

EXHIBIT A



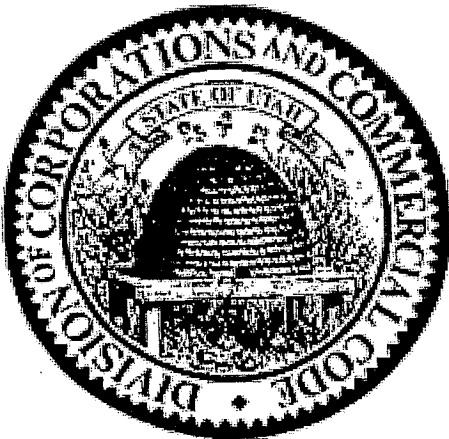
Utah Department of Commerce
Division of Corporations & Commercial Code
160 East 300 South, 2nd Floor, PO Box 146705
Salt Lake City, UT 84114-6705
Service Center: (801) 530-4849
Toll Free: (877) 526-3994 Utah Residents
Fax: (801) 530-6438
Web Site: <http://www.commerce.utah.gov>

09/09/2010
5823339-016009092010-2984602

CERTIFICATE OF EXISTENCE

Registration Number:	5823339-0160
Business Name:	GRAND STAIRCASE WATER COMPANY, LLC
Registered Date:	January 28, 2005
Entity Type:	LLC - Domestic
Current Status:	Good Standing

The Division of Corporations and Commercial Code of the State of Utah, custodian of the records of business registrations, certifies that the business entity on this certificate is authorized to transact business and was duly registered under the laws of the State of Utah. The Division also certifies that this entity has paid all fees and penalties owed to this state; its most recent annual report has been filed by the Division (unless Delinquent); and, that Articles of Dissolution have not been filed.



Kathy Berg

Kathy Berg
Director
Division of Corporations and Commercial Code



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Registration Number: 5823339-0160

November 3, 2009

Business Name: GRAND STAIRCASE WATER COMPANY, LLC

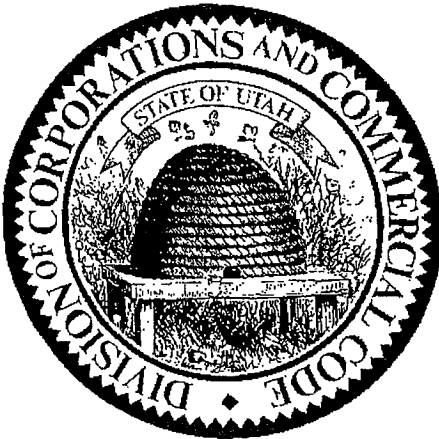
Registered Date: JANUARY 28, 2005

CERTIFIED COPY OF ARTICLES OF ORGANIZATION AND AMENDMENT

THE UTAH DIVISION OF CORPORATIONS AND COMMERCIAL CODE ("DIVISION") HEREBY CERTIFIES THAT THE ATTACHED IS TRUE, CORRECT, AND COMPLETE COPY OF THE ARTICLES OF ORGANIZATION AND AMENDMENT OF

GRAND STAIRCASE WATER COMPANY, LLC

AS APPEARS OF RECORD IN THE OFFICE OF THE DIVISION.



Kathy Berg

Kathy Berg
Director
Division of Corporations and Commercial Code

Dept. of Professional Licensing
(801) 530-6628

Real Estate
(801) 530-6747

Public Utilities
(801) 530-6651

Securities
(801) 530-6600

Consumer Protection
(801) 530-6601

ARTICLES OF ORGANIZATION

OF

GRAND STAIRCASE WATER COMPANY, LLC

(Pursuant to Section 48-2c-403 of the Utah Limited Liability Company Act)

To the Divisions of Corporations
and Commercial Code
of the State of Utah

The undersigned person, acting as an organizer of the limited liability company hereinafter named,
sets forth the following statements:

FIRST: The name of the limited liability company is Grand Staircase Water
Company, LLC (the "Company").

SECOND: The period of duration of the Company is perpetual.

THIRD: The business purpose for which the company is formed is real estate
development.

FOURTH: The street address and the name of the registered agent of the Company
at that address, as required by the provisions of Section 48-2c-302 of the Utah Limited Liability
Company Act, are as follows: Corporation Service Company, Gateway Tower East, 10 East South
Temple, Suite 900, Salt Lake City, Utah 84133.

FIFTH: The management of the Company is reserved to the members. The name
and the street address of each of the initial member of the Company are:

<u>NAME</u>	<u>STREET ADDRESS</u>
Canyon Land Development, LLC	301 Convent Avenue Tucson, AZ 85701
Pangolin Development, LLC	10 East South Temple Salt Lake City, UT 84133

State of Utah
Department of Commerce
Division of Corporations and Commercial Code
I hereby certify that the foregoing has been filed
And approved on this 28 day of JAN 2005
In this office of this Division and hereby issued 1
this Certificate thereof.
1895617056333 Examiner CTV Date 2/4/2005



Kathy Berg
Kathy Berg
Division Director

EXPEDITE

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Utah Div. of Corp. & Comm. 1, 250

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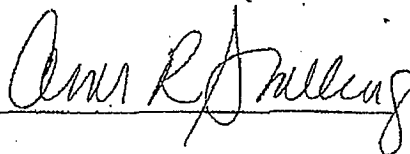
SIXTH: The address of the Company's designated office for statutorily required record keeping is 10 East South Temple, Suite 900, Salt Lake City, Utah 84133.

SEVENTH: The director of the division is appointed the agent of the Company for service of process if the agent has resigned, the agent's authority has been revoked, or the agent cannot be found or served with the exercise of reasonable diligence.

EIGHTH: The aforesaid registered agent hereby acknowledges its appointment as such:

CORPORATION SERVICE COMPANY

By:



Executed on:

January 27, 2005

IN WITNESS WHEREOF, I have signed this document on the date set forth below and do hereby affirm, under penalties of perjury, that the statements contained therein have been examined by me and are true and correct.

Dated: January 27, 2005.


Irene Lawton Kisch, Organizer

c/o Farella Braun + Martel, LLP
235 Montgomery Street, 30th Floor
San Francisco, CA 94014

5823339

AMENDMENT

State of Utah
Department of Commerce
Division of Corporations and Commercial Code
I hereby certify that the foregoing has been filed
and approved on this 8 day of Aug, 2006
In this office of this division and hereby issue
this Certificate of thereof.

ARTICLES OF AMENDMENT

TO

ARTICLES OF ORGANIZATION

OF

GRAND STAIRCASE WATER COMPANY, LLC

RECEIVED

AUG - 8 2006

Utah Div. Of Corp. & Comm. Code



Examiner



Date 8-9-06

Kathy Berg
Utah Div. Of Corp. & Comm. Code

The undersigned person, acting on behalf of the members of the limited liability company hereinafter named, sets forth the following amendments:

1. The name of the limited liability company is GRAND STAIRCASE WATER COMPANY, LLC.
2. The Articles of Organization shall be amended as set forth herein.
3. The THIRD article is amended to read in its entirety as follows:

THIRD: The business purposes for which the company is formed are to hold, vest, use, lease and sell water rights, to own and operate a water distribution system, including wells, pipelines, tanks and other appurtenances in order to provide culinary and secondary water, and to perform and pursue all other lawful purposes.

4. The FIFTH article is amended to read in its entirety as follows:

FIFTH: The members of the Company are:

NAME

STREET ADDRESS

Canyon Land Development, LLC

c/o Canyon Equity LLC
101 Larkspur Landing Circle, Suite 310
Larkspur, CA 94939
Attn.: Homi Vazifdar

Page Three, LLC

c/o Canyon Equity LLC
101 Larkspur Landing Circle, Suite 310
Larkspur, CA 94939
Attn.: Homi Vazifdar

Christoph Henkel

25 Dawson Place
London, England W2 4TH
United Kingdom

Date: 08/08/2006

Receipt Number: 1255592

Amount Paid: \$37.00

5823339

5. A new article NINTH shall be added, which shall read in its entirety as follows:

NINTH: The business and management of the Company is to be performed by a manager. The name and the street address of the manager are:

NAME

STREET ADDRESS

Canyon Equity LLC

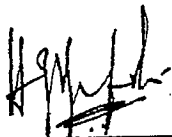
101 Larkspur Landing Circle, Suite 310
Larkspur, CA 94939
Attn.: Homi Vazifdar

6. As required by Utah Code Ann. §§ 48-2c-408(1)(e) and 48-2c-803, each amendment contained herein is adopted by the undersigned initial members of the company.

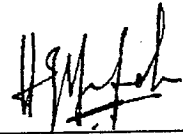
MEMBERS:

Canyon Land Development, LLC

Pangolin Development, LLC



By Homi Vazifdar, Chief Executive
Officer and Director

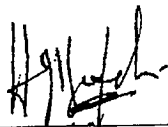


By Homi Vazifdar, by Resolution of
Sole Manager of Pangolin
Development, LLC

Executed and adopted by the Members on August 3, 2006.

MANAGER OF GRAND STAIRCASE WATER COMPANY, LLC:

Canyon Equity LLC, a Delaware limited liability company



By Homi Vazifdar, Chief Executive Officer and Member

Executed by the Manager on August 3, 2006.

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AMENDED AND RESTATED OPERATING AGREEMENT

OF

GRAND STAIRCASE WATER COMPANY, LLC

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AMENDED AND RESTATED OPERATING AGREEMENT
OF

GRAND STAIRCASE WATER COMPANY, LLC,
a Utah limited liability company (the "Company")

THIS AMENDED AND RESTATED OPERATING AGREEMENT ("Agreement") is made as of the 10th day of August, 2006, by and among Canyon Land Development, LLC, a Delaware limited liability company ("Canyon Land"), as a Member, Page Three, LLC, a Utah limited liability company ("Page Three"), as a Member, Christoph Henkel, as a Member, and Canyon Equity LLC, a Delaware limited liability company as the sole Manager ("Canyon Equity" or "Manager").

RECITALS

This Company was formed on January 28, 2005 to acquire, hold, vest, use, lease and sell water rights, to own and operate a water distribution system, including wells, pipelines, tanks and other appurtenances in order to provide culinary and secondary water, and to perform and pursue all other lawful purposes. Since its original formation, with Canyon Land and Pangolin Development, LLC as the only two Members and Page One, LLC as the sole Manager, the Company has not acquired any water rights or other assets.

The Members are entering into this Agreement to acknowledge that Page Three and Christoph Henkel have replaced Pangolin Development, LLC as Members of the Company, to acknowledge that Canyon Equity has replaced Page One, LLC as the sole Manager of the Company, and to incorporate the investment terms and the water rights contributions by the Members.

NOW, THEREFORE, incorporating the foregoing Recital and in consideration of the mutual agreements and covenants contained herein, the parties hereby agree as follows:

1. ORGANIZATIONAL MATTERS

1.1 Formation. The Company was formed as a limited liability company pursuant to the provisions of the Utah Limited Liability Company Act (as amended from time to time, the "LLC Act"). Unless otherwise expressly provided in this Agreement, the rights and liabilities of the Manager and the Members will be as provided in the LLC Act. To the extent the provisions of this Agreement conflict with any provisions of the LLC Act, the provisions of this Agreement will control and the conflicting provisions of the LLC Act will be deemed waived to the maximum extent permitted by law.

1.2 Name and Place of Business. The Company will transact business under the name of "Grand Staircase Water Company, LLC" or such other name as the Manager may hereafter select. The principal place of business of the Company shall be at 101 Larkspur Landing Circle, Suite 310, Larkspur, California 94939, or at such other place as the Manager may hereafter determine.

1.3 Purpose of the Company. The principal business and purpose of the Company is to acquire, hold, vest, use, lease and sell water rights, to own and operate a water distribution system, including wells, pipelines, tanks and other appurtenances in order to provide culinary and secondary water, and to perform and pursue all other lawful purposes. The water rights being contributed by or on behalf of the Members as described in Section 2.1 (Initial Contributions) and all wells, pipelines, tanks and all other water equipment, systems and facilities shall be termed the "**Property**" herein. The Company may engage in all activities that are necessary and appropriate to the conduct of such business, but shall not engage in any other business or activity unless approved pursuant to Section 5.2.2.

1.4 Articles of Formation. Manager has prepared, executed and filed in the office of the Utah Secretary of State the "Articles of Organization" of the Company in accordance with the LLC Act (the "**Articles**") and shall prepare, execute and file such amendments thereto as may be approved by the Members from time to time, including the amendment reflecting the change in the Manager and Members described in the Recitals, and shall cause a certified copy of the Articles to be filed or recorded in any county or location in which such filing or recording is required by law or is deemed appropriate by the Manager.

1.5 Other Certificates. The Members shall execute and Manager shall file and cause to be published or recorded from time to time such other statements, certificates and other documents as may be required and shall take such other action as may be required by the law of any jurisdiction where the Company conducts business or is deemed appropriate by the Manager.

1.6 Agent for Service of Process. The name and address of the registered agency of the Company for services of process on the Company in the State of Utah is Corporation Service Company, 10 East South Temple, Suite 900, Salt Lake City, Utah 84133. The Manager may change the designation of the agent for service of process and make any necessary filing with the Secretary of State of Utah. Promptly after receipt, each registered agent and replacement agent for service of process, will deliver copies of all legal processes and other notices served on him as agent for the Company to the Manager.

1.7 Term. The Company will commence on the filing of the Articles in Utah, and, subject to the provisions of Article 8 (Dissolution and Winding Up), will continue indefinitely, unless sooner terminated pursuant to the provisions of this Agreement.

