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PUBLIC UTILITIES

AGREEMENT FOR DISSOLUTION OF  
THE LITTLE COTTONWOOD WATER COMPANY  
AND DISTRIBUTION OF ITS ASSETS

RECORDED

This Agreement is made and entered into as of the 13 day DEC 13 1994 1994, by and between the LITTLE COTTONWOOD WATER COMPANY, a Utah nonprofit corporation, whose address is c/o Sandy City, Sandy City Hall, 10000 Centennial Parkway, Sandy, Utah 84070, hereinafter "LCWC" or the "Company", and SANDY CITY, a municipal corporation of the State of Utah, Sandy City Hall, 10000 Centennial Parkway, Sandy, Utah 84070, hereinafter "Sandy", and SALT LAKE CITY CORPORATION, a municipal corporation of the State of Utah, 451 South State Street, Suite 505A, Salt Lake City, Utah 84111, hereinafter "SLC".

CITY RECORDER

WITNESSETH:

WHEREAS, LCWC's Board of Directors has determined that LCWC and its directors and employees face extensive liability exposure because of new state and federal requirements for ownership, maintenance and operation of LCWC's Cecret Lake Dam in Albion Basin; Red Pine Dam in Red Pine Fork; the Cutoff Savings Ditch near Willow Creek; and contracts to supply water to several subdivisions and persons in Albion Basin and along Little Cottonwood Creek; and

WHEREAS, LCWC has not obtained insurance for such risks, or is unable to obtain it at a reasonable price; and

WHEREAS, on March 21, 1994, at an annual meeting of the shareholders, the matter was discussed; and

HEARING SUBMITTAL TO  
DIVISION OF WATER RIGHTS ORIGINAL DOCUMENT

Right No.: a28548 + a28545  
Date: 7/13/2011  
Submitter: Applicant  
Kevin Tolton  
PROPERTY OF: SALT LAKE  
CITY RECORDER'S OFFICE  
451 SO. STATE, RM. 415  
SALT LAKE CITY, UTAH 84111

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WHEREAS, on March 21, 1994, the directors voted at a regular meeting of the directors to dissolve the Company; and

WHEREAS, after giving the stockholders in the Company written notice thereof, a special meeting of LCWC and its stockholders was duly held on September 27, 1994 for the purpose of deciding whether the corporation should be dissolved; and the stockholders voted unanimously for dissolution of the corporation and distribution of its assets to Sandy and SLC pursuant to an agreement between the parties to be entered into, so that the outstanding obligations of the corporation can be met by these two cities, who in consideration will receive the assets of LCWC; and

WHEREAS, at the formation of the company in 1925 the members or shareholders in LCWC contributed their third surplus water rights in Little Cottonwood Creek to LCWC in return for preferred or common shares in the Company; and

WHEREAS, on June 5, 1930 the State engineer issued a certificate for Red Pine Lake which was created by the Company using said water rights of the shareholders; and

WHEREAS, Cecret Lake (or Lake Flora) was constructed in Albion Basin and the Company has stored and released water in the lake using said water rights of the Company's members; and

WHEREAS, the Corporation of the Presiding Bishopric, Church of Jesus Christ of Latter-day Saints, a Utah Corporation Sole (herein called the "LDS Church"), has 82 and 1/2 shares of Company common stock which it received from the Bissinger Ditch and from the Van Valkenburg Ditch which is currently being used in the LDS church record storage vaults in Little Cottonwood canyon which entitle it to an equivalent value in third surplus water rights in the

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Little Cottonwood Creek according to the Morse Decree; and

WHEREAS, a Certificate of Appropriation of Water, Certificate No. 858, was issued by the State Engineer January 3, 1911 to those eight ditch companies whose names appear in the Certificate, a copy of which is attached hereto as Exhibit A, for the savings of water from the Cut-off Savings Ditch; and

WHEREAS, the Company has issued shares of preferred stock to certain persons when the Company was formed, according to the third surplus water rights contributed to the Company, as set out in the Company's Articles of Incorporation; and

WHEREAS, the Company has issued common stock as set out in the company's articles of incorporation; and

WHEREAS, the Company has approximately \$6,694.30 (as of July 20, 1994) in an account with Key Bank, which it received primarily from sales of water under its contracts,

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter contained, the parties agree as follows:

1. Assets of LCWC. The assets of LCWC are as listed and set forth on Exhibit B attached hereto and by this reference made part hereof.

2. Distribution of Assets to Salt Lake City. LCWC agrees to convey and hereby assigns to SLC its rights and interests as follows:

(a) The property rights of LCWC to the land underlying the Red Pine Lake and Dam, and Cecret Lake and Dam.

(b) The following water supply agreements:

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- (i) December 10, 1945 between LCWC and Whitmore Oxygen Company.
- (ii) May 22, 1963 between LCWC and Canyonlands, Inc.
- (iii) September 22, 1971 between LCWC and Albion Alps Property Owners.
- (iv) December 30, 1981 between LCWC and the owners of homes in the Cecret Lake area.
- (v) April 12, 1993 between LCWC and Alta Ski Lifts Company, for snowmaking, and amended March 15, 1994.
- (vi) December 1, 1992 between LCWC and Alta Ski Lifts Company for Alpenglow Shelter and Watson Shelter.

3. Salt Lake City's Obligations. SLC shall assume all responsibilities, obligations, and liabilities under the terms and conditions of the agreements, assignments, operation and ownership of the assets set out in Section 2 above. SLC shall reasonably maintain Red Pine Lake and Cecret Lake and their dams.

4. Distribution of Assets to Sandy City. LCWC hereby conveys and assigns to Sandy its rights and interests for all facilities related to the Cut-off Savings Ditch including the diversion works at Little Cottonwood Creek.

5. Sandy's Obligations. Sandy shall reasonably maintain the Cut-off Savings Ditch, including the diversion works in Little Cottonwood Creek.

6. Mutual Cooperation. The parties hereby promise that they shall cooperate with one another in preparing, filing, and doing all things reasonably necessary to file and complete

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change applications with the State Engineer for the delivery of water and the accomplishment of the purposes of this Agreement.

7. Indemnity. LCWC and Sandy and SLC agree that Sandy and SLC shall indemnify and hold harmless LCWC, its officers, agents and employees, from and against any and all contractual liability, their own actions or negligence which causes personal injury or property damage, from and after the date of the assignment and/or conveyance of each of the assets of LCWC for such claims related to such assets, if such injury or damage results from, arises out of, or is attributable to any construction, maintenance, repair or other actions undertaken by Sandy or SLC pursuant to the ownership of said assets.

8. Money in Bank. The money in the Company's account with Key Bank, shall be used to repair and upgrade, as needed, the Cut-off Savings Ditch diversion works in Little Cottonwood Creek. If there is any balance from the account left over after the repairs and upgrade, the money shall be divided equally between SLC and Sandy. If additional money is needed to complete the work of rebuilding the diversion works then SLC and Sandy shall share in the additional cost equally.

9. Water Rights. The water rights held by the Company shall be distributed to those persons now holding shares in the Company, as set out in Exhibit C. The rights created by the Cut-off Savings shall be allocated to those companies as provided in Exhibit D.

10. Governing Law. LCWC, Sandy and SLC agree that this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Utah.

11. Modification of Agreement. LCWC and Sandy and SLC agree that any modification of this Agreement or additional obligations assumed by any party in connection herewith, shall

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be binding only if evidenced in writing signed by each party or and authorized representative of each party.

12. Notices. LCWC and Sandy and SLC agree that any notice provided for or concerning this Agreement shall be in writing and deemed sufficiently given when sent by certified or registered mail if sent to the respective address of each party as set forth at the beginning of this Agreement.

13. Attorney's Fees. LCWC and Sandy and SLC agree that in the event any action is filed in relation to this Agreement the unsuccessful party in the action shall pay to the successful party, in addition to all of the sums that either party may be called upon to pay, a reasonable sum for the successful party's attorney's fees.

14. Authorization. LCWC and Sandy and SLC agree that each individual executing this Agreement does represent and warrant to each other that he or she has been duly authorized to sign this Agreement in the capacity and for the entity set forth where he or she signs.

15. Exhibits. The parties agree that all exhibits referred to in and attached to this Agreement are incorporated herein by this reference.

16. Necessary Acts. LCWC and Sandy and SLC agree to do any act or thing and to execute any and all instruments necessary and/or proper to make effective the provisions of this Agreement.

17. Rights and Remedies. LCWC and Sandy and SLC agree that the rights and remedies of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions of this Agreement shall not preclude the exercise of any other provisions. Each party confirms that damages at law may be an inadequate remedy for a breach or

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threatened breach of any provision hereof. The respective rights and obligations of the parties hereunder shall be enforceable by specific performance, injunction, or other equitable remedy.

18. Entire Agreement. LCWC and Sandy and SLC agree that this Agreement constitutes the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either or any party except to the extent incorporated in this Agreement.

19. Persons Bound by Agreement. The parties agree that the terms of this Agreement shall inure to the benefit of and be binding on the heirs, executors, administrators, assigns, and the successors of the parties.

20. No third party beneficiaries. The parties do not intend that there be any third party beneficiaries to this Agreement, and nothing herein shall be construed to confer a cause of action upon any person not a party to this Agreement.

21. Further Action. The parties shall execute and deliver all documents, provide all information and take or forbear from all such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

IN WITNESS WHEREOF, each party to this Agreement has caused it to be executed on the date first above written.

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LITTLE COTTONWOOD WATER COMPANY

By Almon Nelson

Printed Name:

Its: PRESIDENT

ATTEST:

G. H. White

Printed Name:

Its: Secretary

STATE OF UTAH )

: ss.

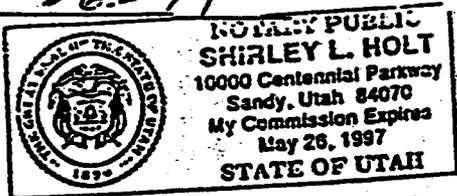
County of Salt Lake )

On the 16 day of January, 1994, personally appeared before me Almon Nelson and Mike Nelson who, being duly sworn did say that they are the President and Secretary of the LITTLE COTTONWOOD WATER COMPANY, a Utah nonprofit corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of a resolution of its board of directors; and said persons acknowledged to me that said corporation executed the same.

Shirley L. Holt  
NOTARY PUBLIC, residing in  
Salt Lake County, Utah

My Commission Expires:

5-26-97



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SALT LAKE CITY CORPORATION

RECORDED

DEC 13 1994

CITY RECORDER

By Dee Dee Corradini  
DEEDEE CORRADINI  
Mayor

ATTEST:

Christine Meeker  
Printed Name: RECORDER  
Chief Deputy City ~~Attorney~~



STATE OF UTAH )

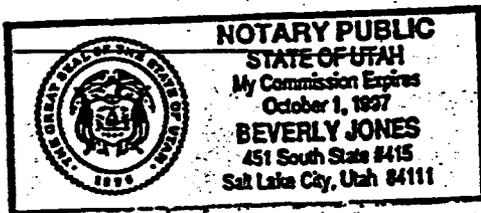
: ss.

County of Salt Lake )

On 12/13/94, personally appeared before me, DEEDEE CORRADINI and CHRISTINE Meeker, who being by me duly sworn, did say that they are the MAYOR and CHIEF DEPUTY CITY RECORDER, respectively, of SALT LAKE CITY CORPORATION, and said persons acknowledged to me that said corporation executed the same.

