System. Waterlines shown in this analysis include existing lines and future lines. The future lines will be installed as the projects are approved and come on line.

The limiting factor is the developed source from the two wells, which would allow 267 residential connections and 22 acres to be irrigated from the culinary water system. Currently there are 225.5 equivalent residential connections and 17.95 acres being irrigated from the system in the existing. This leaves 54 residential connections and 2.13 acres of irrigation available for future use.

Water Master Plan Lakeview Water

A part of the Southwest 1/4 of Section 12, a part of the Northwest 1/4 of Section 24, T6N, R1E, S38W, U.S. Survey

GREAT BASIN ENGINEERING INC

574 SOUTH 1475 EAST OGDEN, UTAH 84403
PH (801) 944-4919, FAX (801) 944-4919
WWW.GREATBASINENGINEERING.COM

REV	DATE	DESCRIPTION