1.8 Costs of Formation. The Company will reimburse the Manager and each of the Members for its reasonable attorney's fees and costs incurred in connection with the formation of the Company, including the preparation of this Agreement.

1.9 Percentage Interests. The Members' "**Percentage Interest**," which shall represent their interest in all of the assets, distributions, profits and losses of the Company, shall be: Canyon Land - 4.606%, Page Three - 38.724%, and Christoph Henkel - 56.670%. The term "**Pro-Rata**" shall mean in proportion to the Members' Percentage Interests at the time in question. The term "**Membership Interest**" shall mean, as to any Member at any given time, such Member's interest in the Company, including the Member's Adjusted Capital and Capital Account, rights to distributions and Profits and Losses and any other rights and interests of such Member in the Company.

1.10 Prime Rate. A variable rate per annum equal to the highest "**Prime Rate**" as published from time to time by the Wall Street Journal (or a comparable publication if it is no longer being published) but in no event greater than is permitted by applicable law.

2. FINANCIAL MATTERS

2.1 Initial Contributions. Upon the execution of this Agreement or shortly thereafter, the Members shall contribute, or cause to be contributed on their behalf, the following (collectively, the "**Initial Contributions**"): (i) Canyon Land shall cause Page One, LLC, in fulfillment of Page One, LLC's obligations to Canyon Land to do so, to contribute, by Water Right Quit Claim Deed to the Company, 4.606% of Kane County Utah Water Right #89-1155 and 4.606% of Kane County Utah Water Right #89-1619; (ii) Page Three shall cause Page One, LLC, in fulfillment of Page One, LLC's obligations to Page Three to do so, to contribute, by Water Right Quit Claim Deed to the Company, 38.724% of Kane County Utah Water Right #89-1155 and 38.724% of Kane County Utah Water Right #89-1619; (iii) Christoph Henkel shall contribute, by Water Right Quit Claim Deed to the Company, 56.670% of Kane County Utah Water Right #89-1155 and 56.670% of Kane County Utah Water Right #89-1619; and (iv) cash to the capital of the Company in the amount of their Percentage Interest times the amount of cash, if any, required by the Manager in a cash capital call notice to the Members. The combined total of all of the foregoing water rights is 2,171.91 acre feet of water, which are currently valued, based on third party advice, at \$2,000.00 per acre foot or a total value of \$4,343,820.00. The value of the contributed water rights shall be allocated to the Capital Accounts of the Members, in accordance with their Percentage Interests, as follows: Canyon Land - \$200,076.35; Page Three - \$1,682,100.86; and Christoph Henkel - \$2,461,642.79.

2.2 Additional Contributions. The Members shall provide all additional funds required by the Company from time to time to meet the Company's working capital requirements and for acquisition, development, construction, operation, maintenance, leasing and improvement of the Property and payment of Company expenses. The Members shall provide all such funds by making contributions of additional capital ("**Additional Contributions**") to the Company from time to time, within fifteen (15) days following a written call by the Manager; provided, however, that no third party, including without limitation, any creditor of the Company, shall have any right to require the Manager to make a capital call or to enforce the obligations, if any, of the Members to contribute additional capital. The term "**Capital Contributions**" shall include all Initial Contributions and Capital Contributions of the Members.

2.3 Failure to Make Contributions. In the event that any Member does not make the full amount of any required Initial Contribution or Additional Contribution (the "**Non-Contributing Member**"), any other Member (the "**Contributing Member**") will have the right to make some or all of the amount of the Initial Contribution or Additional Contribution that the Non-Contributing Member failed to make (the "**Shortfall Amount**"). The portion of the Shortfall Amount contributed by the Contributing Member (the "**Shortfall Contribution**") shall be treated as a loan made by the Contributing Member to the Company, shall bear interest from the date of contribution to the date paid at a variable rate per annum equal to the Prime Rate plus 8%, compounded quarterly (but in no event greater than is permitted by law), and shall be repaid in full before any other distributions are made to any Member.

2.4 Distributions of Cash Flow. The Company will distribute all cash received by the Company from all sources, less amounts required to pay all Company expenses and obligations

and less any working capital reserves established by the Manager, in its sole discretion, to pay for the Company's future needs, to the Members with respect to their Membership Interests in the Company, within thirty (30) days following the end of each calendar quarter, in the following order and priority:

2.4.1 First, to the Members (with no Member having priority over another) in proportion to each Member's unpaid Shortfall Contribution and all interest accrued thereon, until the amount due each Member is reduced to zero;

2.4.2 Second, to the Members (with no Member having priority over another) who have made loans to the Company, in proportion to the outstanding principal amount of each Member's loans, until all the loans and all the accrued and unpaid interest thereon are paid in full;

2.4.3 Third, to the Members (with no Member having priority over another) in proportion to the returns due the Members on their Adjusted Capital, which returns shall be calculated on each Member's Adjusted Capital with interest equal to the Prime Rate plus four percent (4%) per annum, cumulative and compounded annually, until the Members have received all of such returns;

2.4.4 Fourth, to the Members (with no Member having priority over another) in proportion to the Members' Adjusted Capital until each Member's Adjusted Capital is reduced to zero; and

2.4.5 The balance to the Members (with no Member having priority over another) in proportion to their Percentage Interests at the end of the calendar quarter for which the distribution is being made.

2.5 Guarantees. If demand is made on any Member or Affiliate (defined in Section 7.1 below) of such Member for payment under any guaranties or indemnities that were provided by the Company or, with the written approval of the Manager, by the Member or its Affiliate (the "**Shared Guaranties**") or any such party pays any amounts under any Shared Guaranties, or if any obligations for liabilities under Shared Guaranties are satisfied from any such party's assets, such Member who pays or whose Affiliate pays (each a "**Paying Member Guarantor**") shall notify the other Members of such demand, payment or satisfaction and request that each other Member pay its Pro-Rata share of the demand made on the Paying Member Guarantor or the payment or satisfaction made by the Paying Member Guarantor. The Paying Member Guarantor may include in its request for payment all amounts paid or expended in connection with the Shared Guaranties, including all amounts paid or incurred by the Paying Member Guarantor in administering or defending against the guarantee or other agreement. Each request for payment by the Paying Member Guarantor shall be treated for all purposes as a capital call for Additional Contributions. All amounts so paid by the Paying Member Guarantor (net of payments to it by the Company pursuant to this Section 2.5 (Guarantees)) and all amounts paid to the Company by a Member or its Affiliate with respect to the Shared Guaranties, other than Shortfall Contributions, shall be deemed an Additional Contribution made by such Member. Each Member that pays its Pro-Rata share of the total amount due under the Shared Guaranty and the Paying Member Guarantor's administration and defense costs shall be deemed a Contributing Member. Any Member who fails to make its required contribution shall be deemed a Non-Contributing Member and the amount not contributed shall be the Shortfall Amount and if

paid by the Paying Member Guarantor, it shall be deemed to have made the Shortfall Contribution. If the Paying Member Guarantor has not already paid the applicable Shortfall Amount, the Contributing Members shall have all of the rights, options and remedies set forth in Section 2.3 (Failure to Make Contributions) with respect to such Shortfall Amount and with respect to their contribution. All amounts paid by or on behalf of Contributing Members, other than Shortfall Contributions, shall be credited to their Adjusted Capital and Capital Accounts, and all such amounts shall be promptly distributed by the Company to the Paying Member Guarantor upon receipt, to the extent the Paying Member Guarantor has previously made payment or satisfaction to the applicable creditor or claimant in excess of its Member's Pro-Rata share of the amount payable to such creditor or claimant. Notwithstanding the foregoing, no Manager or Member, or any of their Affiliates, shall be required to provide any lender or other party with a guarantee of any type or purpose, including customary non-recourse "carve-outs" and environmental indemnities. If any Member or Affiliate of such Member (each a "Member Guarantor") provides any Shared Guaranties for the benefit of the Company, which Shared Guaranties are approved by the Manager, that Member Guarantor shall be entitled to receive an annual fee (the "**Guaranty Fee**") from the Company equal to five percent (5%) of the amount of the Shared Guaranty. In determining the amount of the Shared Guaranty for purposes of calculating the Guaranty Fee, all amounts for which the Member Guarantor is at risk shall be included, which shall include: (i) all principal amounts of a loan that are specifically guaranteed; (ii) twenty-five percent (25%) of the total principal amount of a loan for which the Member Guarantor has guaranteed environmental risks and/or the carve-outs from the non-recourse provisions of a loan; and (iii) the value, based on the financial risk and exposure to the Member Guarantor, of any other risks covered by the Shared Guaranty, which value shall be agreed upon by the Manager and the Member Guarantor. The Guaranty Fee shall be paid for as long as the Shared Guaranty remains a valid and binding obligation of the Member Guarantor and shall be payable annually in arrears on each anniversary of the effective date of the Shared Guaranty, with the last payment due within thirty (30) days after the date the Shared Guaranty is no longer a valid and binding obligation of the Member Guarantor.

3. TAX MATTERS

3.1 Definitions. In addition to the terms defined in the Recitals and elsewhere in this Agreement, the following words, when capitalized, shall have the meanings set forth below, unless the context otherwise requires:

3.1.1 Adjusted Capital. For each Member, as of a particular date, the total amount of such Member's Initial Contributions and Additional Contributions reduced by distributions of capital made to such Member.

3.1.2 Adjusted Capital Account Deficit. Means with respect to any Member, the negative balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, determined after giving effect to the following adjustments: (a) credit to such Capital Account any portion of such negative balance which such Member (i) is treated as obligated to restore to the Company pursuant to the provisions of Treasury Regulations Sec. 1.704-1(b)(2)(ii)(c), or (ii) is deemed to be obligated to restore to the Company pursuant to the penultimate sentences of Treasury Regulations Secs. 1.704-2(g)(1) and 1.704-2(i)(5); and (b) debit to such Capital Account the items described in Treasury Regulations Secs. 1.704-1(b)(2)(ii)(d)(4), (5) and (6). This definition of Adjusted Capital Account Deficit is intended to

comply with the provisions of Treasury Regulations Sec. 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

3.1.3 Carrying Value. Means (a) with respect to a property contributed to the Company by a Member, the fair market value of such property, as determined in good faith by the Members, reduced (but not below zero) by all depreciation with respect to such property charged to the Members' Capital Accounts and (b) with respect to any other asset of the Company, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property may be adjusted from time to time to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Company properties, as deemed appropriate by the Members and consistent with the provisions of Treasury Regulations Sec. 1.704-1(b)(2)(iv)(f).

3.1.4 Code. The Internal Revenue Code of 1986, as amended.

3.1.5 Modified Adjusted Capital Account. With respect to any Member, an amount equal to such Member's Capital Account, increased by the sum of such Member's share of Company minimum gain (as determined under Treasury Regulations Sec. 1.704-2) and such Member's share of "member minimum gain" (as determined under Treasury Regulations Sec. 1.704-2(b)(4)), and reduced by any adjustments, allocations or distributions described in Treasury Regulations Sec. 1.704-1(b)(2)(ii)(d)(4), (5) or (6).

3.1.6 Nonrecourse Liability. As defined in Treasury Regulations Sec. 1.704-2(b)(3).

3.1.7 Profits or Losses. For each taxable year, the Company's taxable income or taxable loss for such taxable year, as determined under Section 703(a) of the Code and Treasury Regulations Section 1.703-1 (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or taxable loss), but with the following adjustments:

(i) Any tax-exempt income, as described in Section 705(a)(1)(B) of the Code, realized by the Company during such taxable year shall be taken into account in computing such taxable income or taxable loss as if it were taxable income.

(ii) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code for such taxable year, including any items treated under Treasury Regulations Sec. 1.704-1(b)(2)(iv)(i) as items described in Section 705(a)(2)(B) of the Code, shall be taken into account in computing such taxable income or taxable loss as if they were deductible items.

(iii) Any items of income, gain, loss or deduction that are required to be allocated specially to the Members pursuant to Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes) shall not be taken into account in computing such taxable income or taxable loss.

(iv) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the Company shall compute such deductions based on the Carrying Value of Company property, in accordance with Treasury Regulations Sec. 1.704-1(b)(2)(iv)(g)(3).

(v) Profit and Loss from the sale of any Company property shall be computed according to the Carrying Value of the Company property.

If the Company's taxable income or taxable loss for a taxable year, as adjusted in the manner provided in subparagraphs (1) through (5) above, is a positive amount, such amount shall be the Company's Profit for such taxable year; and if negative, such amount shall be the Company's Loss for such taxable year. The book value of Company property shall be, as of any particular date, the value at which any asset of the Company is properly reflected on the books of the Company as of such date in accordance with the provisions of Treasury Regulations Sec. 1.704-1(b).

3.1.8 Target Capital Account. Means an amount, determined with respect to each Member for any Fiscal Year, equal to the hypothetical distribution such Member would receive if each Company asset were sold for an amount of cash equal to such asset's Carrying Value as of the end of such Fiscal Year, each liability of the Company were satisfied in cash in accordance with its terms (limited, with respect to each Nonrecourse Liability, to the Carrying Value of the asset or assets securing such Nonrecourse Liability), and all remaining cash of the Company (including the net proceeds of such hypothetical transactions and all cash otherwise available after the hypothetical satisfaction of all Company liabilities) were distributed in full to the Members pursuant to Section 3.3 (Liquidating Distributions) of this Agreement; provided that if upon such hypothetical liquidation instead of receiving a distribution such Member would be obligated to make a capital contribution to the Company, such Member's Target Capital Account shall be a negative amount equal to such contribution obligation.

3.1.9 Treasury Regulations. Means the federal income tax regulations, including any temporary or proposed regulations, promulgated under the Code, as such Treasury Regulations may be amended from time to time (it being understood that all references herein to specific sections of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations).