Beverly Jones  
NOTARY PUBLIC, residing in  
Salt Lake County, Utah

My Commission Expires:



APPROVED AS TO FORM  
Salt Lake City Attorney's Office  
Date 12/21/94  
By Christine Meeker

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(DUPLICATE)

# CERTIFICATE OF APPROPRIATION OF WATER

## STATE OF UTAH

APPLICATION NO. 3704

CERTIFICATE NO. 858

U. T. A. H. J. A. K. F. I. O. J. D. A. N. S. I. V. E. R. WATER DIVISION

Whereas, It has been made to the satisfaction of the undersigned, State Engineer of the State of Utah, that the appropriation of water from Little Cottonwood Creek in Salt Lake County, made by Little Cottonwood Water Company, has been perfected in accordance with the application therefor, received in the office of the State Engineer on the 3rd day of January, 1911, and recorded on page 74-76 in book Irr. 11 of the record of applications to appropriate water; therefore, Be it known that I, G. F. McConaughy, State Engineer of the State of Utah, under and by authority and direction of the provisions of the Compiled Laws of Utah, 1907, as amended by Chapter 62 of the Session Laws of Utah, 1909, on "Water Rights and Irrigation," do hereby certify that the said Little Cottonwood Water Company,

of Salt Lake County, State of Utah, is entitled to the use of 1.7 c.f.s. (5) cubic feet of water per second, subject to the following restrictions, to-wit: The entire normal flow of Little Cottonwood Creek is diverted from the natural creek bed at a point N. 46° 45' W. 3630 feet from the south-east corner of Section 2, Township 3 South, Range 1 East, Salt Lake Base and Meridian, which point is the head of the Big Nicol Ditch, and conveyed through said ditch a distance of 1123 feet to the intake of a ditch known as the Cut-off Ditch, thence down Cut-off Ditch-- which has a maximum width of 3 ft. in the bottom, 9 ft. on top, and a maximum effective depth of 3 ft.--for a distance of 6379 feet to and discharged into the natural channel of Little Cottonwood Creek at a point approximately 10,100 feet downstream from the point of diversion. A saving of five (5) second-feet of water, heretofore lost by seepage in the natural creek bed, is effected by this diversion. The water thus saved is allowed to flow down the natural channel of Little Cottonwood Creek to the various headgates of the various canal companies constituting the LITTLE COTTONWOOD WATER COMPANY, which are located at the following described points:

- VAN VALKENBURG DITCH, N. 76° 00' W. 940 ft. from the south-east corner of Section 28, Township 2 South, Range 1 East;
- BRADY DITCH, W. 500 ft. from the south-east corner of Section 28, Township 2 South, Range 1 East;
- GREENWOOD DITCH, S. 56° 00' W. 2200 ft. from the north-west corner of Section 34, Township 2 South, Range 1 East;
- RICHARDS DITCH, S. 62° 45' E. 3140 ft. from the north-west corner of Section 34, Township 2 South, Range 1 East;

The date of the appropriation is January 3, 1911.

In witness whereof, I have hereto set my hand and affixed the seal of my office this 15th day of January, A. D. 1911.

G. F. McConaughy  
STATE ENGINEER

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UNION & JORDAN DITCH  
and THE CAHOON &  
MAXFIELD DITCH,  
WALKER DITCH,  
TANNER DITCH,

N. 15°20'W. 2695 ft. from the south-east corner of Section 29, Township 2 South, Range 1 East;  
N. 16°50'W. 4175 ft. from the south-east corner of Section 29, Township 2 South, Range 1 East;  
N. 2°30'W. 2350 ft. from the south-east corner of Section 29, Township 2 South, Range 1 East.

The water is used by such canal companies from April 1 to September 30, inclusive, of each year, as a supplemental supply to their existing rights, to irrigate 6475 acres of land embraced in Sections 7, 8, 17, 18, 19, 20, 21, 28, 29, 30, 32, 33, and 34, Township 2 South, Range 1 East, and Sections 13, 23, 24, and 25, Township 2 South, Range 1 West, Salt Lake Base and Meridian, more particularly described as follows:

Beginning at the north-west corner of said Section 34, running thence N. 1960 ft., thence W. 5760 ft., thence N. 3960 ft., thence E. 500 ft., thence W. 2640 ft., thence N. 1980 ft., to the west quarter corner of said Section 21; running thence E. 1980 ft., thence N. 2640 ft., thence W. 660 ft., thence N. 1320 ft., thence W. 1320 ft., thence S. 1320 ft., to south quarter corner of said Section 8; running thence N. 1320 ft., thence W. 3630 ft., thence S. 990 ft., thence W. 1320 ft., thence N. 2640 ft., thence E. 2640 ft., thence N. 1650 ft., thence W. 3630 ft., thence S. 990 ft., thence W. 4290 ft., thence S. 5280 ft., to south-west corner of said Section 7; running thence W. 5280 ft., thence S. 5280 ft., thence E. 5280 ft., thence S. 5280 ft., thence W. 2640 ft., thence E. 2640 ft., thence S. 5280 ft., thence E. 5280 ft., to south-east corner of said Section 29; running thence N. 1980 ft., thence E. 1650 ft., thence S. 39°30'W. 1556 ft., thence S. 73°33'E. 2754 ft., thence S. 60°24' E. 3036 ft., thence E. 1824 ft., thence N. 270 ft., thence N. 56° W. 2200 ft. to place of beginning.

This certificate does not entitle the Little Cottonwood Water Company to divert to exceed the equivalent of three acre-feet of water per acre of land irrigated from all its rights combined.

As much of said water as necessary is used for domestic purposes from October 1 to April 1 of the year following.

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**EXHIBIT B**

**LIST OF ASSETS OF LITTLE COTTONWOOD WATER COMPANY**

1. Third surplus water rights in Little Cottonwood Creek
2. Red Pine Reservoir and water rights
3. Cecret Lake (Lake Flora) and water rights
4. Cut-off Savings Ditch and water rights
5. Key Bank account (cash)
6. Water service contracts:
  - (i) December 10, 1945 between LCWC and Whitmore Oxygen Company.
  - (ii) May 22, 1963 between LCWC and Canyonlands, Inc.
  - (iii) September 22, 1971 between LCWC and Albion Alps Property Owners.
  - (iv) December 30, 1981 between LCWC and the owners of homes in the Cecret Lake area.
  - (v) April 12, 1993 between LCWC and Alta Ski Lifts Company, for snowmaking, and amended March 15, 1994.
  - (vi) December 1, 1992 between LCWC and Alta Ski Lifts Company for Alpenglow Shelter and Watson Shelter.

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**EXHIBIT C**

**LITTLE COTTONWOOD WATER COMPANY  
DISTRIBUTION OF WATER RIGHTS**

DITCH COMPANY	THIRD SURPLUS FLOW (CFS)	% OF TOTAL FLOW	CAPITAL SHARES	WATER % OF ALLOCATED TOTAL BASED ON		PRESENT OWNERSHIP
				CAPITAL SHARES	SHARES (CFS)	
BISSINGER	1.11	0.69%	153.5	0.25%	0.41	BISS/LDS CHURCH
VAN VALKENBERG	1.39	0.87%	183.1	0.30%	0.48	VV/LDS CHURCH
RICHARDS	6.68	4.18%	3952.0	6.55%	10.47	SLC
TANNER	11.00	6.88%	7335.0	12.15%	19.43	SLC
UNION & JORDAN	16.70	10.44%	11358.0	18.81%	30.08	SANDY CITY
CAHOON & MAXFIELD	31.16	19.49%	13623.0	22.57%	36.08	SLC
WALKER	6.68	4.18%	3952.0	6.55%	10.47	SLC
SANDY DITCH	55.68	34.82%	14437.0	23.92%	38.24	SANDY DITCH
SOUTH DESPAIN EXT.	16.70	10.44%	4095.0	6.78%	10.85	S. DESPAIN EXT.
THOMPSON	12.79	8.00%	1279.0	2.12%	3.39	SANDY CITY
<hr/>						
	159.89	100.00%	60367.6	100.00%	159.89	
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**NOTES:**

**CAPITAL SHARES = PREFERRED SHARES PLUS COMMON SHARES**

**THE LDS CHURCH OWNS 82.5 SHARES. THESE SHARES WERE RECEIVED FROM THE BISSINGER DITCH (42.5 SHARES) AND THE VAN VALKENBERG DITCH (40.0 SHARES).**

**THE ABOVE ALLOCATIONS WILL ALSO BE USED TO DISTRIBUTE WATER STORED IN RED PINE LAKE AND CECRET LAKE.**

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EXHIBIT D

LITTLE COTTONWOOD WATER COMPANY  
DISTRIBUTION OF CUT-OFF SAVINGS DITCH WATER RIGHT

DITCH COMPANY	THIRD SURPLUS FLOW (CFS)	% OF CUT-OFF SAVINGS RIGHT	FLOW FROM CUT-OFF SAVINGS RIGHT
VAN VALKENBERG	1.39	1.77%	0.09
BRADY DITCH 1 & 2	1.37	1.75%	0.09
GREENWOOD	3.34	4.26%	0.21
RICHARDS	6.68	8.53%	0.43
UNION AND JORDAN	16.70	21.32%	1.07
CAHOON AND MAXFIELD	31.16	39.79%	1.99
WALKER	6.68	8.53%	0.43
TANNER	11.00	14.04%	0.70
	78.32	100.00%	5.00

NOTE: THE STATE ENGINEER'S CERTIFICATE FOR THIS WATER RIGHT WAS ISSUED PRIOR TO THE FORMATION OF THE LITTLE COTTONWOOD WATER COMPANY. THEREFORE, BRADY DITCH 1 & 2 AND GREENWOOD DITCH ARE ENTITLED TO WATER RIGHTS AS SHOWN ABOVE EVEN THOUGH THEY DID NOT PARTICIPATE IN LITTLE COTTONWOOD WATER COMPANY.

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## WATER SUPPLY AGREEMENT

THIS AGREEMENT is made and entered into as of December 1, 1992, by and between LITTLE COTTONWOOD WATER COMPANY, a Utah nonprofit corporation, hereinafter "LCWC" and ALTA SKI LIFTS COMPANY, a Utah corporation, of P.O. Box 8007, Alta, Utah 84092, hereinafter "Permittee".

## WITNESSETH:

WHEREAS, Permittee owns and operates ski lifts and related facilities in Little Cottonwood Canyon; and

WHEREAS, Permittee is desirous of obtaining water for Permittee's Watson Shelter and Alpenglow Shelter; and

WHEREAS, Permittee represents that Permittee is presently in and will maintain compliance with the ordinances, rules and regulations of the Salt Lake City-County Health Department, Salt Lake County and State and Federal regulatory agencies concerning sanitation incidental to the uses and developments within the area of Permittee's operations; and

WHEREAS, LCWC owns and/or controls certain water rights in Little Cottonwood Canyon, some of which may be made available to Permittee subject to the foregoing and following; and

WHEREAS, LCWC represents that LCWC has the legal power and authority to enter into and perform this Agreement in accordance with its terms, that LCWC's execution, delivery and performance of this Agreement have been properly authorized all necessary action by and on behalf of LCWC, and that all consents and approvals necessary to LCWC's execution, delivery and performance of this Agreement have been obtained (except as expressly described herein); and

WHEREAS, Permittee represents that Permittee has the legal power and authority to enter into and perform this Agreement in accordance with its terms, that Permittee's execution, delivery and performance of this Agreement have been properly authorized all necessary action by and on behalf of Permittee, and that all consents and approvals necessary to Permittee's execution, delivery and performance of this Agreement have been obtained (except as expressly described herein); and

WHEREAS, LCWC and Permittee desire to enter into an agreement for the supply of water to Permittee in accordance herewith:

NOW THEREFORE, in consideration of the mutual promises, terms and conditions hereof, the parties agree as follows:

1. For a period of ten (10) years from the date hereof, LCWC agrees, to make available to Permittee for use only within said two facilities, up to but not exceeding two hundred fifty thousand (250,000) gallons per month of the normal flow of raw, untreated water emanating from the following locations in Salt Lake County, to-wit:
  - A. For Watson Shelter: approximate elevation 9570' in North West Quarter of section 8, 950' South and 400' West from the North Quarter Corner of Section 8 Township 3 South, Range 3 East, Salt Lake Base and Meridian.
  - B. For Alpenglow Shelter: approximate elevation 9265', in North West Quarter of Section 9, 175' South and 450' West from the North Quarter Corner of Section 9 Township 3 South, Range 3 East, Salt Lake Base and Meridian.
2. For said water, Permittee agrees to pay for water at the lowest basic rates for water delivered by Sandy City to residents of Sandy City, exclusive of any pumping charges, surcharges or other additional charges not charged uniformly to all residents of Sandy City. Said sum may be changed not more than once per year by LCWC upon written notice to Permittee at least sixty (60) days prior to the new rates taking effect. Permittee shall report meter readings for all water usage monthly to LCWC, and LCWC shall bill Permittee monthly based on such meter readings. Payment shall be due fifteen (15) days following the date of each monthly billing.
3. Permittee agrees to construct or has constructed, from said water source and diversion point to the Watson Shelter and Alpenglow for water intended to be served, all necessary pipelines, facilities, fixtures and the appurtenances thereof, all of which shall be acquired or constructed at the sole cost of Permittee, and shall remain the sole property and responsibility of Permittee. Permittee shall maintain and repair the same, together with any tanks, pumps or other equipment and facilities necessary or incidental to the movement of the water from each point of diversion to said two facilities. LCWC shall have

no interest in or responsibility or other obligation whatsoever to Permittee in regard to the construction, maintenance or repair of said facilities, and Permittee agrees that its facilities will at all times be so maintained so as to prevent loss or waste of water. All pipelines shall be constructed to include a turnoff valve at a convenient place so that water supply to Permittee hereunder can be shut off by LCWC and service discontinued. It is expressly understood and agreed that said pipelines shall not be extended to supply any other properties or facilities or expanded facilities belonging to Permittee or others without the prior written consents of LCWC and Permittee.