3.2 Capital Accounts. A capital account ("**Capital Account**") shall be maintained for each Member. Capital Accounts shall be maintained in accordance with Treasury Regulations Sec. 1.704-1(b)(2)(iv). For purposes of computing Capital Account balances in connection with allocations of Profits and Losses under Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes), a Member's Capital Account balance shall be deemed to include its share of "Partnership Minimum Gain" (as defined in Treasury Regulations Sec. 1.704-2(d)) and "minimum gain attributable to partner non-recourse debt" (as defined in Treasury Regulations Sec. 1.704-2(i)).

If the Tax Matters Partner shall determine at any time that it is prudent to modify the manner in which the Capital Accounts, or any related debits or credits, are computed in order to comply with these Treasury Regulations, or if unanticipated events might otherwise cause this Agreement not to comply with these Treasury Regulations, then to the extent that the amendment or other modification does not materially adversely affect the economic interests of any Member, the Tax Matters Partner may amend this Agreement or otherwise modify the procedures employed by the Tax Matters Partner without the approval of any Members.

The Company may elect to increase or decrease the Members' Capital Accounts in connection with certain events, as specified in Treasury Regulations Sec. 1.704-1(b)(2)(iv)(f)(5),

to reflect a revaluation of Company property on the Company's books. If the Company so elects, the adjustments to Capital Accounts shall be made in accordance with Treasury Regulations Sec. 1.704-1(b)(2)(iv)(f).

Any loans made by the Members to the Company shall be accounted for in separate loan accounts, and payments of principal and interest on such loans shall not affect the Members' Capital Accounts.

3.3 Liquidating Distributions. Notwithstanding anything to the contrary contained in this Agreement, in the event the Company is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), liquidating distributions shall be made to the Members in accordance with Section 2.4 (Distributions of Cash Flow) of this Agreement. It is intended that the tax allocation provisions of Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes) will produce final Capital Account balances of the Members that would permit liquidating distributions, if such distributions were made in accordance with final Capital Account balances (instead of being made in the order of priorities set forth in Section 2.4 (Distributions of Cash Flow) of this Agreement) to be made (after unpaid loans and interest thereon, including those owed to Members have been paid) in a manner identical to the order of priorities set forth in Section 2.4 (Distributions of Cash Flow) of this Agreement. To the extent that tax allocation provisions of Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes) would fail to produce such final Capital Account balances, Profits and Losses (including items of gross income if required to fulfill the intent of this Section 3.3 (Liquidating Distributions)) will be reallocated among the Members for the Fiscal Year of the liquidation (and, if necessary, prior Fiscal Years) so as to cause the balances in the Capital Accounts to be in the correct amounts. Notwithstanding anything herein to the contrary, in the event the Company is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), liquidating distributions shall be made by the end of the taxable year in which the Company liquidates or, if later, within 90 days of the date of such liquidation. Distributions may be made to a trust for the purposes of an orderly liquidation of the Company by the trust in accordance with the LLC Act.

3.4 Deficit Restoration. Notwithstanding anything to the contrary contained in this Agreement, no Member having a negative balance in its Capital Account shall have any obligation to the Company or to any other Member to restore its Capital Account to zero.

3.5 Allocations of Profits, Losses and Deductions for Book and Tax Purposes.

3.5.1 Allocations of Profits and Losses. Except as otherwise provided in this Article 3 (Tax Matters), Profits or Losses of the Company for each Fiscal Year shall be allocated to the Members as follows:

(i) Profits. Profits for each Fiscal Year shall be allocated to the Members as necessary to cause each Member's Modified Adjusted Capital Account balance as of the end of such Fiscal Year to equal as nearly as possible such Member's Target Capital Account.

(ii) Losses. Losses for each Fiscal Year shall be allocated to the Members in the following order of priority:

(1) First, to the Members as necessary to cause each Member's Modified Adjusted Capital Account balance as of the end of such Fiscal Year to equal as nearly as possible such Member's Target Capital Account; and

(2) Second, after giving effect to the allocations made pursuant to Section 3.5.1(ii)(1), to the Members in accordance with their respective Percentage Interests.

3.5.2 Tax Allocations.

3.5.2.1 General. Except as otherwise provided in this Section 3.5.2 (Tax Allocations), items of Company income, gain, loss and deduction shall be determined in accordance with Code Section 703, and the Members' distributive shares of such items for purposes of Code Section 702 shall be determined according to their respective shares of Profits or Losses to which such items relate.

(i) Contributed Property. Items of Company taxable income, gain, loss and deduction with respect to any property contributed by a Member shall be allocated among the Members in accordance with Code Section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Carrying Value using a method permissible under Treasury Regulations Section 1.704-3 as reasonably selected by the Tax Matters Partner.

(ii) Adjustments to Carrying Values. If the Carrying Value of any asset of the Company is adjusted as provided in Section 3.1.3 (Carrying Value); subsequent allocations of items of taxable income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Carrying Value in the same manner as under Code Section 704(c).

(iii) For Tax Purposes Only. Allocations pursuant to this Section 3.5.2 (Tax Allocations) are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, distributions or other Company items pursuant to any provision of this Agreement.

3.5.3 Regulatory Allocations.

3.5.3.1 Minimum Gain Chargeback. In any taxable year of the Company in which the Company has partnership minimum gain (as determined under Treasury Regulations Section 1.704-2) or minimum gain attributable to partner non-recourse debt (as determined under Treasury Regulations Section 1.704-2), the provisions of such Treasury Regulations regarding allocation and chargebacks of Company minimum gain and minimum gain attributable to partner non-recourse debt shall apply.

3.5.3.2 Member Non-Recourse Debt. All deductions, losses and Code Section 705(a)(2)(B) expenditures of the Company, as the case may be (all computed for "book" purposes), that are treated under Section 1.704-2 of the Treasury Regulations as deductions, losses and expenditures attributable to "partner non-recourse debt" of the Company shall be allocated to the Member(s) bearing the risk of loss with respect to such liabilities in accordance with such Treasury Regulations.

3.5.3.3 Qualified Income Offset. Any Member who unexpectedly receives an adjustment, allocation or distribution described in subparagraph (4), (5) or (6) of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations, which adjustment, allocation or distribution creates or increases a negative Adjusted Capital Account Deficit, shall be allocated items of book income (including gross book income) and book gain in an amount and manner sufficient to eliminate or to reduce, as quickly as possible, the negative Adjusted Capital Account Deficit so created or increased. The Members intend that the provision set forth in this Section 3.5.3.3 (Qualified Income Offset) shall constitute a "qualified income offset" as described in Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and that this Section 3.5.3.3 (Qualified Income Offset) shall be implemented and interpreted as therein provided.

3.5.3.4 Company Non-Recourse Liabilities. Pursuant to Treasury Regulations Section 1.752-3, the Members' interests in Company profits for purposes of determining the Members' shares of excess non-recourse liabilities shall be their Percentage Interests. Non-recourse liabilities of the Company shall be allocated to each Member as set forth in Treasury Regulations Section 1.752-3(a)(1) through (3).

3.5.3.5 Curative Allocations. The Members intend that the allocation of Profits, Losses and other book items of income, gain, loss, deduction and credit pursuant to this Agreement result in Capital Account balances that achieve the economic sharing provisions reflected in Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes) hereof. Notwithstanding any other provisions contained herein, allocations of income, gain, loss and deduction shall be applied and amended by the Company as necessary to produce such result; provided, however, that no such amended allocation shall be made if it causes the Company allocations to fail to have "substantial economic effect" within the meaning of Section 704(b) of the Code.

3.5.3.6 Other Limitations. Notwithstanding anything to the contrary contained in Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes), no allocation shall be made to a Member to the extent that such allocation would cause or increase a deficit Adjusted Capital Account Deficit for the Member at the end of any year of the Company. If the limitation contained in the preceding sentence would apply to cause an item of loss or deduction to be unavailable for allocation to all Members, then such item of loss or deduction shall be allocated between or among the Members in accordance with the Members' Percentage Interests. To the extent permitted by the Code and the Treasury Regulations, any special allocations of items of loss or deduction pursuant to this Section 3.5.3.6 (Other Limitations) shall be taken into account in computing subsequent allocations of Profits or Losses pursuant to Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes), so that the net amount of any items so allocated and the subsequent Profits or Losses allocated to the Members pursuant to Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes) shall, to the extent possible, be equal to the net amounts that would have been allocated to each such Member pursuant to the provisions of Section 3.5 (Allocations of Profits, Losses and Deductions for Book and Tax Purposes) if such special allocation of items of loss or deduction had not occurred.

3.5.4 Timing of Allocations. All allocations of Profits and Losses for any Fiscal Year of the Company shall be made after charging the Members' Capital Accounts and Adjusted Capital, as appropriate, for all distributions made or to be made with respect to such Fiscal Year.

4. ACCOUNTING, BANKING, REPORTS

4.1 Fiscal Year; Accounting Method. Unless otherwise determined by the Manager, the fiscal year ("**Fiscal Year**") of the Company shall be the calendar year and the books of the Company shall be kept in accordance with the cash method of accounting, unless another method of accounting is required by the Code.

4.2 Accountants. The Company shall engage as its accountants such certified public accountants as are selected by the Manager.

4.3 Books and Records. The Manager shall cause to be kept complete and accurate records of the Company's affairs. The Company's books and records, the Articles and all other formation certificates and documents, this Agreement and all amendments thereto, all minutes, resolutions and written consents of Manager and Members' meetings, tax returns, Capital Contributions, Managers and Members' names, notice addresses and Membership Interests and all Transfers thereof, and all other records required to be maintained by the Company pursuant to the LLC Act shall be maintained by the Manager at the principal office of the Company. The Members shall have the right at any time during normal business hours, upon reasonable advance written notice, to inspect all such books and records, to make copies thereof and to take extracts therefrom at their expense, so long as the purpose of such inspection is directly related to the affairs of the Company or the Member's investment in the Company, subject to the obligation to maintain all such information in confidence. The Manager shall insure that all deeds, leases, contracts, title matters, surveys and financial information relating to the ownership, maintenance, development and sale of the Property are maintained in a safe and organized condition and are accessible to the Members.

4.4 Reports and Financial Statements. The Manager, at the expense of the Company, shall cause the following to be prepared and/or distributed to all Members:

4.4.1 Within forty-five (45) days following the end of each calendar quarter, an operating statement for the Company showing all receipts and expenditures for the preceding period;

4.4.2 Within ninety (90) days following the end of each Fiscal Year completed prior to liquidation of the Company, financial statements for the Company in sufficient detail to give a reasonable picture of the status and operations of the Company and the Capital Accounts of the Members for the period, which statements, at the option of the Manager, may be audited at the Company's expense;

4.4.3 As soon as practicable, but in all events within ninety (90) days after the end of each Fiscal Year, at the Company's expense, prepare and distribute to all Members, to all transferees of Membership Interests who have not become substituted Members and to all owners and/or transferees of profits interests, copies of the Company's federal and state income information tax returns, and the information with respect to the Company necessary for all such Persons (defined in Section 7.1 below) to prepare their federal and state income tax returns;

4.4.4 Within ninety (90) days after the liquidation and winding up of the Company, closing financial statements for the Company, which statements, at the option of the Manager, may be audited at the Company's expense; and

4.4.5 Upon request, such additional information regarding the business and affairs of the Company as a Member may reasonably request that is reasonably available to the Manager.

4.5 Banking. All funds of the Company shall be deposited in such accounts and at such banks or financial institutions as the Manager may determine. There shall be no commingling of the monies and funds of the Company with monies and funds of any other Person, and monies and funds of the Company shall be used only for Company purposes. All withdrawals from bank accounts of the Company shall be made upon the signature of such Person or Persons as the Manager shall designate.

4.6 Ownership Certificates. The Manager is authorized to issue certificates representing or certifying Membership Interests in the Company ("**Certificates**"). Each Certificate shall show the name of the Company, the name of the Member or other Person, and the specific Membership Interest owned by the Member or other Person. The Certificates shall include any additional information considered appropriate for inclusion by the Manager on the Certificates. In addition to the above information, all Certificates shall bear a prominent legend on their face or reverse side stating that all Membership Interests are subject to the terms and conditions of this Agreement, including the restrictions on Transfers, and to compliance with all applicable state and federal securities laws, rules and regulations. Each Certificate shall be consecutively numbered and signed by the Manager, unless the Manager or Members authorize the signature of Certificates by another Person or Persons. The Company's official records shall contain a list of the names and addresses of all Persons to whom Certificates have been issued, the Membership Interests issued to each Person, and the issuance, Transfer and cancellation dates of all Certificates.