4. LCWC will at all times be provided with complete access to said turnoff valve. LCWC shall have the right, without any liability to Permittee, to shut off said water for nonpayment of any monthly sum for such water if not paid within sixty (60) days following the due date for such payment.
5. The uses of the water supplied hereunder shall be limited solely to domestic and culinary purposes for the operation of Permittee's said two existing facilities and uses incidental thereto and shall not be used for irrigation or sprinkling or any other use.
6. Permittee will receive the water furnished hereunder "as is", with no representations by LCWC as to quality or purity. LCWC shall be under no obligation to render said water fit or suitable for human consumption.
7. If at any time and for any reason in LCWC's sole judgment, LCWC is unable to furnish the water provided for by this Agreement, it may cancel and terminate this Agreement upon thirty (30) days prior written notice by personally serving or mailing by certified or registered mail to Permittee at P.O. Box 8007, Alta, Utah 84092, or such other address as Permittee shall designate in writing to LCWC; provided, however, that the foregoing shall in no way prohibit LCWC from making other arrangements, if possible, for the supply of water to Permittee.
8. It is understood and agreed that LCWC may terminate its obligations hereunder immediately for Permittee's violation of any of the terms and conditions hereof or for the violation of any Salt Lake City water or watershed ordinance or any sanitary regulations of the Salt Lake City-County Board of Health in effect at the time of such violation. LCWC may, at its sole option, and after written request for permission, allow Permittee to cure any violations occurring hereunder within a reasonable time after Permittee received notice of such violations.

9. In the event a change application is required to be filed with the Utah State Engineer for the water service hereunder, Permittee agrees to pay all costs for obtaining authorization for the change from the State Engineer. LCWC shall cooperate fully to facilitate the preparation, filing, and approval of any such change application.
10. This Agreement is not assignable by Permittee without the prior written consent of the LCWC. However, LCWC may assign the right to receive payments under this Agreement without Permittee's consent upon fifteen (15) days prior written notice to Permittee.
11. Permittee agrees to indemnify, save harmless and defend LCWC, its agents and employee, successors or assignees, from and against all claims, mechanics liens, damages, demands, actions, costs and charges, including attorney's fees and other liabilities arising out of or by reason of the construction, maintenance, use or attempted use of the improvements herein contemplated, or out of Permittee's use, non-use or attempts to obtain use of the water authorized to be used hereunder.
12. This Agreement constitutes the entire agreement between the parties, and it cannot be altered except through a written instrument which is signed by both parties.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement the day and year first above written.

LITTLE COTTONWOOD WATER COMPANY

By Almon A. Nelson

Name Almon A. Nelson

Title: President

ALTA SKI LIFTS COMPANY

By Onno Wieringa  
 Onno Wieringa, Vice President

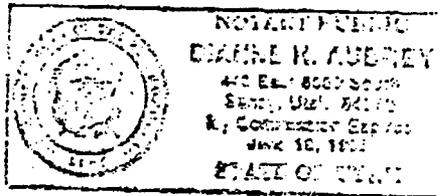
STATE OF UTAH )  
:SS.  
COUNTY OF SALT LAKE)

On December 8, 1992 personally appeared before me Almon Nelson, who being by me duly sworn, did say that he is the President of LITTLE COTTONWOOD WATER COMPANY, and said person acknowledged to me that said corporation executed the same.

Maime H. Aubrey  
NOTARY PUBLIC, residing in Salt Lake County, Utah

My Commission Expires:

6-10-95



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

On the 1st of December, 1992, personally appeared before me Onno Wieringa, who being by me duly sworn, did say that he is Vice President of ALTA SKI LIFTS COMPANY, and said person acknowledged to me that said corporation executed the same.

Barbara L. Altman  
NOTARY PUBLIC, residing in Salt Lake County Utah

My Commission Expires:

28 Oct 96

SUMMARY  
 AUGUST 18, 1992

CONTROLLING ENTITY	AMOUNT OF ISSUED STOCK CONTROLLED	
SLC	15,239.0	
SANDY IRRIGATION	14,437.0	
CAHOON & MAXFIELD	13,623.0	
SANDY CITY	11,358.0	
SOUTH DESPAIN EXTENSION	4,095.0	
THOMPSON	1,279.0	
VAN VALKENBERG	143.1	
BISSINGER	111.0	
LDS CHURCH	82.5	
	-----	
	60,367.6	
	=====	
STOCK CANCELLED AND NEVER REISSUED	4,462.0	
TOTAL SLC AND SANDY CITY	26,597.0	44.06%
TOTAL SLC, SC AND SANDY IRRIGATION	41,034.0	67.97%

316K8 BK

NAME OF DITCH	ISSUED PREFERRED STOCK	ISSUED COMMON STOCK	TOTAL ISSUED STOCK	CONTROL ENTITY
NORTH/SOUTH DESPAIN	0	0	0	N/S DESPAI
BISSINGER	111	0	111	BISSINGER
GREENWOOD	0	0	0	GREENWOOD
W.P. BRADY (BRADY NO. 2)	0	0	0	W.P. BRADY
M.H. BRADY (BRADY NO. 1)	0	0	0	NO REISSUE
VAN VALKENBERG	139	4.1	143.1	VAN VALKEN
RICHARDS	668	3284	3952	SLC
TANNER	1100	6235	7335	SLC
UNION & JORDAN	3116	8242	11358	SANDY CITY
CAHOON & MAXFIELD	3116	10507	13623	C & M
WALKER	668	3284	3952	SLC
BROWN	0	0	0	BROWN
UNION & EAST JORDAN	0	0	0	NO REISSUE
SANDY	5568	8869	14437	SANDY IRR.
SOUTH DESPAIN EXTENSION	1670	2425	4095	SD EXT.
NICOL	0	0	0	NICOL
JOHNSON OR LITTLE NICOL	0	0	0	JOHNSON
NORTH DESPAIN EXTENSION	0	0	0	ND EXT.
STEINGRUBER OR STANGROVER	0	0	0	STEINGRUBE
THOMPSON	1279	0	1279	THOMPSON
GRIFFITH	0	0	0	GRIFFITH
LAST CHANCE	0	0	0	SANDY CITY
LYM	0	0	0	SANDY CITY
HANSEN	0	0	0	HANSEN
ERICKSON	0	0	0	ERICKSON
BAKER	0	0	0	BAKER
GEORGE KAY	0	0	0	GEORGE KAY
LDS CHURCH	0	82.5	82.5	LDS CHURCH
	17435	42932.6	60367.6	

22G69 05

LAW OFFICES  
**PARSONS BEHLE & LATIMER**  
A PROFESSIONAL CORPORATION

105 SOUTH STATE STREET, SUITE 700  
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SALT LAKE CITY, UTAH 84101  
TELEPHONE (801) 328-0000  
FACSIMILE (801) 328-0000

FORMERLY  
WILSON, ELLIS, PARSONS & MULLER  
1055 FIFTH

C. L. PARSONS (DECEASED) CALVIN A. BEHLE (DECEASED) GEORGE W. LATIMER (DECEASED)

JONATHAN K. BUTLER  
DAVID G. HANCOCK  
JULIA C. ATTWOOD  
GENEVA LANGRISH  
LUCY B. JENNINGS  
LORNA RUGER, BURGESS  
THOMAS R. GREGORY  
DAVID J. DEISLEY  
RICHARD N. MAHER  
HAL J. POS  
W. MARK CAUBE  
DAVID J. SMITH  
MARK S. WEAVER  
MARK M. BETTLYON  
JAMES C. HYDE  
J. MICHAEL BAILEY  
C. RUSSELL VETTER  
CY H. CASTLE  
J. THOMAS BECKETT  
K. LINDSAY FORD  
JIM BUTLER  
KENNETH R. BARRETT

THOMAS R. BRINKER  
DONALD A. HAYES  
ELIZABETH S. COMLEY  
ELIZABETH S. WHITNEY  
ELIZABETH R. BLATTNER  
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WILLIAM J. EVANS  
C. KEVIN SPIES  
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DAVID W. ZIMMERMAN  
L. WARD WAGSTAFF  
MONICA WHELEN PACE  
ALAN A. FLAKE  
K. C. JENSEN  
LISA A. KIRSCHNER  
MICHAEL A. ZORBY  
PAUL E. DAME  
ELIZABETH KITCHENS JONES  
DAVID M. BENNING

KEITH E. TAYLOR  
JAMES B. LEE  
JOHN W. L. ROBERTS  
F. ROBERT REEDER  
LAWRENCE E. STEVENS  
DANIEL M. ALDRICH  
MAY C. HASLAM  
WALLIN W. JENSEN  
W. JEFFERY FILLMORE  
ROBERT W. WINTERHOLLER  
BARBARA K. POLICH  
HAROLD L. DUTER  
CHARLES R. THOMPSON  
DAVID R. BIRD  
RAYMOND J. CICHOCZYNSKI  
FRANCIS M. WIKSTROM  
CAYE W. TUNDESMANN  
JAMES M. ELEGANTE  
VAL R. ANTCZAK  
PATRICK J. GARVER  
STANLEY E. AUSTIN  
LEE NAPALOCKI

STEPHEN J. HULL  
JOHN D. WILSON  
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KEITH D. ALDERMAN  
JOHN T. ANDERSON  
KENT O. ROCHE  
PATRICIA J. WINNILL  
NANCY H. GIMMELHAW  
LAWRENCE R. BARUSCH  
MAXWELL A. MILLER  
WILLIAM G. HOLYOAK  
PAUL D. VEARY  
DANIEL W. HINDERT  
LOIS A. BAAR  
LYNN R. CARDOZZI-VATZ  
CAROLYN MONTGOMERY  
I. PAIRILA LADY  
VALDEN P. LIVINGSTON  
MICHAEL I. TARSEN

April 10, 1991

RECEIVED  
CITY ATTORNEY'S OFFICE

DATE 4-11-91

255-2302-

Ray L. Montgomery  
Assistant Attorney  
SALT LAKE CITY CORPORATION  
451 South State Street, Room 505  
Salt Lake City, UT 84111

Re: Little Cottonwood Water Company:  
Assignment of Five Water Agreements

Dear Ray:

Thank you for your letter of March 22, 1991, in which you indicated that the draft of the Assignment of Five Water Agreements that I mailed to you on March 19, 1991, was in a generally acceptable form. As you suggested, we have added language to paragraph 2 on page 3 to clarify that the Company and its stockholders will cooperate in filing any necessary Change Applications with the State Engineer for the water deliveries under the assigned five water agreements.

The additional language to paragraph 2 on page 3 is as follows:

Assignor Company hereby promises that it and all of its stockholders will cooperate with Salt Lake City in preparing, filing, and doing all of the things necessary to file and complete any necessary Change Applications with the State Engineer for the delivery of water under said assigned five water agreements.

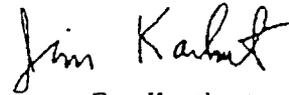
236/69 AS

Handwritten notes and signatures at the bottom right of the page, including the date 4-22-91 and other illegible markings.

Ray L. Montgomery  
April 10, 1991  
Page Two

Enclosed for your review is a copy of the revised Assignment of Five Water Agreements that contains this additional language. Please contact me or Lee Kapaloski if you have any questions or suggestions concerning this draft.

Yours truly,



James E. Karkut

JEK:cm

Enclosure

cc: Lee Kapaloski, Esq. (With enclosure)

LAW OFFICES  
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A PROFESSIONAL CORPORATION

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FACSIMILE (801) 328-8419

FORMERLY  
DICKSON, ELLIS, PARSONS & MCCREA  
1862-1959

JONATHAN K. BUTLER  
DAVID G. MANGUM  
JULIA C. ATTWOOD  
DEREK LANGTON  
LUCY B. JENKINS  
LORNA ROGERS BURGESS  
THOMAS R. GRISLEY  
DAVID L. DEISLEY  
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T. PATRICK CASEY  
VALDEN R. LIVINGSTON  
MICHAEL L. LARSEN

C.C. PARSONS  
(DECEASED)

CALVIN A. BEHLE  
(RETIRED)

GEORGE W. LATIMER  
(DECEASED)

OF COUNSEL  
RONALD S. POELMAN

October 31, 1990

RECEIVED  
CITY ATTORNEY'S OFFICE  
DATE 11-1-90

Ray L. Montgomery, Esq.  
Assistant City Attorney  
SALT LAKE CITY CORPORATION  
324 South State Street, #510  
Salt Lake City, UT 84111

Re: Little Cottonwood Water Company

Dear Mr. Montgomery:

Please find enclosed for your review draft copies of the following documents entitled: (1) Assignment of Agreements for Water Delivery; and (2) Stock Redemption Agreement.

The agreements outline the discussions we had at our meeting on October 4, 1990 in Sandy concerning Little Cottonwood Water Company's assignment of its water delivery obligations in Albion Basin to Salt Lake City, and Sandy City's withdrawal from Little Cottonwood Water Company as a stockholder.

These documents will be discussed at the upcoming Board of Directors meeting of the water company on November 5, 1990.

Yours truly,

*James E. Karkut*

James E. Karkut

JEK:cm  
Enclosures  
cc: Lee Kapaloski

256/69 JB

21 APRIL 1989

WATER RIGHT OWNER SHIPS ON LITTLE COTTONWOOD CREEK  
from information available

1st Primary Water Rights of 2.29 CFS

Brady #1 0.41 CFS No Stock in Little Cottonwood Water Company.

All of the water rights Primary & Surplus have been sold to West Side Water for Bennion & West Jordan and through several steps it is now owned by Taylorsville & Bennion Improvement District (55%) and West Jordan (45%).

Brady #2 0.10 CFS No Stock in Little Cottonwood Water Company.

Salt Lake City bought the entire water right and also 15 Acres of land.

North Despain 0.20 CFS No Stock in Little Cottonwood Water Company.

Major owner Robert Despain. No current water leases to anyone and no exchange agreements. Note the primary water comes from springs at the head of the ditch and if the spring flow is greater than their right the excess is to be turned into the creek and when the spring flow is less than their share they are able to take enough from the creek to supply their share of the decreed waters of Little Cottonwood Creek.

The Surplus water is jointly owned with the South Despain and is divided in the same proportions as their primary water rights ratio with the South Despain.

South Despain 0.25 CFS No Stock in Little Cottonwood Water Company.

This ditch is not Incorporated but has an exchange agreement with Salt Lake City Corporation allowing the use of the winter water in exchange of some free water from the penstock of Murray City for their 2 inch water line system.

The Surplus water is jointly owned with the North Despain and is divided in the same proportions as their primary water rights ratio with the North Despain.

Greenwood 1.00 CFS No Stock in Little Cottonwood Water Company.

All of the primary water right of 1.00 CFS are now owned by Midvale but the Surplus rights have remained in the ditch and are being used. See letter from Midvale City Corporation dated April 27 1976 attached.

26 G/69 JS

Bissinger 0.08 CFS Owns Stock in Little Cottonwood Water Company. (From book) 111 P. & 42 1/2 C.

All of the primary water right of 0.08 CFS are now owned by Midvale but the Surplus rights have remained in the ditch company name. See letter from Midvale City Corporation dated April 27 1976 attached.

VanValkenburg 0.25 CFS Owns Stock in Little Cottonwood Water Company. (From book) 139 P. & 40 C.

All of the primary water right of 0.08 CFS are now owned by Midvale but the Surplus rights have remained in the ditch company name. See letter from Midvale City Corporation dated April 27 1976 attached.

2nd Primary Water Rights from 2.29 to 94.79 CFS

Tanner 22.22% Max. 20.56 CFS Owns Stock in Little Cottonwood Water Company. (From book) 1100 P. & 6235 C. As of 1934 this stock had not been turned over to Salt Lake City per the exchange agreement.

Salt Lake City has an exchange agreement dated 29 May 1931 The ditch is to receive in the summer (April 1 through 15 October) their % of the creek share (the original share less 10% for Sandy City & Sandy Ditch) plus 2.00 CFS when the exchange is in operation and in the winter the City gets the entire share of the creek for it's use. (See Little Cottonwood Creek summary sheet of water rights).

Richards 11.11% Max. 10.28 CFS Owns Stock in Little Cottonwood Water Company. (From book) 668 P. & 3284 C. As of 1934 this stock had not been turned over to Salt Lake City per the exchange agreement.

Salt Lake City has an exchange agreement dated 29 May 1931. The ditch is to receive in the summer (April 1 through 15 October) their % of the creek share (the original share less 10% for Sandy City & Sandy Ditch) plus 1.00 CFS when the exchange is in operation and in the winter the City gets the entire share of the creek for it's use. (See Little Cottonwood Creek summary sheets of water rights).

27 G/69 JS

Sandy            10.00% Max.    9.29 CFS    Owns Stock in Little Cottonwood Water Company. (From book) 5568 P. & 8145 C.

Sandy City has the first 1.17 CFS of the Water right. The Water rights of this ditch comes from a perpetual lease from the five above ditches as explained in the Court Decree and also in the book pages 57-59A. Sandy City owns a 634 shares of the stock in the ditch company ,abt. 21%.

Brown           seepage & flow by with a Max of 11.12 CFS  
Owns No Stock in Little Cottonwood Water Company.

All seepage and flow by at the Walker Ditch diversion up to the Maximum capacity of the Ditch (11.12 CFS) down to the Brown Ditch diversion. Surplus rights are listed in the Decree. See pages 60-62 in the book.

SURPLUS DITCHES ONLY  
no primary rights

South Despain Extension            Owns Stock in Little Cottonwood Water Company. (From book) 1670 P. & 2425 C.

This ditch is Incorporated in 1909 but in the name of South Despain Ditch company It owns (With Utah State) the White Pine Reservoir and Stores some of it's surplus water and their share of the winter Cut off Savings water, from their stock in the Little Cottonwood Water Company, in the 318 Acre Foot White Pine Reservoir (Application #10760 wuc # 57-83). +

They like the South Despain Ditch (primary right of .20 CFS) receive most of their water from pipe line diversions on the Murray City Penstock line.

Tompson                                    Owns Stock in Little Cottonwood Water Company. (From book) 1279 P. & 724 C.

This Ditch has been bought out by Sandy City and was also the ditch which built the dam on Cecret Lake (aka Lake Flora, Secret Lake) which the Little Cottonwood Water Company has taken over the operation of. I think this ditch is no longer operational as the areas it served have been subdivided.

Union & East Jordan                      Owns No Stock in Little Cottonwood Water Company.

This Ditch takes its water through the Richards Ditch (Creek diversion) and the flow is measured over a 7 1/2 Ft. Cipolletti Weir at about 1450 E. Creek Rd. and this flow is deducted from the Richards Ditch Weir Reading. Sandy City owns about 1/3 of the stock in the company. The ditch is active and using water.

Nicol & Last Chance                      Owns No Stock in Little Cottonwood Water Company.

This Ditch takes its water from the Cut off Savings Ditch during the surplus flows and from the Sandy Canal (on the end of the Draper Canal system) after the Surplus flow are over. Sandy City owns 54% of the Stock in the Nicol Ditch. The ditches are active and using water.

Johnson                                      Owns No Stock in Little Cottonwood Water Company.

This Ditch takes its water from the Cut off Savings Ditch during the surplus flows. Their Diversion is South of the Little Cottonwood Creek Road. Since the Richards Ditch has piped their irrigation system the Johnson Ditch has not used any from the Cut off Ditch. I understand they have got a connection on the Richards Ditch Pipe line system.

North Despain Extension                      Owns No Stock in Little Cottonwood Water Company.

Receives their water through the North Despain Ditch from the Spring flow and creek flow when the North Despain spring does not provide enough flow into the Ditch.

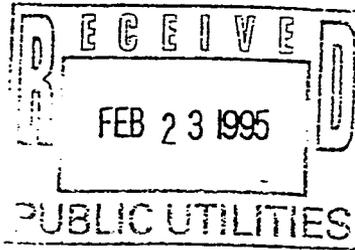
Steingruber, Griffith, Lym, Hanson, Erekson & Baker Ditches  
Owns No Stock in Little Cottonwood Water Company.

From the best of my knowledge these Ditches no longer take water from Little Cottonwood Creek. The Lym Ditch is owned by Sandy City.

*E. M. Higbee*

Edward M. Higbee  
21 April 1989

296169 JS



February 9, 1995

Salt Lake City  
Attention: Mayor  
451 So. State-Street  
Salt Lake City, Ut. 84111

Reference: Cahoon and Maxfield Exchange Agreement.

This letter is written to inform you violations by Salt Lake City of the water exchange agreement, dated March 28, 1921 between the city and Cahoon and Maxfield Irrigation Company. On September 27, 1994 certain employees of Salt Lake City and Sandy City held a meeting to consider dissolution of the Little Cottonwood Water Company without notice to stockholders and directors of the water company. A resolution was adopted dissolving the water company. This action was a flagrant violation of the above mentioned 1921 agreement; see page 9, paragraph 11 of the agreement.

List of violations:

1. Public notice of the meeting to discuss dissolution was not given.
2. The employees who held the meeting were not directors of the water company.
3. Written notice of the meeting, through mailed on September 19, 1994 was not received by Cahoon and Maxfield Irrigation Company until September 29, 1994, two days after the meeting.
4. Other irrigation companies which held stock in the water company did not receive notice of the meeting.
5. None of the irrigation companies which had exchange agreements with the city were represented at the meeting. Those that were present were not allowed to participate.

In view of the foregoing, this is to advise you that as soon as the weather permits, Cahoon and Maxfield will start to remove the Salt Lake City water diversion structures from the Little Cottonwood Creek and the water will be diverted and used by Cahoon and Maxfield in accordance with the Morse Decree.

Its is recommended that a meeting of all parties concerned be held without delay so that the problems can be resolved without taking legal action.

Salt Lake City does not OWN the WATER RIGHTS, but only has the right to exchange water for Little Cottonwood Water as provided by the 1921 agreement.

Respectfully  
Cahoon and Maxfield Irrigation Co.  
by Anton P. Rojas  
President

cc: file  
Sandy City Mayor  
S.L.C. Water Dept.

306/69 JS

WATER SUPPLY AGREEMENT

THIS AGREEMENT is made and entered into as of December 1 1992, by and between LITTLE COTTONWOOD WATER COMPANY, a Utah nonprofit corporation, hereinafter "LCWC" and ALTA SKI LIFTS COMPANY, a Utah corporation, of P.O. Box 8007, Alta, Utah 84092, hereinafter "Permittee".

WITNESSETH:

WHEREAS, Permittee owns and operates ski lifts and related facilities in Little Cottonwood Canyon; and

WHEREAS, Permittee is desirous of obtaining water for Permittee's Watson Shelter and Alpenglow Shelter; and

WHEREAS, Permittee represents that Permittee is presently in and will maintain compliance with the ordinances, rules and regulations of the Salt Lake City-County Health Department, Salt Lake County and State and Federal regulatory agencies concerning sanitation incidental to the uses and developments within the area of Permittee's operations; and

WHEREAS, LCWC owns and/or controls certain water rights in Little Cottonwood Canyon, some of which may be made available to Permittee subject to the foregoing and following; and

WHEREAS, LCWC represents that LCWC has the legal power and authority to enter into and perform this Agreement in accordance with its terms, that LCWC's execution, delivery and performance of this Agreement have been properly authorized all necessary action by and on behalf of LCWC, and that all consents and approvals necessary to LCWC's execution, delivery and performance of this Agreement have been obtained (except as expressly described herein); and

WHEREAS, Permittee represents that Permittee has the legal power and authority to enter into and perform this Agreement in accordance with its terms, that Permittee's execution, delivery and performance of this Agreement have been properly authorized all necessary action by and on behalf of Permittee, and that all consents and approvals necessary to Permittee's execution, delivery and performance of this Agreement have been obtained (except as expressly described herein); and

WHEREAS, LCWC and Permittee desire to enter into an agreement for the supply of water to Permittee in accordance herewith:

NOW THEREFORE, in consideration of the mutual promises, terms and conditions hereof, the parties agree as follows:

1. For a period of ten (10) years from the date hereof, LCWC agrees, to make available to Permittee for use only within said two facilities, up to but not exceeding two hundred fifty thousand (250,000) gallons per month of the normal flow of raw, untreated water emanating from the following locations in Salt Lake County, to-wit:
  - A. For Watson Shelter: approximate elevation 9570' in North West Quarter of section 8, 950' South and 400' West from the North Quarter Corner of Section 8 Township 3 South, Range 3 East, Salt Lake Base and Meridian.
  - B. For Alpenglow Shelter: approximate elevation 9265', in North West Quarter of Section 9, 175' South and 450' West from the North Quarter Corner of Section 9 Township 3 South, Range 3 East, Salt Lake Base and Meridian.
2. For said water, Permittee agrees to pay for water at the lowest basic rates for water delivered by Sandy City to residents of Sandy City, exclusive of any pumping charges, surcharges or other additional charges not charged uniformly to all residents of Sandy City. Said sum may be changed not more than once per year by LCWC upon written notice to Permittee at least sixty (60) days prior to the new rates taking effect. Permittee shall report meter readings for all water usage monthly to LCWC, and LCWC shall bill Permittee monthly based on such meter readings. Payment shall be due fifteen (15) days following the date of each monthly billing.
3. Permittee agrees to construct or has constructed, from said water source and diversion point to the Watson Shelter and Alpenglow for water intended to be served, all necessary pipelines, facilities, fixtures and the appurtenances thereof, all of which shall be acquired or constructed at the sole cost of Permittee, and shall remain the sole property and responsibility of Permittee. Permittee shall maintain and repair the same, together with any tanks, pumps or other equipment and facilities necessary or incidental to the movement of the water from each point of diversion to said two facilities. LCWC shall have

no interest in or responsibility or other obligation whatsoever to Permittee in regard to the construction, maintenance or repair of said facilities, and Permittee agrees that its facilities will at all times be so maintained so as to prevent loss or waste of water. All pipelines shall be constructed to include a turnoff valve at a convenient place so that water supply to Permittee hereunder can be shut off by LCWC and service discontinued. It is expressly understood and agreed that said pipelines shall not be extended to supply any other properties or facilities or expanded facilities belonging to Permittee or others without the prior written consents of LCWC and Permittee.