5. MANAGEMENT AND OPERATION OF THE COMPANY

5.1 Authority and Duties of Manager. Subject to the provisions of Section 5.2 (Limitations on the Manager's Powers and Authority), the Manager shall have exclusive power, authority and discretion to direct and manage the business and operations of the Company, including determining whether, when, the manner in which, and the terms and conditions on which the Property or any portion thereof or any interest therein will be acquired, developed, constructed, improved, financed, operated, managed, leased, encumbered, sold or otherwise disposed of. In addition, the Manager shall have all rights, powers and authority generally conferred by law or necessary, advisable or appropriate for accomplishing the purpose of the Company. By way of illustration, and not by way of limitation, the Manager shall have the authority, on behalf of the Company:

5.1.1 To acquire and/or develop the Property and obtain the financing for the acquisition and/or development of the Property and to execute and deliver on behalf of the Company all agreements, deeds, promissory notes, deeds of trust and other instruments and documents deemed necessary or desirable by the Manager in connection therewith;

5.1.2 To obtain any policies of insurance that are permitted or required to be carried by the Company hereunder;

5.1.3 To open and maintain accounts and deposits in the name of the Company in banks or other financial institutions;

5.1.4 To cause the payment of all obligations and expenses of the Company incurred in connection with the Company's business;

5.1.5 To make all decisions and elections for accounting and income tax purposes, including selection of the accounting method or methods to be used by the Company, the selection of depreciation methods and useful lives for Company assets and the making of any elections for income tax purposes under any Section of the United States Internal Revenue Code (the "Code"), including Section 754 of the Code;

5.1.6 To hire employees and employ accountants, attorneys, insurance brokers, consultants, contractors, property managers and such other Persons as the Manager deems reasonable and appropriate for any Company purpose, and to pay such compensation for the services of such Persons as, in the judgment of the Manager, is reasonable and appropriate; provided, however, that if the Company enters into contracts or agreements with Persons or entities related to or who are Affiliates of the Manager, such contracts or agreements shall be on terms and conditions comparable to those the Company could obtain for comparable services from similarly qualified third parties in an arm's length transaction;

5.1.7 To form corporations, limited partnerships or limited liability companies to own any properties in which the Company will have any interest and/or to perform any of the services, duties or responsibilities of the Company;

5.1.8 To prosecute, defend, arbitrate, mediate and settle any and all claims and litigation the Company may assert or bring or that may be asserted or brought against the Company;

5.1.9 To designate an agent for service of process for the Company;

5.1.10 To borrow money on behalf of the Company, to secure borrowings for the Company with Company assets, to provide and execute guarantees of loans, and to prepay, refinance, increase, modify, consolidate or extend, in whole or in part, any such indebtedness;

5.1.11 To sell, exchange, mortgage, encumber or otherwise dispose of or hypothecate the Property or any Company assets or solicit, make and/or accept offers or exercise rights to sell, exchange or dispose of the Property or any Company assets;

5.1.12 To amend this Agreement, without the consent or vote of any of the Members, if necessary to: (i) reflect the addition or substitution of Members or the return of capital to Members; (ii) reflect the creation and/or sale of additional interests in the Company and the rights, preferences and privileges of such interests and the price and terms of such sale; (iii) add to the representations, duties or obligations of the Manager herein for the benefit of the Members; (iv) cure any ambiguity, correct or supplement any provisions herein which may be inconsistent with any other provision herein, or modify, delete or add any other provisions with respect to matters or questions arising under this Agreement which will not be inconsistent with the provisions of this Agreement and will have no material adverse affect on the Members; (v) modify, delete or add any provisions from or to this Agreement requested to be so modified, deleted or added by a federal or state securities commissioner or other regulatory agency for the benefit or protection of the Members; (vi) modify, delete or add any provision that the Manager may deem necessary or advisable in the reasonable judgment of the Manager in order to facilitate the tax treatment anticipated for the Company but which will have no material adverse affect on

the Members; and (vii) make any changes that, in the reasonable opinion of the Manager, will have no material adverse effect on the Members or the Company;

5.1.13 To determine in its sole discretion if and when the Company requires additional capital and to make calls for Additional Contributions as provided under Section 2.2 (Additional Contributions) of this Agreement;

5.1.14 To provide and execute guarantees of loans;

5.1.15 To take whatever steps are required by governmental or quasi-governmental authorities having jurisdiction over the Company or its assets; and

5.1.16 To make, execute, acknowledge and/or deliver on behalf of the Company any and all documents, instruments and agreements that are necessary, appropriate or convenient in the judgment of the Manager to carry out the business and purpose of the Company and the foregoing powers.

All of the foregoing shall be undertaken on such terms and conditions and in such amounts as the Manager deems, in its good faith business judgment, to be in the best interests of the Company.

5.2 Limitations on the Manager's Powers and Authority. Notwithstanding any other provision of this Agreement, the Manager shall not have the authority to undertake the following actions, except with the approval by Majority Vote (defined in Section 6.3 below) of all the Members:

5.2.1 Amend this Agreement or the Articles, except as specifically permitted in this Agreement or required by the LLC Act;

5.2.2 Cause the Company to engage in any business other than as set forth in Section 1.3 (Purpose of the Company) of this Agreement;

5.2.3 Do any act in contravention of this Agreement or which would make it impossible to carry on the ordinary business of the Company;

5.2.4 Make loans of the Company's funds or assets to any Person or guarantee the obligations of any Person other than the Company;

5.2.5 Sell, dissolve or merge the Company;

5.2.6 Admission of a Manager or election of a successor Manager; or

5.2.7 Removal of a Manager, which shall require a showing of "cause," and shall not require the approval of the Manager. As used herein, "cause" means a showing that the Manager materially breached a material obligation of the Manager under this Agreement or breached a fiduciary duty owed to the Members and failed to promptly begin, diligently pursue and expeditiously complete a reasonable cure of the referenced breach after receiving written notice of same from any Manager or Member.

5.3 Execution of Contracts. Any agreement, instrument or other document executed by the Manager on behalf of the Company shall be binding on the Company as to third parties dealing with the Company, but the Manager may authorize, in writing, any Member, Manager or other authorized representative of the Manager acting alone to execute any agreement, instrument or other document on behalf of the Company.

5.4 Tax Matters Partner. Canyon Equity shall act as the "**Tax Matters Partner**," as required by Sections 6221 et seq. of the Code. The Tax Matters Partner shall be the exclusive spokesman of the Company in the course of an audit or any litigation arising from the tax treatment of any such Company item. The Tax Matters Partner shall not be liable or responsible to the Company or to any Member or former Member for any acts or failures to act, or for loss or liability arising out of acts or failures to act, provided it acted or failed to act in good faith and within the scope of its authority, except for acts or failures to act that amount to gross negligence, willful misconduct, breach of fiduciary duty, unlawful acts or a material breach of this Agreement. The Tax Matters Partner shall be entitled to indemnification from the Company for actions taken or omitted in its capacity as Tax Matters Partner, as provided in Section 6.7 (Indemnification of Members and Managers).

5.5 Section 754 Election. The Manager, in its sole and absolute discretion, may make or petition to revoke (as the case may be) the election referred to in Section 754 of the Code. Each Member agrees in the event of such an election to supply promptly to the Company the information necessary to give effect thereto.

5.6 Obligations of Manager. The Manager shall at all times act in a fiduciary capacity in exercising its power and authority. The Manager shall fully and faithfully discharge its obligations and responsibilities, shall devote such time and attention to Company affairs as may be reasonably necessary for the proper management and supervision of the Company's business and the discharge of its duties under this Agreement. The Manager shall, at all times, exercise good faith and shall use diligent and professional efforts to promote and protect the best interests of the Property and the Company (without consideration being made to the separate interests of any particular Member, including the effect of any action or omission upon the distributions provided for in Section 2.4 (Distributions of Cash Flow)). The Manager shall diligently and continuously pursue the business purpose of the Company in accordance with its reasonable professional business judgment, and shall make its personnel available to the Company to the extent reasonably necessary in order that its obligations may be fully discharged in a timely manner.

5.7 Compensation and Reimbursement of the Manager. The Manager shall not be entitled to any compensation for managing the affairs of the Company or performing its duties hereunder, unless approved by Majority Vote of the Members. The Manager shall be reimbursed by the Company for all reasonable out-of-pocket third party expenses incurred in connection with the organization and operation of the Company and its business and for its benefit and the performance by the Manager of its duties under this Agreement.

5.8 Change in Manager(s). A Person shall cease to be a Manager if: (i) in the case of an individual, he dies or becomes permanently disabled, or in the case of an entity, stops conducting business or dissolves; (ii) the Manager is removed by the Members pursuant to Section 5.2.7; or (iii) the filing of a voluntary or involuntary petition in bankruptcy of the Manager until such petition is withdrawn. No Manager may withdraw from the Company,

except upon the Majority Vote of the Members approving such withdrawal and the terms thereof and electing a replacement Manager, if applicable, or to have the Company governed by the Members instead of a Manager. Any Manager may be removed by Majority Vote of the Members only in compliance with the provisions of Section 5.2.7. The Members may by Majority Vote add additional or substitute Managers, which additional or substitute Managers may only be admitted to the Company upon their execution and delivery to the other Managers, if any, and to all Members of a signed copy of this Agreement evidencing such Managers agreement to adopt and be bound by the provisions of this Agreement. Upon admission to the Company, a substitute or additional Manager shall have all of the rights, authority, remedies, duties, liabilities, protections and obligations of a Manager under this Agreement. The Managers, by Majority Vote, shall exercise jointly the management authority of the Manager. If a substitute or additional Manager is admitted to the Company, then each reference in this Agreement to "the Manager" shall mean a reference to each of or all of the Managers, as the context may require. Amendments of this Agreement and the Articles which reflect the addition, withdrawal, removal or dissolution of a Manager shall be executed by the remaining Manager or if there is no Manager, by Members representing the equivalent of a Majority Vote of the Members. Any Manager who withdraws, is removed or dissolves shall remain liable for its portion of any obligations and liabilities incurred by it as Manager prior to the time of such withdrawal, removal or dissolution, but it shall be free of any obligation or liability incurred on account of the activities of the Company from and after such time.

5.9 Liability of Manager. Except to the extent otherwise required by law, neither the Manager nor any of its directors, officers, employees, members, managers, partners, shareholders, trustees, subsidiaries or Affiliates, nor any of their respective directors, officers, employees, partners, managers, members, trustees, shareholders or agents shall be liable or responsible to the Company, the Members or other Managers for any acts or failures to act, or any loss, liability, damage, settlement cost or other expense incurred by reason of acts or failures to act of any such Person, if such Person in good faith acted in any manner reasonably believed to be in, or not opposed to, the best interests of the Company, except to the extent such loss, liability, damage, settlement cost or other expense resulted from the gross negligence, willful misconduct, breach of fiduciary duty, unlawful acts or material breach of this Agreement of such Person. The termination of any action, suit or proceeding by judgment, order or settlement shall not, of itself, create a presumption that a Person did not act in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Company.

5.10 Insurance. The Manager in its discretion shall procure and maintain in effect, or cause to be procured and maintained in effect, at the expense of the Company, such insurance in such amounts as the Manager may from time to time deem prudent for the protection of the Members and the assets of the Company, taking into account the nature of the Company and its business activities.

6. MEMBERS

6.1 Liability of Members. Except as otherwise expressly provided in this Agreement, the Members shall not be personally bound by, or be personally liable for, any expenses, liabilities or obligations of the Company; provided, however, that the Capital Contributions of the Members in the Company shall be subject to the risk of the business of the Company and the claims of its creditors as provided by law. Nothing contained herein, however, shall be construed as limiting the Members' obligations to contribute capital to the Company pursuant to

Sections 2.1 (Initial Contributions) and 2.2 (Additional Contributions). In addition, except to the extent otherwise required by law, neither any Members nor any of their directors, officers, employees, members, managers, partners, shareholders, trustees, subsidiaries or Affiliates nor any of their respective directors, officers, employees, partners, managers, members, trustees, shareholders or agents shall be liable or responsible to the Company or to any other Member or Manager for any acts or failures to act, or any loss, liability, damage, settlement cost or other expense incurred by reason of acts or failures to act, of any such Person if such Person in good faith acted in any manner reasonably believed to be in, or not opposed to, the best interests of the Company, except to the extent such loss, liability, damage, settlement cost or other expense resulted from the gross negligence, willful misconduct, breach of fiduciary duty, unlawful acts or material breach of this Agreement of such Person. The termination of any action, suit or proceeding by judgment, order or settlement shall not, of itself, create a presumption that a Person did not act in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Company.

6.2 Matters on Which the Members are Entitled to Vote. Except as otherwise expressly provided by this Agreement or required by the LLC Act, the Members shall only have the right to vote upon the matters described in Section 5.2 (Limitations on the Manager's Powers and Authority).

6.3 Majority Vote Required for Members' Decisions. Any powers, rights to cause the Company to take actions or not to take actions, or decision-making authority that is vested in, granted to or reserved to the Members of the Company, either pursuant to this Agreement or pursuant to the LLC Act, may, unless otherwise specifically required by this Agreement or the LLC Act, only be exercised by Majority Vote of all Members; provided, however, that rights that may be exercised by any individual Member (no matter what their Percentage Interest might be, e.g. the right to inspect the books and records of the Company or to receive distributions) under this Agreement or the LLC Act may be exercised by each Member acting individually. The vote or consent of more than sixty percent (60%) of all the Members' Percentage Interests ("**Majority Vote**") shall determine the action or decision of the Members, unless otherwise provided in this Agreement or required by the Act.

6.4 Members' Rights and Powers; Compensation. The Members shall have only the rights expressly stated in this Agreement to affect the Company's structure and its affairs. The Members shall have no right, power or authority to act for or on behalf of the Company or to bind the Company and, except for the exercise of the voting, approval and other rights expressly granted to the Members under the terms of this Agreement, shall not interfere or take part in the conduct or control of the Company's business. The Members may advance or loan money to the Company or transact other business with the Company. The Members shall receive no compensation in their capacity as Members of the Company, but may receive compensation to the extent they serve as officers, employees, consultants or in other capacities for the Company and, if approved by the Manager, shall be reimbursed by the Company for all reasonable and documented out-of-pocket expenses incurred by them on behalf of the Company.

6.5 Restrictions on Members. The Members shall not have the right or power to (i) withdraw or reduce their Capital Contributions to the Company, except as a result of distributions provided for in this Agreement; (ii) bring an action for the partition of the Company; (iii) except as specifically set forth in this Agreement, demand or receive property other than cash in return for their Capital Contributions; or (iv) take any action regarding a

Company tax item contrary to the determination of the Tax Matters Partner under Section 5.4 (Tax Matters Partner).