4. LCWC will at all times be provided with complete access to said turnoff valve. LCWC shall have the right, without any liability to Permittee, to shut off said water for nonpayment of any monthly sum for such water if not paid within sixty (60) days following the due date for such payment.
5. The uses of the water supplied hereunder shall be limited solely to domestic and culinary purposes for the operation of Permittee's said two existing facilities and uses incidental thereto and shall not be used for irrigation or sprinkling or any other use.
6. Permittee will receive the water furnished hereunder "as is", with no representations by LCWC as to quality or purity. LCWC shall be under no obligation to render said water fit or suitable for human consumption.
7. If at any time and for any reason in LCWC's sole judgment, LCWC is unable to furnish the water provided for by this Agreement, it may cancel and terminate this Agreement upon thirty (30) days prior written notice by personally serving or mailing by certified or registered mail to Permittee at P.O. Box 8007, Alta, Utah 84092, or such other address as Permittee shall designate in writing to LCWC; provided, however, that the foregoing shall in no way prohibit LCWC from making other arrangements, if possible, for the supply of water to Permittee.
8. It is understood and agreed that LCWC may terminate its obligations hereunder immediately for Permittee's violation of any of the terms and conditions hereof or for the violation of any Salt Lake City water or watershed ordinance or any sanitary regulations of the Salt Lake City-County Board of Health in effect at the time of such violation. LCWC may, at its sole option, and after written request for permission, allow Permittee to cure any violations occurring hereunder within a reasonable time after Permittee received notice of such violations.

9. In the event a change application is required to be filed with the Utah State Engineer for the water service hereunder, Permittee agrees to pay all costs for obtaining authorization for the change from the State Engineer. LCWC shall cooperate fully to facilitate the preparation, filing, and approval of any such change application.
10. This Agreement is not assignable by Permittee without the prior written consent of the LCWC. However, LCWC may assign the right to receive payments under this Agreement without Permittee's consent upon fifteen (15) days prior written notice to Permittee.
11. Permittee agrees to indemnify, save harmless and defend LCWC, its agents and employee, successors or assignees, from and against all claims, mechanics liens, damages, demands, actions, costs and charges, including attorney's fees and other liabilities arising out of or by reason of the construction, maintenance, use or attempted use of the improvements herein contemplated, or out of Permittee's use, non-use or attempts to obtain use of the water authorized to be used hereunder.
12. This Agreement constitutes the entire agreement between the parties, and it cannot be altered except through a written instrument which is signed by both parties.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement the day and year first above written.

LITTLE COTTONWOOD WATER COMPANY

By Almon A. Nelson

Name: Almon A. Nelson

Title: President

ALTA SKI LIFTS COMPANY

By Onno Wieringa  
Onno Wieringa, Vice President

STATE OF UTAH )

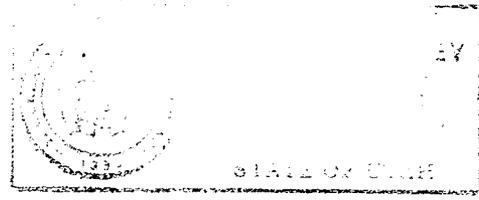
:ss.

COUNTY OF SALT LAKE)

On December 8, 1992 personally appeared before me Almon Nelson, who being by me duly sworn, did say that he is the President of LITTLE COTTONWOOD WATER COMPANY, and said person acknowledged to me that said corporation executed the same.

Marie V. Aubrey  
NOTARY PUBLIC, residing in Salt Lake County, Utah

My Commission Expires:  
6-10-95



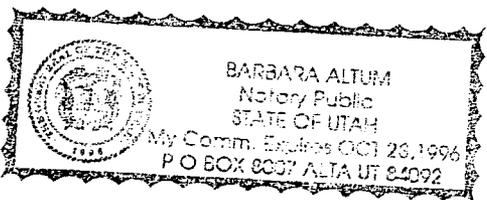
STATE OF UTAH )

:ss.

COUNTY OF SALT LAKE)

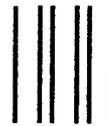
On the 1st of December, 1992, personally appeared before me Onno Wieringa, who being by me duly sworn, did say that he is Vice President of ALTA SKI LIFTS COMPANY, and said person acknowledged to me that said corporation executed the same.

Barbara h. Altum  
NOTARY PUBLIC, residing in Salt Lake County Utah



My Commission Expires:  
28 Oct 96

UNITED STATES POSTAL SERVICE



Official Business

PENALTY FOR PRIVATE  
USE TO AVOID PAYMENT  
OF POSTAGE, \$300

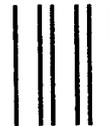


Print your name, address and ZIP Code here

Dallas Richins  
Salt Lake City Corp  
1530 S, Jefferson St.  
Salt Lake City, UT 84115



UNITED STATES POSTAL SERVICE



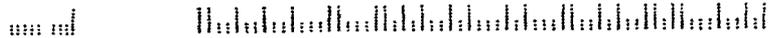
Official Business

PENALTY FOR PRIVATE  
USE TO AVOID PAYMENT  
OF POSTAGE, \$300



Print your name, address and ZIP Code here

Dallas Richins  
1530 S. Jefferson St.  
Salt Lake City, UT 84115



UNITED STATES POSTAL SERVICE



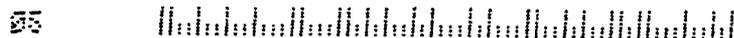
Official Business

PENALTY FOR PRIVATE  
USE TO AVOID PAYMENT  
OF POSTAGE, \$300



Print your name, address and ZIP Code here

Dallas Richins  
Salt Lake City Corp  
1530 S. Jefferson St.  
Salt Lake City, UT 84115



36 B/19/85

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

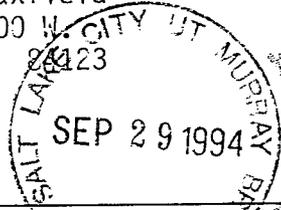
I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Cahoon & Maxfield  
5668 S. 1000 W. CITY UT  
Murray, UT 84123



4a. Article Number

P 874 441 095

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

9-29-94

5. Signature (Addressee)

*Barbara Koo*

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530

**DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

L. C. Walker Irrigation  
6351 S. 900 E.  
Murray, UT 84107

4a. Article Number

P 374 441 093

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

9/21/94

5. Signature (Addressee)

*L. C. Walker*

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530

**DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Richards Irrigation  
2157 E. Cottonwood Cove  
Salt Lake City, UT  
84121

4a. Article Number

P 374 441 095

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

9-21

5. Signature (Addressee)

*Frank D. Bagley*

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530

**DOMESTIC RETURN RECEIPT**

376/69 JS

Thank you for using Return Receipt Service.

UNITED STATES POSTAL SERVICE

Official Business



PENALTY FOR PRIVATE  
USE TO AVOID PAYMENT  
OF POSTAGE, \$300



Print your name, address and ZIP Code here

- Dallas L. Richins  
Salt Lake City Corp  
1530 South Jefferson St.  
Salt Lake City, UT 84115

380/69 JS

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address

2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 South Despain Irrigation  
 9565 S. Wasatch Blvd.  
 Sandy, UT 84092

4a. Article Number  
 P874441097

4b. Service Type

Registered  Insured

Certified  COD

Express Mail  Return Receipt for Merchandise

7. Date of Delivery  
 09/20/97

5. Signature (Addressee)  
*Sammi Arrington*

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

Thank you for using Return Receipt Service.

39 B/69 JS

Date	Name	Address	Company Rep.
3-21-94	- Doug Skene	1200 E 4800 So	St. P. U.
	Frank D. Bagley	2157 E Cottonwood Cove Ln	Richards
	FRANK HARADA	1350 E CREEK RD. SANDY.	" "
	J. Glen Humphreys	6351 S 9th E SLC	Walker Ditch
	Arion Erickson	5419 S 9th E SLC.	Little Cottonwood Ditch
	Adelbert Nagler	6421 So 1300 East Salt Lake City	841.
	- Mike Wilson	10000 CENTENNIAL PARKWAY, SANDY, UT	84070
	- Darrel M. Scott	" " " "	" "
	- Almon Nelson	" " " "	" "



Key Bank of Utah  
A KeyCorp Bank

25882

Questions About Your Accounts  
Call Key Express:  
1-800-477-5391



**Withdrawals and Other Charges** (continued)

Service Charges

Posted Date	Effective Date	Serial Number	Description	Amount
			Service charges totaling.....	\$7.60



**Balance Summary**

Date	Total No. Credits	Total Credit Amount	Total No. Debits	Total Debit Amount	Balance
04/19/94			1	7.60	6,032.84
04/27/94	1	329.67			6,362.51
04/29/94	1	8.53			6,371.04

41G/69 JS



Key Bank of Utah  
A KeyCorp Bank

B 00054 00001 R EM B1

LITTLE COTTONWOOD WATER CO  
C/O SLC PUBLIC UTILITIES  
1530 S WEST TEMPLE  
SALT LAKE CITY UT 84115-5223

Questions About Your Accounts  
Call Key Express:  
1-800-477-5391

25881



STATEMENT PERIOD: 04/01/94 - 04/30/94

ACCOUNT NO.: 4



**Summary**

Beginning balance as of 04/01/94.....	\$6,040.44	Service charges/fees.....	7.60
Plus total interest credited.....	8.53	Ending balance as of 04/30/94.....	\$6,371.04
Plus 1 deposit(s).....	329.67		



**Interest**

**Interest Credited**

04/29 ....Interest Payment.....	8.53
<b>Total interest credited .....</b>	<b>\$8.53</b>

We paid the following interest rates during this period:

Interest Rate paid on your full collected balance	Less than \$20,000.00	\$20,000.00 through \$99,999.99	\$100,000.00 and over
04/01/94-04/30/94	1.90%	1.90%	2.00%

Interest credited year-to-date .....\$36.31



**Deposits and Other Credits**

**Deposits**

Posted Date	Effective Date	Serial Number	Description	Amount
04/27	04/27	9952	Customer Deposit	329.67
1 deposit(s) totaling .....				\$329.67



**Withdrawals and Other Charges**

**Service Charges**

Posted Date	Effective Date	Serial Number	Description	Amount
04/19	04/19		Periodic Analysis Service Chg .....	7.60



Member FDIC

LENDER The Key Bank logo is a registered trademark of KeyCorp.



400 60 15

LEROY W. HOOTON, JR.  
DIRECTOR

**SALT LAKE CITY CORPORATION**

DEEDEE CORRADIN  
MAYOR

DEPARTMENT OF PUBLIC UTILITIES  
WATER SUPPLY AND WATERWORKS  
WATER RECLAMATION AND STORMWATER

January 9, 1995

Mike Wilson  
Sandy City  
10000 Centennial Parkway  
170 W. 10000 S.  
Sandy, Utah 84070

Re: Dissolution of The Little Cottonwood Water Company

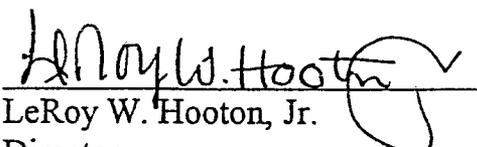
Dear Mr. Wilson:

Please find enclosed four original documents for the above-mentioned agreement. Will you please have Tom Dolan's signature notarized on page 9 of the document.

Upon the completion of the Little Cottonwood Water Company signing the documents and having them notarized, please return the one marked "Original Document Property of Salt Lake City Recorder's Office" to the Public Utilities Department, 1530 South West Temple, Salt Lake City, Utah 84115, Attention Karryn Greenleaf, for further processing.

Thank you for your cooperation in this matter.

Sincerely,

  
LeRoy W. Hooton, Jr.  
Director

/kg  
enclosure(s)  
cc: File

CONTRACT ROUTING FORM

RECEIVED

REQUESTING DEPARTMENT/DIVISION	DEC 19 1994	DATE
Public Utilities		November 25, 1994
DEPARTMENTAL CONTACT	PUBLIC UTILITIES	PHONE
E. T. Doxey		483-6771
CONTRACTING PARTY		REF #
Sandy City/Little Cottonwood Water Company		
SUBJECT: Dissolution of of Little Cottonwood Water Company		

Number of Copies	<u>4 originals</u>	Insurance Required	Yes	No
Expected Completion	<u>November 1994</u>	Insurance Attached		x

RECORDER

RECORDED

DEC 13 1994

CITY RECORDER

R 98 of 1994

FINANCE

Contract No. \_\_\_\_\_

Vendor No. \_\_\_\_\_

Account No. \_\_\_\_\_

Funds Available \_\_\_\_\_

Funds Not Needed ETA

ATTORNEY

Approved as to Form

Date 12/2/94 By Chris B...

COPY DISTRIBUTION

Date \_\_\_\_\_ To \_\_\_\_\_

LEROY W. HOOTON, JR.  
DIRECTOR

# SALT LAKE CITY CORPORATION

DEEDEE CORRAD  
MAYOR

DEPARTMENT OF PUBLIC UTILITIES  
WATER SUPPLY AND WATERWORKS  
WATER RECLAMATION AND STORMWATER

TO: Salt Lake City Council

DATE: November 25, 1994

RE: Little Cottonwood Water Company Dissolution

RECORDED

DEC 13 1994

Recommendation:

CITY RECORDER

That the Council approve the transaction and forward it to the Mayor for execution on behalf of Salt Lake City Corporation.

Availability of Funds: N/A

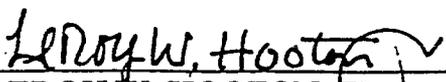
Discussion:

In 1925 the Little Cottonwood Water Company was created by water right owners in the Little Cottonwood Creek for the purposes of coordinating the creek water flows and storage of water in small lakes in the Little Cottonwood Canyon. Salt Lake City, over the years, through exchange agreements and stock purchases of water rights in Little Cottonwood Creek has accumulated substantial interest in the Company that in combination with Sandy City both have gained cocontrolling interest of the Company.

Because of the liability created by company officers and other board members who have not had the same goals as Salt Lake City and Sandy City it has been determined that it is in the best interest of both Cities to dissolve the Company. In a stockholders meeting of September 27, 1994, shareholders and company directors voted for the dissolution of the company and distribution of assets to Salt Lake City and Sandy City pursuant to the attached agreement. Water rights in the name of the company by agreement will revert back to the appropriate water right owners. Certain obligations will be the responsibility of Salt Lake City and some Sandy City.

I recommended that the agreement be approved and signed on behalf of the City. Mayor Tom Dolin of Sandy City has already signed on behalf of Sandy City, if you concur with this acquisition please forward the agreement to the Mayor for signature.

Submitted by:

  
\_\_\_\_\_  
LERROY W. HOOTON, JR.  
Director

LWH:ETD:kg  
Attachments  
cc: file

USG/ JS

LEROY W. HOOTON, JR.  
DIRECTOR

# SALT LAKE CITY CORPORATION

DEEDEE CORRAD  
MAYOR

DEPARTMENT OF PUBLIC UTILITIES  
WATER SUPPLY AND WATERWORKS  
WATER RECLAMATION AND STORMWATER

November 25, 1994

RECORDED

DEC 13 1994

CITY RECORDER

Mayor Deedee Corradini  
Salt Lake City Corporation  
451 South State Street  
Salt Lake City, Utah 84111

Re: Little Cottonwood Water Company Dissolution

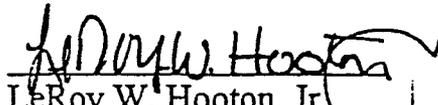
Dear Mayor Corradini:

In 1925 the Little Cottonwood Water Company was created by water right owners in the Little Cottonwood Creek for the purposes of coordinating the creek water flows and storage of water in small lakes in the Little Cottonwood Canyon. Salt Lake City, over the years, through exchange agreements and stock purchases of water rights in Little Cottonwood Creek has accumulated substantial interest in the Company that in combination with Sandy City both have gained controlling interest of the control in the Company.

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I recommended that the agreement be approved and signed on behalf of the City. Mayor Tom Dolin of Sandy City has already signed on behalf of Sandy City, if you concur with this acquisition please return the signed agreements to the Public Utilities for processing through the Little Cottonwood Water Company.

Sincerely,

  
Leroy W. Hooton, Jr.  
Director

LWH:ETD:kg  
Attachements  
cc: file

**AGREEMENT FOR DISSOLUTION OF  
THE LITTLE COTTONWOOD WATER COMPANY  
AND DISTRIBUTION OF ITS ASSETS**

**RECORDED**

This Agreement is made and entered into as of the DEC 13 1994 day of DEC 13 1994 1994, by and between the **LITTLE COTTONWOOD WATER COMPANY**, a Utah municipal corporation, whose address is c/o Sandy City, Sandy City Hall, 10000 Centennial Parkway, Sandy, Utah 84070, hereinafter "LCWC" or the "Company", and **SANDY CITY**, a municipal corporation of the State of Utah, Sandy City Hall, 10000 Centennial Parkway, Sandy, Utah 84070, hereinafter "Sandy", and **SALT LAKE CITY CORPORATION**, a municipal corporation of the State of Utah, 451 South State Street, Suite 505A, Salt Lake City, Utah 84111, hereinafter "SLC".

**W I T N E S S E T H:**

WHEREAS, LCWC's Board of Directors has determined that LCWC and its directors and employees face extensive liability exposure because of new state and federal requirements for ownership, maintenance and operation of LCWC's Cecret Lake Dam in Albion Basin; Red Pine Dam in Red Pine Fork; the Cutoff Savings Ditch near Willow Creek; and contracts to supply water to several subdivisions and persons in Albion Basin and along Little Cottonwood Creek; and

WHEREAS, LCWC has not obtained insurance for such risks, or is unable to obtain it at a reasonable price; and

WHEREAS, on March 21, 1994, at an annual meeting of the shareholders, the matter was discussed; and

476/69 JS

WHEREAS, on March 21, 1994, the directors voted at a regular meeting of the directors to dissolve the Company; and

WHEREAS, after giving the stockholders in the Company written notice thereof, a special meeting of LCWC and its stockholders was duly held on September 27, 1994 for the purpose of deciding whether the corporation should be dissolved; and the stockholders voted unanimously for dissolution of the corporation and distribution of its assets to Sandy and SLC pursuant to an agreement between the parties to be entered into, so that the outstanding obligations of the corporation can be met by these two cities, who in consideration will receive the assets of LCWC; and

WHEREAS, at the formation of the company in 1925 the members or shareholders in LCWC contributed their third surplus water rights in Little Cottonwood Creek to LCWC in return for preferred or common shares in the Company; and

WHEREAS, on June 5, 1930 the State engineer issued a certificate for Red Pine Lake which was created by the Company using said water rights of the shareholders; and

WHEREAS, Cecret Lake (or Lake Flora) was constructed in Albion Basin and the Company has stored and released water in the lake using said water rights of the Company's members; and

WHEREAS, the Corporation of the Presiding Bishopric, Church of Jesus Christ of Latter-day Saints, a Utah Corporation Sole (herein called the "LDS Church"), has 82 and 1/2 shares of Company common stock which it received from the Bissinger Ditch and from the Van Valkenburg Ditch which is currently being used in the LDS church record storage vaults in Little Cottonwood canyon which entitle it to an equivalent value in third surplus water rights in the

Little Cottonwood Creek according to the Morse Decree; and

WHEREAS, a Certificate of Appropriation of Water, Certificate No. 858, was issued by the State Engineer January 3, 1911 to those eight ditch companies whose names appear in the Certificate, a copy of which is attached hereto as Exhibit A, for the savings of water from the Cut-off Savings Ditch; and

WHEREAS, the Company has issued shares of preferred stock to certain persons when the Company was formed, according to the third surplus water rights contributed to the Company, as set out in the Company's Articles of Incorporation; and

WHEREAS, the Company has issued common stock as set out in the company's articles of incorporation; and

WHEREAS, the Company has approximately \$6,694.30 (as of July 20, 1994) in an account with Key Bank, which it received primarily from sales of water under its contracts,

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter contained, the parties agree as follows:

1. Assets of LCWC. The assets of LCWC are as listed and set forth on Exhibit B attached hereto and by this reference made part hereof.

2. Distribution of Assets to Salt Lake City. LCWC agrees to convey and hereby assigns to SLC its rights and interests as follows:

(a) The property rights of LCWC to the land underlying the Red Pine Lake and Dam, and Cecret Lake and Dam.

(b) The following water supply agreements:

- (i) December 10, 1945 between LCWC and Whitmore Oxygen Company.
- (ii) May 22, 1963 between LCWC and Canyonlands, Inc.
- (iii) September 22, 1971 between LCWC and Albion Alps Property Owners.
- (iv) December 30, 1981 between LCWC and the owners of homes in the Cecret Lake area.
- (v) April 12, 1993 between LCWC and Alta Ski Lifts Company, for snowmaking, and amended March 15, 1994.
- (vi) December 1, 1992 between LCWC and Alta Ski Lifts Company for Alpenglow Shelter and Watson Shelter.

3. Salt Lake City's Obligations. SLC shall assume all responsibilities, obligations, and liabilities under the terms and conditions of the agreements, assignments, operation and ownership of the assets set out in Section 2 above. SLC shall reasonably maintain Red Pine Lake and Cecret Lake and their dams.

4. Distribution of Assets to Sandy City. LCWC hereby conveys and assigns to Sandy its rights and interests for all facilities related to the Cut-off Savings Ditch including the diversion works at Little Cottonwood Creek.

5. Sandy's Obligations. Sandy shall reasonably maintain the Cut-off Savings Ditch , including the diversion works in Little Cottonwood Creek.

6. Mutual Cooperation. The parties hereby promise that they shall cooperate with one another in preparing, filing, and doing all things reasonably necessary to file and complete

change applications with the State Engineer for the delivery of water and the accomplishment of the purposes of this Agreement.

7. Indemnity. LCWC and Sandy and SLC agree that Sandy and SLC shall indemnify and hold harmless LCWC, its officers, agents and employees, from and against any and all contractual liability, their own actions or negligence which causes personal injury or property damage, from and after the date of the assignment and/or conveyance of each of the assets of LCWC for such claims related to such assets, if such injury or damage results from, arises out of, or is attributable to any construction, maintenance, repair or other actions undertaken by Sandy or SLC pursuant to the ownership of said assets.

8. Money in Bank. The money in the Company's account with Key Bank, shall be used to repair and upgrade, as needed, the Cut-off Savings Ditch diversion works in Little Cottonwood Creek. If there is any balance from the account left over after the repairs and upgrade, the money shall be divided equally between SLC and Sandy. If additional money is needed to complete the work of rebuilding the diversion works then SLC and Sandy shall share in the additional cost equally.

9. Water Rights. The water rights held by the Company shall be distributed to those persons now holding shares in the Company, as set out in Exhibit C. The rights created by the Cut-off Savings shall be allocated to those companies as provided in Exhibit D.

10. Governing Law. LCWC, Sandy and SLC agree that this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Utah.

11. Modification of Agreement. LCWC and Sandy and SLC agree that any modification of this Agreement or additional obligations assumed by any party in connection herewith, shall

be binding only if evidenced in writing signed by each party or and authorized representative of each party.

12. Notices. LCWC and Sandy and SLC agree that any notice provided for or concerning this Agreement shall be in writing and deemed sufficiently given when sent by certified or registered mail if sent to the respective address of each party as set forth at the beginning of this Agreement.

13. Attorney's Fees. LCWC and Sandy and SLC agree that in the event any action is filed in relation to this Agreement the unsuccessful party in the action shall pay to the successful party, in addition to all of the sums that either party may be called upon to pay, a reasonable sum for the successful party's attorney's fees.