6.6 Meetings; Voting and Approval Procedures. The Manager may call for a meeting, or call for the written approval of the Members without a meeting, to approve any matter which, under the terms of this Agreement, is subject to the approval or affirmative vote of the Members. If the Manager requests a written approval of any such matter, any Member may, within five (5) days of receiving such request, call for a meeting of the Members to consider the matter for which written approval has been requested. If such a meeting is held, no written approval shall be valid unless executed or re-executed at or after such meeting. Any Member or Members owning in the aggregate at least ten percent (10%) of the outstanding Membership Interests may call for a meeting of the Members at any time to consider any matter that is subject to the approval or affirmative vote of the Members. Any meeting called hereunder shall be held at the principal office of the Company at a time to be specified by the Manager or Member calling the meeting, not less than five (5) nor more than thirty (30) days following the call or request therefor. All notices of Members' meetings shall be given in accordance with the requirements of Section 10.5 (Notices) of this Agreement. Except as modified by this Section 6.6 (Meetings; Voting and Approval Procedures), notice of and procedures for meetings of the Members shall be as provided in the LLC Act. Each Member's vote shall be based on its Percentage Interest at the time the vote is taken. Members may attend a meeting through use of conference telephone or similar communications equipment, so long as all Members participating can hear one another. Members holding a Majority of the Percentage Interests of all outstanding Membership Interests shall constitute a quorum. The Company shall pay all expenses of the notification and voting. The Manager shall arrange for minutes to be taken at every meeting of the Members and to distribute promptly copies of all such minutes and of all written approvals made without a meeting to all Members. Copies of all such minutes and written approvals shall all be filed and maintained among the Company's official records.

6.7 Indemnification of Members and Managers.

6.7.1 Indemnity. The Company shall indemnify, defend, protect and hold harmless the Manager, the Members, any subsidiaries or Affiliates of the Company, the Tax Matters Partner (if that is an entity other than a Manager or Member) and the respective members, managers, partners, directors, officers, employees, shareholders, trustees and agents of any of the foregoing entities and of any entities comprising the foregoing entities (each such Person being an "**Indemnatee**") from and against any threatened, pending or completed suit, proceeding, demand, claim, investigation, liability, cause of action or injury (whether civil, criminal, administrative or investigative) (collectively an "**Action**") and any loss, damage, cost, judgment, fine, penalty, settlement or expense, including expert witness, consultants' and attorneys' fees and investigative costs (collectively, an "**Expense**"); provided, that such Action or Expense arose or is alleged to have arisen by reason of (i) the acts or omissions of the Company, any of its subsidiaries or Affiliates or the officers, directors, shareholders, partners, managers, members, agents, trustees, employees and contractors of any of the foregoing entities relating to the Company, any of its subsidiaries or Affiliates or any of the assets of the foregoing entities; (ii) the acts or omissions of any Indemnatee, including, without limitation, those constituting active or passive negligence, relating to the Company, any of its subsidiaries or Affiliates or any of the assets of the foregoing entities; and (iii) the physical condition of the Property and any event, circumstance, loss, accident, injury or damage occurring in or about the Property; provided, however, that the Company shall not be required to indemnify, defend,

protect or hold harmless any Indemnatee from any Action or to pay or reimburse any Expense to the extent such applicable Action or Expense is proved by final judgment to have been caused solely by any acts or omissions of the applicable Indemnatee that constitute (a) gross negligence or willful misconduct; (b) a material breach of a material provision of this Agreement; (c) a breach of fiduciary duty; or (d) fraud or other actions known by the Indemnatee to be unlawful. Notwithstanding the foregoing, the Company shall only be required to indemnify an Indemnatee for an Action initiated by such Indemnatee if the Manager approved that Action in advance of its initiation. Any amounts indemnified pursuant to this Section 6.7 (Indemnification of Members and Managers) shall only be recoverable from the assets of the Company and not personally from the Members or from any separate assessment against or capital call from the Members.

6.7.2 General Terms. All of the indemnification obligations under this Section 6.7 (Indemnification of Members and Managers) shall survive termination or expiration of this Agreement, regardless of cause, and shall apply to and be enforceable by each Indemnatee even after it is no longer associated with the Company in a manner that would enable it to qualify under the definition herein as an Indemnatee. The Company's indemnification obligation to any Indemnatee pursuant to this Section 6.7 (Indemnification of Members and Managers) is specifically conditioned upon (a) the applicable Indemnatee notifying the Company and its insurers, in writing, within a reasonable period of time after it becomes aware of the occurrence of any Action or any fact, circumstance, condition or occurrence that is reasonably likely to give rise to an Action or Expense, provided that such notice shall be given no later than when the failure to provide such notice will materially and adversely affect the ability of the Company to defend the Action; and (b) the Indemnatee not taking (or failing to take) any steps (such as an admission of liability in any form) that would adversely affect the Company's defense of such Action or its obtaining coverage for the Action or Expense under any applicable insurance policies or that might otherwise prevent the Company from protecting itself and any other Indemnitees. The Company shall have the right, in its sole discretion, to compromise, settle or otherwise dispose of any Action for which it has accepted and is providing indemnification and defense pursuant to this Section 6.7 (Indemnification of Members and Managers); provided, however, that (i) the applicable Indemnatee shall be informed of all settlement offers and be given a reasonable opportunity to comment on same, (ii) the Company shall be required to obtain the applicable Indemnatee's consent (which consent shall not be unreasonably withheld, conditioned or delayed) if the settlement includes any admission of material wrongdoing on the part of that Indemnatee or any material restriction on that Indemnatee, and (iii) the Company shall not, except with the consent of the applicable Indemnatee (which consent shall not be unreasonably withheld, conditioned or delayed), consent to entry of any judgment or enter into any settlement that does not include, as an unconditional term thereof, a complete release from all liability with respect to such Action for the applicable Indemnatee from all claimants or plaintiffs in the Action. Notwithstanding anything to the contrary set forth in this Section 6.7 (Indemnification of Members and Managers), the Company shall not be liable for any settlement or similar Expense effected without its prior written consent. The Indemnatee shall be entitled to have all of the reasonable and necessary Expenses (excluding attorneys' fees incurred after the Company has agreed to indemnify the Indemnatee) it properly paid in defense of an Action reimbursed as incurred, shall cooperate fully in the defense of the Action and shall provide access to all information, documents and witnesses pertinent to the Action that are under its control and which do not violate privileges unique to that Indemnatee or which would otherwise materially prejudice the interests of the Indemnatee. The Company's indemnification obligations to any Indemnatee shall be reduced (or reimbursed if already paid by the Company) by any insurance proceeds or other monies received by that Indemnatee with respect to the Action or

Expense for which the Indemnitee is being indemnified by the Company. These indemnification provisions shall apply severally with respect to each Indemnitee and be enforceable to the fullest extent permitted by law.

6.8 No Conflicts. Each Member recognizes that the other Members and the Manager have a right to invest in, develop, construct, operate, transfer, lease and otherwise own and use real property and interests therein for profit, and to engage in any and all activities related or incidental thereto. Neither the Company nor any Member or Manager shall have any right by virtue of this Agreement, or the Company relationship created hereby, in or to any other ventures or activities in which any Member or Manager is involved or to the income or proceeds derived therefrom. The pursuit of other ventures and activities by any Member or Manager, even if competitive with the business of the Company, is hereby consented to by the other Members and Manager and shall not be deemed wrongful or improper. No Member or Manager or their Affiliates shall be obligated to present any particular investment opportunity to the Company, even if such opportunity is of a character which, if presented to the Company, could be taken by the Company.

6.9 Indebtedness Instruments. Without the consent of all of the Members, no Member shall acquire or guarantee any instrument evidencing indebtedness owed to a third party and/or collateral security therefor given to a third party to which the Company is a party or which purports to constitute a lien upon or the grant of a security interest in any Company property, or any indebtedness instrument of any partnership or limited liability company in which the Company is a direct or indirect partner or member, unless such acquisition or guarantee is expressly authorized by this Agreement.

7. TRANSFER OF A MEMBER'S INTEREST

7.1 Definition. The term "**Transfer**" shall include any sale, assignment, encumbrance, hypothecation, pledge, conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer, including transfers to receivers, levying creditors, trustees or receivers in bankruptcy proceedings or general assignees for the benefit of creditors, whether voluntary or by operation of law, directly or indirectly, of any part or all of a Member's interest in the Company. A change in ownership of any limited liability company, corporation, partnership or other entity that may at any time be a Member in the Company, which results in the effective control of such entity being vested in Persons other than the Persons who controlled such entity at the time it first became the Member, shall also be considered a Transfer. The term "**Affiliate**" shall mean any individual, entity or trust (individually and collectively, a "**Person**") that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, another Person. For the purposes of this Agreement, the term "**Control**" (including "controlling," "controlled by" and "under common control with") means (i) the possession, directly or indirectly, of the power and authority to direct or cause the direction of the management, policies and material decisions of a Person, which may occur as the result of owning a majority of the voting interests with the power to make such decisions or being the manager of a limited liability company or the general partner of a general or limited partnership with the power to make such decisions or similar positions of authority, or (ii) the ownership, directly or indirectly, of at least ten percent (10%) of the equity ownership of a Person.

7.2 Transfers. Except as expressly set forth in this Article 7 (Transfer of a Member's Interest), no Transfer of all or any part of a Member's Membership Interest in the Company shall

be permitted nor may any Member withdraw from the Company except as expressly permitted herein. Without the consent of all the Members, which consent may be granted or withheld in their sole discretion, a Member may not Transfer its or his interest in the Company or any portion thereof. A Member may assign or pledge its rights to receive distributions under this Agreement, but no pledgee or assignee of such rights shall have any interest in, or be entitled to any rights of a Member in this Company, unless such pledgee or assignee is another Member.

7.3 Substituted Members. No Transfer of a Member's Membership Interest (other than a Transfer to another Member) shall cause the transferee to become a substituted Member of the Company unless its interest was acquired pursuant to a Transfer permitted under this Agreement and all of the Members (other than the transferor and any Affiliate of the transferor) have consented to such substitution, which consent may be granted or withheld in each Member's sole discretion. Until the admission as a Member of its transferee, a transferor of an interest shall not be released from any obligations under this Agreement.

7.4 Permitted Transfers. Notwithstanding the provisions of Section 7.2 (Transfers), but subject in all cases to all other terms of this Article 7 (Transfer of a Member's Interest), the following Transfers by a Member shall be permitted without the consent of the Members (except to the extent required under Section 7.3 (Substituted Members)): (i) to a Member or any of its Affiliates, (ii) by descent, devise or the laws of intestate succession, or (iii) by a Member for estate planning purposes of all or any portion of his Membership Interest to an estate-planning trust, limited liability company or other estate-planning vehicle (collectively, "Estate Entity") for the sole benefit of himself, spouse, issue or other family members, provided that the Member shall continue to have sole voting control of such transferred Membership Interest, that such transferred Membership Interest shall remain subject to all of the terms and conditions contained herein and that no further Transfer of such Membership Interest shall be permitted unless such Transfer complies with all of the terms and conditions of this Agreement. Prior to any Transfer to an Estate Entity, the Member shall give written notice thereof to the Company and the trustee(s) or other Persons in control of such Estate Entity shall agree to be bound by all the terms of this Agreement and shall execute all documents reasonably requested by the Manager. Notwithstanding the foregoing, upon the death of a Member, the heirs and/or beneficiaries that receive the Member's Membership Interest pursuant to the Transfers permitted by clauses (ii) and (iii) above shall not become substituted Members unless already a Member or approved pursuant to Section 7.3 (Substituted Members).

7.5 Conditions to Transfer. No Transfer shall be permitted if it would cause a technical termination of the Company under the Code or applicable State of Utah income tax laws, without the consent of all of the Members, or if it would cause a breach of or default under any agreement, contract, lease or instrument to which the Company is a party or by which it is bound. No Transfer of an interest of a Member shall be completed and no transferee shall become a substituted Member unless and until (i) the transferring Member and the proposed transferee comply with the requirements, if any, of the securities laws of the United States and the State of Utah and any other laws that are applicable to the proposed Transfer, (ii) if requested by the Manager, the transferring Member provides the Manager with a legal opinion in a form and from counsel acceptable to the Manager that the foregoing conditions have been satisfied, (iii) the transferring Member agrees to reimburse the Company for any costs incurred by the Company in connection with such Transfer, (iv) in the case of a Transfer where the transferee is to be a substituted Member, the transferee executes an instrument, in form satisfactory to the Manager, in which it or he adopts and agrees to be bound by all the terms and provisions of this

Agreement, and (v) a written instrument of transfer, in form acceptable to the Manager, has been received by the Manager. Until all of the foregoing conditions have been satisfied, the Company and the Manager may continue to treat the transferor of any such interest as its absolute owner and shall incur no liability for any allocation or distribution made in good faith to the transferor.

7.6 Sale of a Member's Interest; Right of First Refusal. If at any time a Member desires to Transfer (other than as permitted in Section 7.4 (Permitted Transfers)) for consideration all or any portion of such Member's Membership Interest, or receives an offer to purchase all or any portion of such Member's Membership Interest that such Member intends to accept, such Member (the "**Offeror Member**") shall deliver to the other Members (the "**Offeree Members**") as applicable, a notice of the price and terms at which the Offeror Member proposes to offer the interest for sale, or a copy of the third-party offer, in each case containing or accompanied by a complete description of the proposed transaction. Upon the receipt of such notice, the Offeree Members shall have the right to purchase the Membership Interest of the Offeror Member, or so much thereof as is proposed to be sold or offered for sale, for the price (net of commissions if no commissions are due on a sale to an Offeree Member) and on the terms and at the time set forth in the Offeror Member's notice. Each Offeree Member shall have 30 days after receipt of the Offeror Member's notice and the supporting documentation to advise the Offeror Member in writing whether the Offeree Member wishes to exercise its rights hereunder. As among themselves, each Offeree Member that desires to purchase a portion of the offered Membership Interest may buy its Pro Rata share of such Membership Interest. If during such 30-day period, the Offeree Members agree to purchase the entire Membership Interest proposed to be sold, they will proceed to complete such purchase and Transfer on the terms set forth in the Offeree Member's notice. If during such 30-day period, the Offeree Members fail to exercise the right with respect to the entire Membership Interest proposed to be sold or offered for sale, no sales to Offeree Members will occur and the Offeror Member shall be free, subject to compliance with the terms of this Article 7 (Transfer of a Member's Interest), for a period of six (6) months after the expiration of such period to sell the entire Membership Interest described in the Offeror Member's notice on the terms described therein or on terms that are less favorable to the purchaser. If the Offeror Member fails to consummate a sale on such terms within such six-month period, any proposed sale of the Membership Interest shall require a new notice and compliance with the procedures set forth in this Section. Each Member agrees to execute any documents necessary to effectuate any sale of a Membership Interest permitted under this Section 7.6 (Sale of a Member's Interest; Right of First Refusal).

8. DISSOLUTION AND WINDING UP

8.1 Dissolution. The Company shall dissolve upon the earlier to occur of (i) the expiration of the Company's agreed term; (ii) the Majority Vote of the Members, which decision shall be effective upon written notice to the other Members; or (iii) the Members have not voted to appoint a new Manager or to convert the Company to be managed by the Members instead of a Manager within 120 days after the event that effectively leaves the Company with no Manager.

8.2 Winding Up. Upon the dissolution of the Company, a "**Liquidator**," who shall be the Manager so long as the Manager is not in default of its obligations hereunder, or if the Manager is in default or there is no Manager, a Member or other Person selected by Majority Vote of the Members, shall immediately commence to wind up the Company's affairs and to liquidate the Company in an orderly and businesslike manner. Proceeds from the liquidation of the Company's assets, if any, shall be applied in the following order of priority:

8.2.1 To the Company's creditors other than Members and the expenses of liquidation, in the order of priority provided by law;

8.2.2 To the Members (with no Member having priority over another) in proportion to each Member's unpaid Shortfall Contribution and all interest accrued thereon, until the amount due each Member is reduced to zero;

8.2.3 To interest first and then principal on any other debts owing to the Members, and to advances made by Members to or for the benefit of the Company;

8.2.4 To set up any reserves that are reasonably determined by the Liquidator to be necessary for any contingent liabilities of the Company, which reserves shall be held by the Company or paid over to a bank or other Person as escrow holder and shall be disbursed under the direction of the Liquidator in payment of such contingent liabilities. As such contingent liabilities have been paid or adequately provided for in the reasonable judgment of the Liquidator, the balance of such reserves shall be distributed to the Members in the manner set forth in Section 3.3 (Liquidating Distributions); and

8.2.5 The balance of any liquidation proceeds shall be distributed to the Members in the manner set forth in Section 3.3 (Liquidating Distributions).

9. ARBITRATION OF DISPUTES.

In the event of any dispute among the Manager and/or Members arising under or related to this Agreement that cannot be resolved through the meeting and voting procedures set forth in this Agreement, such dispute shall be resolved by binding arbitration before a single arbitrator. Such arbitration may be initiated by any party by delivering written notice of intent to arbitrate to the other parties involved in the dispute and to the San Francisco, California office of the American Arbitration Association ("AAA"), which notice shall describe the dispute and the party's proposal for resolving the dispute in detail and shall include all relevant documents and materials that may be necessary or useful to support its position in the dispute. The foregoing requirement that the notice initiating arbitration constitute a detailed description of the dispute and of the initiating party's proposed resolution is intended to be burdensome in order to facilitate a quick resolution of the dispute. The parties involved in the dispute shall first endeavor to agree on the arbitrator, but if they are unable to do so within ten (10) days after the arbitration has been initiated, the arbitrator shall be selected, within thirty (30) days after the arbitration was initiated, using the AAA recommendations and procedures. The arbitrator shall be a licensed, practicing attorney who is substantially familiar with the law, custom, practice, or procedure, in the area in which the Property is located, pertinent to the dispute being arbitrated. In establishing whether an arbitrator is able to serve, the parties shall advise him or her of the names of all parties and their Affiliates and principal officers, managers, members, partners, directors and owners, and confirm that there is no conflict of interest, which for purposes hereof shall mean no business or personal connections with any of such parties either currently or at any time during the immediately preceding three (3) years. The arbitration shall be conducted pursuant to the AAA's commercial arbitration rules, as modified by this Article 9 (Arbitration of Disputes), or by such other organization and rules as the parties may mutually agree upon. If AAA is not available and the parties cannot agree on an alternate choice, the provisions of California Code of Civil Procedure Section 1280 et seq. shall apply. All arbitration proceedings shall be confidential, and neither the parties nor the arbitrator may disclose the content or results of any arbitration

hereunder without the written consent of all parties to the dispute. The arbitrator shall follow the law (including applicable statutes of limitations) and all rules of evidence unless the parties stipulate to the contrary. Any provisional remedy (including preliminary or permanent injunctions and writs of attachment and possession) which would be available from a court of law or equity shall be available from the arbitrator pending completion of the arbitration. The benefited party of such provisional remedy shall be entitled to enforce such remedy in court immediately, even though a final arbitration award has not yet been rendered. Within thirty (30) days after his or her appointment, or within such longer period mutually agreed upon by the parties, the arbitrator shall hear and decide the dispute submitted to arbitration hereunder and shall promptly prepare a written decision on the merits of the matters in dispute, which decision shall state the facts and law relied upon and the reasons for the arbitrator's decision. The arbitrator may, at his or her discretion, elect whether to meet with the parties and whether to conduct a hearing attended by all parties; provided, however, that for disputes involving \$100,000 or more, the arbitrator shall conduct a hearing. Discovery shall be allowed in accordance with California Code of Civil Procedure Section 1283.05. The arbitrator shall have complete discretion to resolve discovery disputes, to order the production of documents and presentation of witnesses and to limit such discovery, including the number and scope of depositions that may be taken by the parties. Prior to issuing his or her final written decision, the arbitrator shall inform the parties, in writing, of the arbitrator's expected decision on the matter and the reasons therefore and give the parties five (5) business days to submit additional arguments or information, in writing, to the arbitrator and the other parties. The award or decision of the arbitrator, which may include an order of specific performance, shall be final and binding on all parties and enforceable in any court of competent jurisdiction; provided, however, that the award may be vacated or corrected for any of the reasons permitted under and pursuant to California Code of Civil Procedure Sections 1286.2 or 1286.6. The arbitrator shall have no authority to modify any of the terms of this Agreement. The fees and expenses of the arbitrator and the costs and attorneys' fees of the prevailing party shall be paid by the party who is not the prevailing party, as defined in Section 10.10 (Attorneys' Fees) and determined by the arbitrator in its decision.

10. MISCELLANEOUS PROVISIONS

10.1 Execution by Power of Attorney. Any Member may execute this Agreement or any statement, certificate or document referred to in Section 1.5 (Other Certificates) herein by an attorney-in-fact duly authorized pursuant to a written power of attorney.

10.2 Governing Law; Forum. This Agreement is entered into and shall be governed by and construed in accordance with the laws of the State of Utah (without giving effect to its choice of law principles). The parties agree that all suits or actions of any kind brought to interpret or enforce the terms of, or otherwise arising out of or relating to, this Agreement shall be filed and litigated solely in the state or federal courts in San Francisco, California. Each party hereby consents to the personal and subject matter jurisdiction of said courts, and agrees that personal service of any complaint, pleading, subpoena, or summons may be made by certified mail, return receipt requested, and with the return receipt returned to the sender marked as delivered, undeliverable or rejected, at the address provided in this Agreement.

10.3 Entire Agreement. This document represents the final, entire and complete agreement among the parties with respect to the subject matter hereof and supersedes all other prior or contemporaneous agreements, communications or representations, whether oral or

written, express or implied. The parties acknowledge and agree that they may not and are not relying on any representation, promise, inducement, or other statement, whether oral or written and by whomever made, that is not contained expressly in this Agreement. The parties agree that in any disputes involving this Agreement parol evidence will only be admissible if the judge or arbitrator hearing the dispute first determines that the applicable provisions of this Agreement are ambiguous on their face without the introduction of any parol evidence.

10.4 Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns; subject, however, in all cases, to the provisions of Article 7 (Transfer of a Member's Interest).

10.5 Notices. All notices, requests, demands, consents and other communications under this Agreement ("**Notice**") must be in writing and will be effective (i) immediately upon delivery in person or by facsimile, provided delivery is made during regular business hours or receipt is acknowledged by a person reasonably believed by the delivering party to be employed by the recipient, and that for all facsimiles, good and complete transmission is confirmed by the sending facsimile machine and a copy of the Notice is concurrently mailed pursuant to clause (iii) below; or (ii) upon the earlier of actual delivery confirmed by executed receipt by the recipient or 24 hours after deposit (in time for next-day delivery) with a commercial courier or delivery service for hand delivery, provided delivery is made during regular business hours or receipt is acknowledged by a person reasonably believed by the delivering party to be employed by the recipient; or (iii) three (3) days after deposit (before the last pick-up time) with the United States Postal Service, certified mail, return receipt requested, postage prepaid and with the return receipt returned to the sender marked as delivered, undeliverable or rejected. The inability to deliver because of a changed address of which no Notice was given, or rejection or other refusal to accept any Notice, shall be deemed to be the receipt of the Notice as of the date of such inability to deliver or rejection or refusal to accept. Any Notice to be given by any party hereto may be given by the counsel for such party. All Notices must be properly addressed and delivered to the Company at its principal place of business and to any Manager or Member at the addresses set forth on the signature page of this Agreement, or at such other addresses as any party may designate by written Notice to all parties. The Manager and the Members may, by written Notice given to the Company and all other parties in accordance with the provisions of this Section, designate one other Person to receive copies of any Notices to such Manager or Member.

10.6 Covenant of Further Assurances. The Members hereby agree to execute and deliver all such documents and perform all such acts as may be necessary, appropriate or reasonably required to carry out the purposes and provisions of this Agreement.

10.7 Unenforceability of Certain Provisions. If any term, covenant or condition of this Agreement or its application to any Person or circumstances shall be held to be illegal, invalid or unenforceable, the remainder of this Agreement or the application of such term or provisions to other Persons or circumstances shall not be affected, and each term hereof shall be legal, valid and enforceable to the fullest extent permitted by law, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision. In the event of such partial invalidity, the parties shall seek in good faith to agree on replacing any such legally invalid provisions with valid provisions which, in effect, will, from an economic viewpoint, most nearly and fairly approach the effect of the invalid provision and the intent of the parties in entering into this Agreement. To the extent any provision of this Agreement is

prohibited or ineffective under the LLC Act, this Agreement shall be considered amended to the smallest degree possible in order to make that provision effective under the LLC Act. In the event the LLC Act is subsequently amended or interpreted in a way to make any provision of this Agreement that was formerly invalid valid, such provision shall be considered to be valid from the effective date of such interpretation or amendment.

10.8 Headings; Exhibits; Recitals. The headings, captions and titles contained herein are inserted solely for convenience and shall not be used in construing or interpreting this Agreement. All Recitals and Exhibits referred to in this Agreement are incorporated herein by reference and shall be deemed part of this Agreement.

10.9 Statutes. Any reference herein to any statute, law, ordinance, code or regulation, or any section or provision thereof, shall be deemed to include any future amendments thereto and any similar provisions of law that may hereafter replace or be substituted for such provision, whether or not designated by the same title or number.

10.10 Attorneys' Fees. In the event of any arbitration or litigation between the parties, whether based on contract, tort or other cause of action or involving bankruptcy or similar proceedings, in any way related to this Agreement, the non-prevailing party shall pay to the prevailing party all reasonable attorneys' fees and costs and expenses of any type, without restriction by statute, court rule or otherwise, incurred by the prevailing party in connection with any action or proceeding (including arbitration proceedings, any appeals and the enforcement of any judgment or award), whether or not the dispute is litigated or prosecuted to final judgment. The "**prevailing party**" shall be determined based upon an assessment of which party's major arguments or positions taken in the action or proceeding could fairly be said to have prevailed (whether by compromise, settlement, abandonment by the other party of its claim or defense, final decision, after any appeals, or otherwise) over the other party's major arguments or positions on major disputed issues. Any fees and costs incurred in enforcing a judgment shall be recoverable separately from any other amount included in the judgment and shall survive and not be merged in the judgment.

10.11 No Brokers. Each Manager and Member agrees to indemnify and to hold harmless the Company and all other parties to this Agreement from any liability for any finders' fees or broker's commission or compensation of any kind with respect to the issuance of the Membership Interests in the Company (and the costs and expenses of defending against such liability or asserted liability) for which such party or any of its officers, managers, members, partners, employees, or representatives is responsible. This indemnification obligation shall survive termination of this Agreement.

10.12 Cross-References. All cross-references in this Agreement, unless specifically directed to another agreement or document, refer to provisions within this Agreement.