14. Authorization. LCWC and Sandy and SLC agree that each individual executing this Agreement does represent and warrant to each other that he or she has been duly authorized to sign this Agreement in the capacity and for the entity set forth where he or she signs.

15. Exhibits. The parties agree that all exhibits referred to in and attached to this Agreement are incorporated herein by this reference.

16. Necessary Acts. LCWC and Sandy and SLC agree to do any act or thing and to execute any and all instruments necessary and/or proper to make effective the provisions of this Agreement.

17. Rights and Remedies. LCWC and Sandy and SLC agree that the rights and remedies of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions of this Agreement shall not preclude the exercise of any other provisions. Each party confirms that damages at law may be an inadequate remedy for a breach or

threatened breach of any provision hereof. The respective rights and obligations of the parties hereunder shall be enforceable by specific performance, injunction, or other equitable remedy.

18. Entire Agreement. LCWC and Sandy and SLC agree that this Agreement constitutes the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either or any party except to the extent incorporated in this Agreement.

19. Persons Bound by Agreement. The parties agree that the terms of this Agreement shall inure to the benefit of and be binding on the heirs, executors, administrators, assigns, and the successors of the parties.

20. No third party beneficiaries. The parties do not intend that there be any third party beneficiaries to this Agreement, and nothing herein shall be construed to confer a cause of action upon any person not a party to this Agreement.

21. Further Action. The parties shall execute and deliver all documents, provide all information and take or forebear from all such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

IN WITNESS WHEREOF, each party to this Agreement has caused it to be executed on the date first above written.

LITTLE COTTONWOOD WATER COMPANY

By Almon Nelson

Printed Name:

Its: PRESIDENT

ATTEST:

[Signature]

Printed Name:

Its: Secretary

STATE OF UTAH )

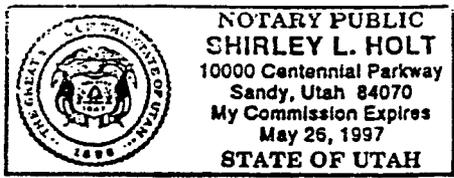
: ss.

County of Salt Lake )

On the 18 day of January, 1994, personally appeared before me Almon Nelson and Mrs. Hilson, who, being duly sworn did say that they are the President and Secretary of the LITTLE COTTONWOOD WATER COMPANY, a Utah nonprofit corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of a resolution of its board of directors; and said persons acknowledged to me that said corporation executed the same.

[Signature]  
NOTARY PUBLIC, residing in  
Salt Lake County, Utah

My Commission Expires:  
5-26-97



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SANDY CITY CORPORATION



By *Tom Dolan*  
Printed Name: Tom Dolan  
Title: Mayor

ATTEST:

*Dianne H. Aubrey*  
Printed Name: Dianne H. Aubrey  
Title: Sandy City Recorder

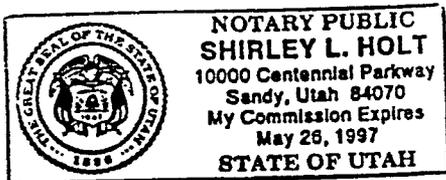
STATE OF UTAH            )  
  : ss.  
County of Salt Lake     )

On January 18, 1995, personally appeared before me, TOM DOLAN and DIANNE H. AUBREY, who being by me duly sworn, did say that they are the MAYOR and CITY RECORDER, respectively, of SANDY CITY CORPORATION, and said persons acknowledged to me that said corporation executed the same.

*Shirley L. Holt*  
NOTARY PUBLIC, residing in  
Salt Lake County, Utah

My Commission Expires:

5-26-97



55G/69 JB



(DUPLICATE)

# CERTIFICATE OF APPROPRIATION OF WATER

## STATE OF UTAH

APPLICATION NO. 3794. CERTIFICATE NO. 858.

U T A H L A K E - J O R D A N S I Y F R WATER DIVISION

Whereas, It has been made to the satisfaction of the undersigned, State Engineer of the State of Utah, that the appropriation of water from Little Cottonwood Creek in Salt Lake County; made by Little Cottonwood Water Company, has been perfected in accordance with the application therefor, received in the office of the State Engineer on the 3rd day of JANUARY, 1911, and recorded on page 74-76 in book 11 of the record of applications to appropriate water; Therefore, Be it known that I, G. F. M O N A S L E, State Engineer of the State of Utah, under and by authority and direction of the provisions of the Compiled Laws of Utah, 1907, as amended by Chapter 62 of the Session Laws of Utah, 1909, on "Water Rights and Irrigation," do hereby certify that the said Little Cottonwood Water Company, of M U T A N, is entitled to the use of 1.1 v. s. (5).

Salt Lake County, State of Utah, is entitled to the use of 1.1 v. s. (5) cubic feet of water per second, subject to the following restrictions, to-wit: The entire normal flow of Little Cottonwood Creek is diverted from the natural creek bed at a point N. 46°45'W. 3630 feet from the south-east corner of Section 2, Township 3 South, Range 1 East, Salt Lake Base and Meridian, which point is the head of the Big Nicol Ditch, and conveyed through said ditch a distance of 1123 feet to the intake of a ditch known as the Cut-off Ditch, thence down Cut-off Ditch-- which has a maximum width of 3 ft. in the bottom, 9 ft. on top, and a maximum effective depth of 3 ft.--for a distance of 6379 feet to and discharged into the natural channel of Little Cottonwood Creek at a point approximately 10,100 feet downstream from the point of diversion. A saving of five (5) second-feet of water, heretofore lost by seepage in the natural creek bed, is effected by this diversion. The water thus saved is allowed to flow down the natural channel of Little Cottonwood Creek to the various headgates of the various canal companies constituting the LITTLE COTTONWOOD WATER COMPANY, which are located at the following described points:

- VAN VALKENBURG DITCH, N. 76°00'W. 940 ft. from the south-east corner of Section 28, Township 2 South, Range 1 East;
- BRADY DITCH, W. 500 ft. from the south-east corner of Section 28, Township 2 South, Range 1 East;
- GREENWOOD DITCH, S. 56°00'E. 2200 ft. from the north-west corner of Section 34, Township 2 South, Range 1 East;
- RICHARDS DITCH, S. 62°45'E. 3140 ft. from the north-west corner of Section 34, Township 2 South, Range 1 East;

The date of the appropriation is JANUARY 3, 1911.

In witness whereof, I have hereunto set my hand and affixed the seal of my office this fifteenth day of JANUARY, A. D. 1911.

*G. F. Monasle*  
STATE ENGINEER

576/69 B



EXHIBIT B

LIST OF ASSETS OF LITTLE COTTONWOOD WATER COMPANY

1. Third surplus water rights in Little Cottonwood Creek
2. Red Pine Reservoir and water rights
3. Cecret Lake (Lake Flora) and water rights
4. Cut-off Savings Ditch and water rights
5. Key Bank account (cash)
6. Water service contracts:
  - (i) December 10, 1945 between LCWC and Whitmore Oxygen Company.
  - (ii) May 22, 1963 between LCWC and Canyonlands, Inc.
  - (iii) September 22, 1971 between LCWC and Albion Alps Property Owners.
  - (iv) December 30, 1981 between LCWC and the owners of homes in the Cecret Lake area.
  - (v) April 12, 1993 between LCWC and Alta Ski Lifts Company, for snowmaking, and amended March 15, 1994.
  - (vi) December 1, 1992 between LCWC and Alta Ski Lifts Company for Alpenglow Shelter and Watson Shelter.

EXHIBIT C

LITTLE COTTONWOOD WATER COMPANY  
DISTRIBUTION OF WATER RIGHTS

DITCH COMPANY	THIRD SURPLUS FLOW (CFS)	% OF TOTAL FLOW	CAPITAL SHARES	WATER % OF ALLOCATED TOTAL BASED ON		
				CAPITAL SHARES	SHARES (CFS)	PRESENT OWNERSHIP
BISSINGER	1.11	0.69%	153.5	0.25%	0.41	BISS/LDS CHURCH
VAN VALKENBERG	1.39	0.87%	183.1	0.30%	0.48	VV/LDS CHURCH
RICHARDS	6.68	4.18%	3952.0	6.55%	10.47	SLC
TANNER	11.00	6.88%	7335.0	12.15%	19.43	SLC
UNION & JORDAN	16.70	10.44%	11358.0	18.81%	30.08	SANDY CITY
CAHOON & MAXFIELD	31.16	19.49%	13623.0	22.57%	36.08	SLC
WALKER	6.68	4.18%	3952.0	6.55%	10.47	SLC
SANDY DITCH	55.68	34.82%	14437.0	23.92%	38.24	SANDY DITCH
SOUTH DESPAIN EXT.	16.70	10.44%	4095.0	6.78%	10.85	S. DESPAIN EXT.
THOMPSON	12.79	8.00%	1279.0	2.12%	3.39	SANDY CITY
-----						
	159.89	100.00%	60367.6	100.00%	159.89	
=====						

NOTES:

CAPITAL SHARES = PREFERRED SHARES PLUS COMMON SHARES

THE LDS CHURCH OWNS 82.5 SHARES. THESE SHARES WERE RECEIVED FROM THE BISSINGER DITCH (42.5 SHARES) AND THE VAN VALKENBERG DITCH (40.0 SHARES).

THE ABOVE ALLOCATIONS WILL ALSO BE USED TO DISTRIBUTE WATER STORED IN RED PINE LAKE AND CECRET LAKE.

6069 B

EXHIBIT D

LITTLE COTTONWOOD WATER COMPANY  
DISTRIBUTION OF CUT-OFF SAVINGS DITCH WATER RIGHT

DITCH COMPANY	THIRD SURPLUS FLOW (CFS)	% OF CUT-OFF SAVINGS RIGHT	FLOW FROM CUT-OFF SAVINGS RIGHT
VAN VALKENBERG	1.39	1.77%	0.09
BRADY DITCH 1 & 2	1.37	1.75%	0.09
GREENWOOD	3.34	4.26%	0.21
RICHARDS	6.68	8.53%	0.43
UNION AND JORDAN	16.70	21.32%	1.07
CAHOON AND MAXFIELD	31.16	39.79%	1.99
WALKER	6.68	8.53%	0.43
TANNER	11.00	14.04%	0.70
	78.32	100.00%	5.00

NOTE: THE STATE ENGINEER'S CERTIFICATE FOR THIS WATER RIGHT WAS ISSUED PRIOR TO THE FORMATION OF THE LITTLE COTTONWOOD WATER COMPANY. THEREFORE, BRADY DITCH 1 & 2 AND GREENWOOD DITCH ARE ENTITLED TO WATER RIGHTS AS SHOWN ABOVE EVEN THOUGH THEY DID NOT PARTICIPATE IN LITTLE COTTONWOOD WATER COMPANY.

6/10/69 BK



# Department of Public Utilities

THOMAS M. DOLAN  
MAYOR

BYRON JORGENSEN  
CHIEF ADMINISTRATIVE OFFICER

DARREL M. SCOW  
DIRECTOR

November 9, 1994

Tim Doxey  
Salt Lake City Public Utilities  
1530 South West Temple  
Salt Lake City, Utah 84115

Dear Mr. Doxey:

Enclosed are four copies of the "Agreement for Dissolution of the Little Cottonwood Water Company". Please coordinate the appropriate signatures for Salt Lake City.

Please return all four copies to me and I will coordinate signatures from Little Cottonwood Water Company's president, Almon Nelson.

A copy of the fully executed agreement will be sent to you after all the necessary signatures are obtained.

If you have any questions or comments please contact me at 568-7280.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Wilson".

Mike Wilson  
Water Manager

cc: Darrel M. Scow  
Director of Public Utilities

625/69 K

Shareholders Meeting

Little Cottonwood Water Company

September 27, 1994

Attendees: Almon Nelson, Dallas Richins, Doug Skeen, Frank Bagley, Glen Humphries, Darrel M. Scow, Mike Wilson

Discussion was held about the notice of the meeting. All shareholders were given five days notice. The notice of the meeting included a copy of the proposed dissolution agreement.

Mike Wilson provided an update to the dissolution process. He stated that the attorneys for Sandy City and Salt Lake City had drafted the agreement that was included with the notice. The purpose of today's special shareholder meeting was to vote on the proposed agreement.

Darrel M. Scow made a motion to dissolve the company with the proposed agreement being signed by Sandy City, Salt Lake City and Little Cottonwood Water Company.

Dallas Richins seconded the motion.

The vote of all shareholders present was unanimous in the affirmative.

Mike Wilson made a motion to authorize Almon Nelson to sign the proposed agreement for Little Cottonwood Water Company after the agreement has been signed by Sandy City and Salt Lake City.