10.13 Investment Representation. Each Member, and in the case of an organization as a Member, the Person(s) executing this Agreement on behalf of said organization, hereby represents, warrants and acknowledges to the Company, the Manager and each other Member that: (i) if that Member is an organization, that it is duly organized, validly existing, and in good standing under the laws of its state of organization and that it has full organizational power to execute and agree to this Agreement and to perform its obligations hereunder; (ii) it is acquiring its Membership Interest solely for its own account for investment and not with a view to or in

connection with the sale or distribution of any part thereof; (iii) its Membership Interest is not registered under the Securities Act of 1933 and that the Transfer of its Membership Interest may be restricted by the Securities Act of 1933 and other applicable federal and state securities laws; (iv) it is a "sophisticated investor" with substantial prior experience in high-risk business investments of the type described in this Agreement and is aware of and familiar with the risks associated with a private limited liability company and would qualify as an "accredited investor" as such is defined in Rule 501 of Regulation D, as enacted pursuant to Sections 3(b) and 4(2) of the Securities Act of 1933; (v) the decision to invest in the Company was made in reliance on its own tax, legal and financial advisers with regard to all matters relating to the investment in the Company and not on any advice or recommendation of the Manager or its Affiliates; and (vi) it is aware that as a Member it must bear the economic risk of investment in the Company for an indefinite period of time.

10.14 Interpretation. All parties have been represented by counsel in the preparation and negotiation of this Agreement, and this Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. Unless the context clearly requires otherwise, (i) the plural and singular numbers shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (iv) "or" is not exclusive; (v) "includes" and "including" are not limiting; and (vi) "days" means calendar days unless specifically provided otherwise.

10.15 Modification and Amendment. Except as specifically permitted in this Agreement or required by the LLC Act, this Agreement may be modified or amended only by a writing signed by Members representing the Majority Vote of the Members pursuant to Section 5.2.1. Any oral modifications or amendments are unenforceable.

10.16 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and is intended to be binding when all parties have delivered their signatures to the other parties. Signatures may be delivered by facsimile transmission or in PDF format via email. All counterparts shall be deemed an original of this Agreement. In no event shall any draft of this Agreement create any obligation or liability, it being understood that this Agreement shall be effective and binding only when a counterpart hereof has been executed and delivered by each party hereto.

10.17 Time of the Essence; Non-Business Days. Time is of the essence for the payment and performance of all obligations under this Agreement. Whenever action must be taken (including the giving of Notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non business day (i.e., Saturday, Sunday or a holiday recognized by the U.S. federal government or the State of California), then such period or date shall be extended until the immediately following business day.

10.18 Confidentiality and Nondisclosure. All Managers, Members and other Persons employed by the Company or subject to this Agreement shall hold all information and documents regarding the Company, the Property, the terms of this Agreement and the negotiations leading to this Agreement in strict confidence and shall not disclose such

information and documents to any Person other than their own officers, directors, shareholders, partners, managers, members, legal counsel, accountants or financial advisers who have a specific need to have access to such information or documents and who have been instructed to maintain the strict confidentiality of such information and documents. The obligations of this section do not apply to information or documents (a) whose disclosure may be necessary to comply with any federal or state securities laws or other applicable laws, regulations or court orders, (b) that are or become part of the public domain, (c) that are disclosed by the Company to third parties without restrictions on disclosure, or (d) that are received by the receiving party from a third party without breach of a nondisclosure obligation.

10.19 No Waiver. No breach of any of the terms or provisions of this Agreement should be deemed consented to or excused, nor shall the validity or acceptability of the performance of any representation, promise or undertaking herein be deemed waived, nor shall any delay or deviation from the time or manner of any performance be deemed consented to unless such consent, excuse or waiver shall be in writing and signed by the party claimed to have consented, excused or waived. Any such consent, excuse or waiver shall not constitute a consent to, waiver of, or excuse for any other similar or dissimilar breach, delay or deviation.

10.20 Third Party Beneficiaries. This Agreement has been made solely for the benefit of the parties hereto and their respective successors, permitted assigns, heirs and representatives, and nothing in this Agreement is intended to, or shall, confer upon any other Person any benefits, rights or remedies under or by reason of this Agreement or arising from any agreements, relationships or actions among any Persons.

10.21 Compliance With Laws. Each party shall comply with all applicable laws, rules, regulations, orders, consents and permits in the performance of all of their obligations under this Agreement.

10.22 Authority. The individuals executing this Agreement on behalf of any Manager or Member individually represent and warrant that he or she has been authorized to do so and has the power to bind the party for whom they are signing.

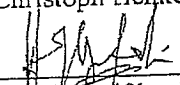
[The rest of this page has been intentionally left blank. The next page is the signature page.]

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

MEMBERS:

CANYON LAND DEVELOPMENT, LLC,
a Delaware limited liability company

By: _____
Name: Christoph Henkel, Director

By: 
Name: Homi Vazifdar, Director

Address: 101 Larkspur Landing Circle
Suite 310
Larkspur California 94939
Telephone: 415-925-8001
Facsimile: 415-925-8004

CHRISTOPH HENKEL

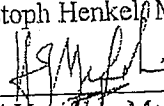
By: _____
Name: Christoph Henkel

Address: 25 Dawson Place
London W2 4th
United Kingdom
Telephone: 970-882-4800
Facsimile: 970-882-7475

MANAGER:

CANYON EQUITY LLC,
a Delaware limited liability company

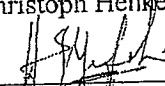
By: _____
Name: Christoph Henkel, Member

By: 
Name: Homi Vazifdar, Managing Director

Address: 101 Larkspur Landing Circle
Suite 310
Larkspur California 94939
Telephone: 415-925-8001
Facsimile: 415-925-8004

PAGE THREE, LLC,
a Utah limited liability company

By: _____
Name: Christoph Henkel, General Manager

By: 
Name: Homi Vazifdar, Authorized Signatory

Address: 101 Larkspur Landing Circle
Suite 310
Larkspur California 94939
Telephone: 415-925-8001
Facsimile: 415-925-8004

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

MEMBERS:

CANYON LAND DEVELOPMENT, LLC,
a Delaware limited liability company

By: 

Name: Christoph Henkel, Director

By: _____

Name: Homi Vazifdar, Director

Address: 101 Larkspur Landing Circle
Suite 310
Larkspur California 94939
Telephone: 415-925-8001
Facsimile: 415-925-8004

CHRISTOPH HENKEL

By: 

Name: Christoph Henkel

Address: 25 Dawson Place
London W2 4th
United Kingdom
Telephone: 970-882-4800
Facsimile: 970-882-7475

MANAGER:

CANYON EQUITY LLC,
a Delaware limited liability company

By: 

Name: Christoph Henkel, Member

By: _____

Name: Homi Vazifdar, Managing Director

Address: 101 Larkspur Landing Circle
Suite 310
Larkspur California 94939
Telephone: 415-925-8001
Facsimile: 415-925-8004

PAGE THREE, LLC,
a Utah limited liability company

By: 

Name: Christoph Henkel, General Manager

By: _____

Name: Homi Vazifdar, Authorized Signatory

Address: 101 Larkspur Landing Circle
Suite 310
Larkspur California 94939
Telephone: 415-925-8001
Facsimile: 415-925-8004

EXHIBIT B



State of Utah

GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Acting Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board
Paul Hansen, P.E., Chair
Ken Bassett, Vice-Chair
Terry Beebe
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Betty Naylor
Petra Rust
Amanda Smith
David Stevens, Ph.D.
Ron Thompson
Kenneth Bousfield, P.E.
Executive Secretary

August 12, 2009

Mike Gardner, Project Manager
Canyon Equity
32 North 10th Avenue, Suite 3
P.O. Box 4516
Page, Arizona 86040

Dear Mr. Gardner:

Subject: **Operating Permit**, Service Building Well #1 (WS001), Grand Staircase Water Company, Amangiri Resort (Canyon Land Resort), System #13063, File #06650

On August 4, 2009, the Division of Drinking Water (the Division) received your request for the operating permit for Service Building Well from you. The plans and specifications for this project were approved on July 7, 2006.

We understand the project consists of Service Building Well with a 60-horsepower, 220 gpm submersible pump located in an exterior vault; three vertical turbine booster pumps each 7.5 hp, 100 gpm located in a dedicated room of the hotel service building along with valves, meters, controls and appurtenances. The Service Building Well is referenced as WS001 in our inventory.

We have received the following information for subject project:

1. Design engineer's statement of conformance with approval conditions.
2. Design engineer's statement of conformance with the Rule for any deviation from the plan approval or plan review exemption.
3. Evidence of O&M manual delivery.
4. As-built drawings.
5. Approved Preliminary Evaluation Report and Drinking Water Source Protection Plan.
6. Satisfactory bacteriological results.

Mike Gardner
Page 2
August 12, 2009

We have determined that all conditions of operating permit issuance have been met (see R309-500-9). On this basis, an **Operating Permit for the Service Building Well #1 is hereby issued as constituted by this letter.** You may now place the Service Building Well in service in your water system.

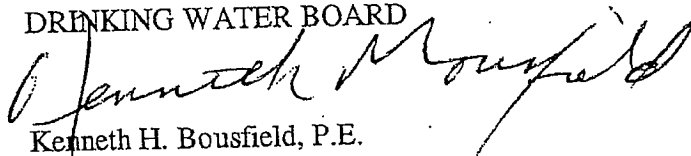
The listed well pump capacity of the Service Building Well is 220 gallons per minute (gpm). The safe yield of the Service Building Well is rated at 150 gpm, which is calculated based on two-thirds of the constant-rate well pump test results at 225 gpm. The safe yield of 150 gpm is the basis for determining the maximum number of connections that the Service Building Well can serve.

The Inventory Report showing the facilities currently listed in our database for the Grand Staircase Water Company and the monitoring schedule for WS001, Service Building Well #1 are enclosed. If you have any questions about your monitoring requirements, please contact Rachael Cassady, of this office, at (801) 536-4467 or rcassady@utah.gov.

Please maintain a copy of this letter with your permanent records for future reference. If you have any questions regarding this operating permit, please contact John Chartier, P.E., District Engineer, Southwest District Office, at (435) 865-5152 or Ying-Ying Macauley, Engineering Section Manager, of this office, at (801) 536-4188.

Sincerely,

DRINKING WATER BOARD



Kenneth H. Bousfield, P.E.
Executive Secretary

RGT

Enclosures — Inventory Report & Monitoring Schedule

cc: Rod Cosslett, Env. Director, Southwest Utah Health Dept., 260 E. DL Sargent, Cedar City, UT 84720
John Chartier, P.E., SW District Engineer, 260 E. DL Sargent, Cedar City, UT 84720
Randy Taylor, P.E., SW District Engineer, 620 South 400 East, #400, St. George, UT 84770
Gary L. Smith, Kane County Planning & Zoning, 180 W. 300 N., Kanab, UT 84741
Seth Briggs, Stantec Consulting, 3995 S 700 E, Suite 300, Salt Lake City, UT 84107
Kate Johnson, Division of Drinking Water
Rachael Cassady, Division of Drinking Water

Run Date:8/10/2009

Rating:
Rating Date:

Last Inv Update: 6/26/08
Last Snty Srv Dt:
Oper Period: 1/1 to 12/31

	Gal/Day	Gal/Min
Avg Daily Prod:		
Total Dsgn Cap:		
Total Emerg Cap:		

8/10/2009

Run Date: 8/10/2009

Rating:
Rating Date:

Gal/Day	Gal/Min
100	0.00136
200	0.00272
300	0.00408
400	0.00544
500	0.00680
600	0.00816
700	0.00952
800	0.01088
900	0.01224
1000	0.01360
1100	0.01496
1200	0.01632
1300	0.01768
1400	0.01904
1500	0.02040
1600	0.02176
1700	0.02312
1800	0.02448
1900	0.02584
2000	0.02720
2100	0.02856
2200	0.02992
2300	0.03128
2400	0.03264
2500	0.03400
2600	0.03536
2700	0.03672
2800	0.03808
2900	0.03944
3000	0.04080
3100	0.04216
3200	0.04352
3300	0.04488
3400	0.04624
3500	0.04760
3600	0.04896
3700	0.05032
3800	0.05168
3900	0.05304
4000	0.05440
4100	0.05576
4200	0.05712
4300	0.05848
4400	0.05984
4500	0.06120
4600	0.06256
4700	0.06392
4800	0.06528
4900	0.06664
5000	0.06800
5100	0.06936
5200	0.07072
5300	0.07208
5400	0.07344
5500	0.07480
5600	0.07616
5700	0.07752
5800	0.07888
5900	0.08024
6000	0.08160
6100	0.08296
6200	0.08432
6300	0.08568
6400	0.08704
6500	0.08840
6600	0.08976
6700	0.09112
6800	0.09248
6900	0.09384
7000	0.09520
7100	0.09656
7200	0.09792
7300	0.09928
7400	0.10064
7500	0.10200
7600	0.10336
7700	0.10472
7800	0.10608
7900	0.10744
8000	0.10880
8100	0.11016
8200	0.11152
8300	0.11288
8400	0.11424
8500	0.11560
8600	0.11696
8700	0.11832
8800	0.11968
8900	0.12104
9000	0.12240
9100	0.12376
9200	0.12512
9300	0.12648
9400	0.12784
9500	0.12920
9600	0.13056
9700	0.13192
9800	0.13328
9900	0.13464
10000	0.13600

System Type: Non Transient	Last Inv Update: 6/26/08	Avg Daily Prod:
Activity Status Cd: Active	Last Snty Srv Dt:	Total Dsgn Cap:
Population: 130	Oper Period: 1/1 to 12/31	Total Emerg Cap:

Facility ID	Facility Name	Analyte Code	Analyte Name	Sample Count	Sample Type	Sample Frequency	Last Sample	Next Sample Between
WS001	SERVICE BUILDING WELL							
		1055	SULFATE	1	Routine	3 Years	09/28/2005	01/01/2008 - 12/31/2010
		1040	NITRATE	1	Routine	Year	09/28/2005	01/01/2009 - 12/31/2009

Utah Department of Environmental Quality
Division of Drinking Water
Monitoring Schedule

Run Date: 8/10/2009

Utah Division of Drinking Water Contact List

Div Director's Off

Division Director

BOUSFIELD, KEN 801-536-4207

Admin Services

Section Manager

JOHNSON, KATE 801-536-4206

Construction Assist

Section Manager

WILDE, KENNETH E 801-536-0048

Field Services

Section Manager

DYCHES, D KIM 801-536-4202

Rules

Section Manager

FAUVER, PATTI J 801-536-4196



State of Utah

GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Acting Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board
Paul Hansen, P.E., *Chair*
Ken Bassett, *Vice-Chair*
Terry Beebe
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Betty Naylor
Petra Rust
Amanda Smith
David Stevens, Ph.D.
Ron Thompson
Kenneth Bousfield, P.E.
Executive Secretary

August 12, 2009

Mike Gardner, Project Manager
Canyon Equity
32 North 10th Avenue, Suite 3
P.O. Box 4516
Page, Arizona 86040

Dear Mr. Gardner:

Subject: **Operating Permit**, Distribution System (DS001), Grand Staircase Water Company,
Amangiri Resort (Canyon Land Resort), System #13063, File #06811

On August 4, 2009, the Division of Drinking Water (the Division) received your request for the operating permit for the Distribution System of Grand Staircase Water Company from you. The plans and specifications for this project were approved on December 2, 2005.