Doug Skeen seconded the motion.

The vote of all shareholders present was unanimous in the affirmative.

Glen Humphries representing the Walker Ditch company state that he supported the dissolution of the company.

Frank Bagley representing Richards Ditch also stated support .

Dallas Richins and Mike Wilson will coordinate the signing of the agreements and the division of the company bank account.

Darrel M. Scow made a motion to adjourn.

Doug Skeen seconded the motion.

Meeting adjourned.

Minutes by Mike Wilson.

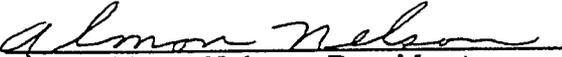
636/69 B

NOTICE OF A SPECIAL MEETING OF MEMBERS OF  
THE LITTLE COTTONWOOD WATER COMPANY

You are invited to attend a special meeting of the members (shareholders) of the Little Cottonwood Water Company which has been called by the governing board (directors) to be held on September 27, 1994 at the hour of 2:00 p.m. at the Public Works Conference Room at the Sandy City Hall, 10000 South Centennial Parkway, Sandy, Utah, to provide an update on dissolving the company; to perform final voting on dissolving the company; and to discuss other matters and to take other actions related to dissolution.

A Directors meeting may be held following the special meeting.

DATED this 12 day of September, 1994.

  
Almon Nelson, President

Enclosure: Agreement for Dissolution of the Little Cottonwood Water Company and Distribution of its Assets (proposed)..

9/14/94 Mailed original w/ draft of agreement to Dallas Richins.  
He will send notices on 9/19/94

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State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER RIGHTS

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

Robert L. Morgan  
State Engineer

1636 West North Temple, Suite 220  
Salt Lake City, UT 84116-3156  
801-538-7240  
801-538-7467 (Fax)

July 12, 1994

Alman Nelson  
Little Cottonwood Water Association  
8445 South 300 East  
Sandy, UT 84070

Re: Red Pine/UT00256

Gentlemen:

Section 73-5a-501 of the Utah Code Annotated 1953, as amended, charges the State Engineer (The Utah Division of Water Rights) with the responsibility of inspecting dams in the state.

We have scheduled our dam inspection of the above-referenced dam for Tuesday, July 19, 1994, 9:00 a.m., at the White Pine Trail Head. Please see that your representative has the keys and proper equipment to operate the outlet and gain access to any towers, wells or tunnels.

If you have any questions, scheduling conflicts or contemplate any problems with access to the site, please contact this office. Your cooperation will be appreciated.

Sincerely,

Richard B. Hall, P.E.  
Assistant State Engineer

RBH/sh

pc: Jim Riley - Regional Engineer  
Director - Salt Lake County Emergency Services  
Ed Higbee - Salt Lake City  
Bill Self - Forest Service Regional Office  
Wasatch-Cache National Forest



65G/69 B

SOULE, SPALDING AND DAY  
ATTORNEYS AND COUNSELORS AT LAW  
701-4 WALKER BANK BUILDING  
SALT LAKE CITY 1, UTAH

O. P. SOULE  
F. L. SPALDING  
C. NELSON DAY

TELEPHONE  
3-6265

31 July 1947

Mr. Glen Stuart and Associates  
c/o Postmaster  
Midvale, Utah

Gentlemen:

Pursuant to your request for an opinion on the status of your land and water rights under the Patent dated 12 June 1911 from the United States to the Secret Mining and Milling Company of certain mining claims known as the Cole and Cecret No. 1, No. 2, No. 5 and No. 4 lode mining claims designated by the Surveyor General as Survey 5805, we have to report as follows:

As to the Real Estate

The description to this real property is very long and detailed, being by metes and bounds, and we have not checked it for errors in description in the various conveyances shown in your Abstract of Title number 59859. This could only be properly determined by an engineer, but this is not material at this time.

The name of the corporation patenting the mining claims is the "Secret" Mining and Milling Company, but the mining claims are listed as "Cecret". This irregular use or misspelling of the word "secret" appears throughout the Abstract, but could be cured by an affidavit of a person as well advised and informed of the facts as Muryel A. Stuart. This affidavit should be filed in the office of the Salt Lake County Recorder.

There is a similar irregularity in the spelling of the name "Stuart". At sheet 10 of the Abstract it appears that Salt Lake County quit claims the property to Clough and Stewart. On sheet 11, R. V. Clough and wife quit claim to A. Stuart. On sheet 14 an Auditor's tax deed is made by Salt Lake County to Rose Stewart. At sheet 15 a Decree of quiet title is obtained by A. Stuart sometimes known as A. Stewart as against the Cecret Mining and Milling Company. At sheet 20 a quit claim deed is made by A. Stuart to Rose Stewart. At sheet 26 Rose Stuart quit claims to Muryel A. Stuart. And there are other similar irregularities in the tax sales and redemptions listed in the Abstract. All of these difficulties could also be corrected by affidavit. This should be done while Muryel A. Stuart and Glen Stuart or other members of the family who are acquainted with these facts are alive. It would be very inexpensive to correct such above referred to irregularities by such use of affidavits. If you come to a sale of this property, undoubtedly the purchaser would require such corrections to be made as above indicated.

The Abstract shows prima facie title in Muryel A. Stuart as an individual. No trust relationship appears anywhere. If it is the

66 G/69 JS

thought of the family that all of the heirs of A. Stuart and Rose Stuart have an interest in such property, then Muryel A. Stuart should execute and record a declaration of trust showing that in fact he does hold such property in trust for the heirs of A. Stuart and Rose Stuart.

#### As to the Water Rights

On 16 June 1910 a decree was made and entered in the Third Judicial District Court in and for Salt Lake County, State of Utah, which decree is known as the Morse Decree, which adjudicated certain water rights including all of the water flowing in what is known as the Little Cottonwood Creek channel and all its sources and tributaries. This decree included seepage waters and the waters of ponds and small lakes in the mountains and along the creeks in the valleys of the mountains which may or do drain into the said Little Cottonwood Creek either from the surface or by subterranean flow. Such decree did include the waters accumulated and accumulating in Lake Flora located in the upper basin region of Alta on the real property now in the name of Muryel A. Stuart. Such water is therefore not subject to appropriation for irrigation purposes at this time, nor at any time subsequent to the entry of the Morse Decree on 16 June 1910.

Indicative of the above we refer to the case of Little Cottonwood Water Company v Bacon, State Engineer, and Thompson Ditch Company, case number 41453 in the Third Judicial District Court, in and for Salt Lake County, State of Utah, the decree of which dated 3 February 1959 ordered the State Engineer to reverse his prior action in granting approval to the Thompson Ditch Company for the appropriation and storage of 60 acre feet of water at Lake Flora, such decree being based on the said Morse Decree, and affirming that all waters of such lake had previously been appropriated and holding that there were no unappropriated waters available in the Little Cottonwood Creek or in the source and/or tributaries including Lake Flora. Such decree directed the State Engineer to reject the application of the Thompson Ditch Company on the ground that there were no unappropriated waters available, and that such a contemplated appropriation of the waters of Lake Flora would interfere with and deprive the owners of the water of Little Cottonwood Creek of their primary and vested and adjudicated rights therein.

Records of the State Engineer's Office disclose that on 16 November 1926 the Thompson Ditch Company by A. Stuart, Secretary, made application #10080 to appropriate 60 acre feet of surplus water and to store the same in Lake Flora, and to erect a dam and diversion works. Such application was protested by Leland H. Kimball on 15 March 1927, by Little Cottonwood Water Company on 18 March 1927, and by T. F. McDonald, Murray City Engineer, on 19 March 1927; but was approved by the State Engineer on 7 November 1927. The time for making proof of beneficial use of the water was extended from 15 November 1929 to 15 November 1930, to 5 July 1956, to 15 October 1958. The time for making proof of appropriation was extended to 15 October 1940. Such records show that the ditches and diverting works were

constructed by the Thompson Ditch Company, but on 5 February 1939 the Third Judicial District Court ordered the State Engineer to reject the such application on the ground that there were no unappropriated waters available, and this the State Engineer did.

The records of the State Engineer's Office further show that on 21 March 1941, George H. Watts of 239 East 64th South, Murray, Utah, made application number 14156 to appropriate 100 acre feet of surplus water in Little Cottonwood Creek and to erect a 20 feet dam at the outlet of Lake Flora for the storage of such water. This application was approved subject to prior rights on 24 November 1941. The application was assigned by Watts to the Little Cottonwood Water Company on 17 August 1944, and such assignment was filed in the State Engineer's Office on 21 August 1944. This Watts application alleges that Lake Flora is in Section 9, Township 3 South, Range 3 East, S.L.B. & M., and that the impounding dam would be at a point South 11°32' East 9020 Feet from NE corner of SE $\frac{1}{4}$  of Section 32, Township 2 South, Range 3 East, S.L.B. & M. Such records further show that on 9 November 1943 Watts requested an additional two years extension to 10 December 1945 to make proof, alleging that an impounding dam 8 feet had been built of concrete and rock construction, that an outlet pipe had been placed and properly valved, and that 40 acre feet of water had been impounded and was being beneficially used. This request for additional time was approved on 15 November 1943. On 9 November 1945, D. E. Greenwood, Vice President of Little Cottonwood Water Company, requested an additional 4 year extension of time to make proof, alleging the impounding dam had raised water 8 feet, that 40 acre feet of water was being stored and beneficially used, and also that logs had been dragged from the banks of the lake, brush had been cut, and exploration work for construction materials near the lake had been done at a cost of approximately \$100. It was estimated in the Watts request that an additional \$2000 would be necessary to raise the dam to 20 feet in height, and estimated in the Greenwood request that it would require \$2500 to complete the dam. This last request for additional time to 10 December 1949 was approved on 19 November 1945.

It is apparent from the District Court decrees above referred to that there is no unappropriated water available for appropriation, and that the same thing will happen to the Little Cottonwood Water Company on the Watts application as happened to the Thompson Ditch Company on its application as soon as some interested party, such as yourselves, calls the matter to the attention of the State Engineer and/or the Third Judicial District Court in and for Salt Lake County, State of Utah.

It follows from the foregoing facts that the Little Cottonwood Water Company has no interest in the waters of Lake Flora as such, but only as such rights were adjudicated under the Horse Decree. It would appear that the action of the Little Cottonwood Water Company in going on the land and using the valve placed in the dam at Lake Flora by the Thompson Ditch Company is a trespass upon the real property in the name of Muryel A. Stuart. It would further appear

that the Little Cottonwood Water Company cannot continue to use such dam and valve without condemning the same or contracting for the same through lease or purchase, and in any event paying just compensation therefor. In Utah by statute there is a right of condemnation in water users to acquire user of the lands of others to carry and use their water; but to exercise this right they must be able to show that they have or can obtain through application to the State Engineer water rights for irrigation or other useful purpose, which water rights have not theretofore been appropriated by or decreed to other water users. In view of the adjudication, in the cases noted herein, there is no surplus water available for appropriation, and we are therefore of the opinion that the Little Cottonwood Water Company cannot condemn a right of way over the land standing in the name of Muryel A. Stuart on which Lake Flora is located, either to raise the dam or otherwise divert the water. Even if they could condemn a right of way, we see no way by which they could acquire this so-called surplus water inasmuch as it has been adjudicated that there is none. Any attempt by the Little Cottonwood Water Company to appropriate or store any of the alleged surplus water could be stopped by restraining order of the court by any water user in this Creek, under the Morse Decree - just as the Little Cottonwood Water Company prevented the Thompson Ditch Company from so appropriating such water.

These matters, however, are not your troubles. If the Little Cottonwood Water Company wants to pay you for raising the dam and using the valve thereto on the land now in the name of Muryel A. Stuart, he has a perfect right to sell such right if he desires to do so, and at a price he may require - letting them take their own chances on using the water.

The question of the value of the right to use such dam and valve or to raise such dam by the Little Cottonwood Water Company is strictly a question of fact, and can probably be better answered by yourselves or others who use the water in this water system. The records in the minute book of Thompson Ditch Company do not give the costs of erecting such dam and valve, although mention is made of an expenditure of \$1600.00 on some cement work. In view of the general increase of prices in real estate and building costs, it is certain that the value of such dam and valve have also greatly increased since the original installation.

We are of the opinion, as herein set forth, that you may not make any sale or lease or otherwise deal in the water rights of Lake Flora, but you can sell, lease or otherwise deal in a right of way or other user of your real property on which this Lake is situated.

We will be pleased to discuss this matter further with you at any convenient time, if you so wish.

Very truly yours,

SCULE, SPALDING AND DAY

By 