We understand that this project consists of the construction of approximately 2,935 linear feet of 16-inch; 12,170 linear feet of 12-inch; 4,620 linear feet of 8-inch and 8,305 linear feet of 6-inch diameter HDPE water pipe, along with associated valves, hydrants and associated appurtenances.

We have received the following information for subject project:

1. Design engineer's statement of conformance with approval conditions.
2. Design engineer's statement of conformance with the Rule for any deviation from the plan approval or plan review exemption.
3. Evidence of O&M manual delivery.
4. As-built drawings.
5. Satisfactory bacteriological results.

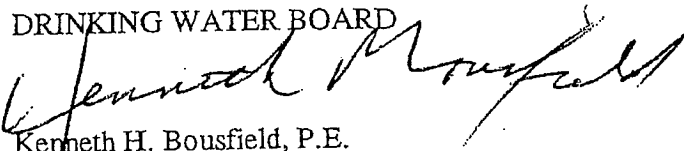
We have determined that all conditions of operating permit issuance have been met (see R309-500-9). On this basis, an **Operating Permit for the Distribution System is hereby issued as constituted by this letter.** You may now place the Distribution System in service in your water system.

Mike Gardner
Page 2
August 12, 2009

Please maintain a copy of this letter with your permanent records for future reference. If you have any questions regarding this operating permit, please contact John Chartier, P.E., Southwest District Engineer, at (435) 865-5152 or Ying-Ying Macauley, Engineering Section Manager, of this office, at (801) 536-4188.

Sincerely,

DRINKING WATER BOARD



Kenneth H. Bousfield, P.E.
Executive Secretary

RGT

cc: Rod Cosslett, Env. Director, Southwest Utah Health Dept., 260 E. DL Sargent, Cedar City, UT 84720
John Chartier, P.E., SW District Engineer, 260 E. DL Sargent, Cedar City, UT 84720
Randy Taylor, P.E., SW District Engineer, 620 South 400 East, #4000, St. George, UT 84770
Gary L. Smith, Kane County Planning & Zoning, 180 W 300 N, Kanab, UT 84741
Seth Briggs, Stantec Consulting, 3995 S 700 E, Suite 300, Salt Lake City, UT 84107

ymacauley\wp\Plan Review 2009\13063 06811 Dist Syst OP.doc



State of Utah

GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Acting Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
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Helen Graber, Ph.D.
Betty Naylor
Petra Rust
Amanda Smith
David Stevens, Ph.D.
Ron Thompson
Kenneth Bousfield, P.E.
Executive Secretary

August 12, 2009

Mike Gardner, Project Manager
Canyon Equity
32 North 10th Avenue, Suite 3
P.O. Box 4516
Page, Arizona 86040

Dear Mr. Gardner:

Subject: **Operating Permit**, 430,000-Gallon Concrete Storage Tank (ST001), Grand Staircase Water Company, Amangiri Resort (Canyon Land Resort), System #13063, File #06810

On August 4, 2009, the Division of Drinking Water (the Division) received your request for the operating permit for the Concrete Storage Tank from you. The plans and specifications for this project were approved on November 30, 2005.

We understand that this project consisted of the construction of the 430,000-gallon concrete storage tank (referenced as ST001 in our inventory), a tank valve vault and approximately 480 linear feet of 16-inch and 1,610 linear feet of 6-inch diameter HDPE water pipe, along with associated control valves and appurtenances.

We have received the following information for subject project:

1. Design engineer's statement of conformance with approval conditions.
2. Design engineer's statement of conformance with the Rule for any deviation from the plan approval or plan review exemption.
3. Evidence of O&M manual delivery.
4. As-built drawings.
5. Satisfactory bacteriological results.

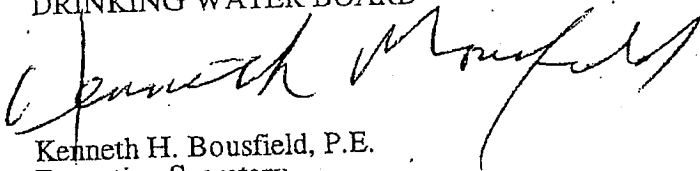
We have determined that all conditions of operating permit issuance have been met. On this basis, an **Operating Permit for the 430,000-gallon concrete storage tank is hereby issued as constituted by this letter.** You may now place the Concrete Storage Tank in service in your water system.

Mike Gardner
Page 2
August 12, 2009

Please maintain a copy of this letter with your permanent records for future reference. If you have any questions regarding this operating permit, please contact John Chartier, P.E., Southwest District Engineer, at (435) 865-5152 or Ying-Ying Macauley, Engineering Section Manager, of this office, at (801) 536-4188.

Sincerely,

DRINKING WATER BOARD



Kenneth H. Bousfield, P.E.
Executive Secretary

RGT

cc: Rod Cosslett, Env. Director, Southwest Utah Health Dept., 260 E. DL Sargent, Cedar City, UT 84720
John Chartier, P.E., SW District Engineer, 260 E. DL Sargent, Cedar City, UT 84720
Randy Taylor, P.E., SW District Engineer, 620 South 400 East, #400, St. George, UT 84770
Gary L. Smith, Kane County Planning & Zoning, 180 W. 300 N., Kanab, UT 84741
Seth Briggs, Stantec Consulting, 3995 S. 700 E., Suite 300, Salt Lake City, UT 84107

ymacauley\wp\Plan Review 2009\13063 06810 Grand Staircase Tank OP.doc

EXHIBIT C

EXHIBIT C-1

STATE OF UTAH – DIVISION OF WATER RIGHTS – DATA PRINT OUT for 89-1155(A44491)

(WARNING: Water Rights makes NO claims as to the accuracy of this data.) RUN DATE: 09/09/2010 Page 1

WATER RIGHT: 89-1155 APPLICATION/CLAIM NO.: A44491 CERT. NO.:

CHANGES: a30230 Approved, a28199 Approved, a23457 Approved

OWNERSHIP*****

NAME: Grand Staircase Water Company LLC
 ADDR: 101 Larkspur Landing, Suite 310
 Larkspur, CA 94939
 INTEREST: 100% REMARKS:

DATES, ETC.*****

LAND OWNED BY APPLICANT? COUNTY TAX ID#:
 FILED: 12/16/1974|PRIORITY: 12/16/1974|PUB BEGAN: 01/30/1975|PUB ENDED: |NEWSPAPER:
 ProtestEnd: |PROTESTED: [No Hear]|HEARNG HLD: |SE ACTION: [Approved]|ActionDate:09/19/1986|PROOF DUE: 09/30/2010
 EXTENSION: |ELEC/PROOF:[]|ELEC/PROOF: |CERT/WUC: |LAP, ETC: |LAPS LETTER:
 RUSH LETTR: |RENOVATE: 03/31/1999|RECON REQ: |TYPE: []

PD BOOK: [89-]|MAP: []|PUB DATE:

Type of Right: Application to Appropriate Source of Info: Application to Appropriate Status: Approved

LOCATION OF WATER RIGHT*****

FLOW: 2.21157 cfs SOURCE: Underground Water Wells (9)

COUNTY: Kane COMMON DESCRIPTION: West of Wahweap Bay

POINTS OF DIVERSION -- UNDERGROUND:
 (1) S 1019 ft E 882 ft from W4 cor, Sec 31, T 43S, R 3E, SLBM
 DIAMETER OF WELL: ins. DEPTH: to ft. YEAR DRILLED: WELL LOG? No WELL ID#:
 Comment: Proposed "North Well"
 (2) S 2200 ft W 2500 ft from NE cor, Sec 31, T 43S, R 3E, SLBM
 DIAMETER OF WELL: 16 ins. DEPTH: 500 to 1500 ft. YEAR DRILLED: WELL LOG? No WELL ID#:
 Comment:
 (3) S 2500 ft W 200 ft from NE cor, Sec 31, T 43S, R 3E, SLBM
 DIAMETER OF WELL: 16 ins. DEPTH: 500 to 1500 ft. YEAR DRILLED: WELL LOG? No WELL ID#:
 Comment:
 (4) N 150 ft W 2400 ft from SE cor, Sec 32, T 43S, R 3E, SLBM
 DIAMETER OF WELL: 12 ins. DEPTH: 100 to 1800 ft. YEAR DRILLED: WELL LOG? No WELL ID#: 19054
 Comment:
 (5) N 300 ft E 300 ft from SW cor, Sec 32, T 43S, R 3E, SLBM
 DIAMETER OF WELL: 16 ins. DEPTH: to ft. YEAR DRILLED: WELL LOG? No WELL ID#:
 Comment: Drilled and indexed under change a23457
 (6) S 780 ft W 1450 ft from NE cor, Sec 32, T 43S, R 3E, SLBM
 DIAMETER OF WELL: 16 ins. DEPTH: 805 to ft. YEAR DRILLED: 2000 WELL LOG? No WELL ID#:
 Comment:
 (7) S 1200 ft E 590 ft from NW cor, Sec 32, T 43S, R 3E, SLBM
 DIAMETER OF WELL: 16 ins. DEPTH: to ft. YEAR DRILLED: WELL LOG? No WELL ID#:
 Comment: Drilled and indexed under change a23457
 (8) S 1145 ft E 1325 ft from W4 cor, Sec 06, T 44S, R 3E, SLBM
 DIAMETER OF WELL: 16 ins. DEPTH: 500 to 1500 ft. YEAR DRILLED: WELL LOG? No WELL ID#: 34596
 Comment: Proposed "Service Barn Well"
 (9) S 2800 ft W 2200 ft from NE cor, Sec 06, T 44S, R 3E, SLBM
 DIAMETER OF WELL: 16 ins. DEPTH: 500 to 1500 ft. YEAR DRILLED: WELL LOG? No WELL ID#:
 Comment:

USES OF WATER RIGHT***** ELU -- Equivalent Livestock Unit (cow, horse, etc.) ***** EDU -- Equivalent Domestic Unit or 1 Family

IRRIGATION: 175.84 acres Div Limit: 0.0 acft. PERIOD OF USE: 03/01 TO 12/31
DOMESTIC: 1200.0000 EDUs Div Limit: 540.0 acft. PERIOD OF USE: 01/01 TO 12/31
OTHER: Golf Course, fire protection, sanitation, industrial, and recreation PERIOD OF USE: 01/01 TO 12/31
Acre Feet Contributed by this Right for this Use: 357.77242

###PLACE OF USE:	NORTH WEST QUARTER				NORTH EAST QUARTER				SOUTH WEST QUARTER				SOUTH EAST QUARTER				Section Totals
	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	
Sec 31 T 43S R 3E S1E1M *X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	0.0000
Sec 32 T 43S R 3E S1E1M *X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	0.0000
Sec 05 T 44S R 3E S1E1M *X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	0.0000
Sec 06 T 44S R 3E S1E1M *X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	0.0000
GROUP ACREAGE TOTAL:																	0.0000

OTHER COMMENTS*****
This applicant allowed his previous right (89-50, A29481) to lapse. This application is being filed for the same amount of flow and the same uses as described in his previous right.

SEGREGATION HISTORY*****
This Right as originally filed:
FLOW IN QUANTITY IN *-----WATER USES-----*
CFS ACRE-FEET IRRIGATED STOCK DOMESTIC MUNICIPAL MINING POWER OTHER
ACREAGE (ELUs) (FAMILIES) (*-----ACRE-FEET-----*)
3.0 AND 2171.9 290.0000 1200.0000
Acre-foot amount based on flow, not on proposed water uses

The following Water Rights have been Segregated from 89-1155:
(1) WRNUM: 89-1619 0.78843 AND 570.8 114.1600
APPL#: A44491a
NAME: Henkel, Christoph, et al.
FILED: 09/30/2005 STATUS: UNAP
APPR:

Proof to be submitted on this segregated portion; flow is prorated based on AF

	CFS	ACRE-FEET	IRRIGATED ACREAGE	STOCK (ELUs)	DOMESTIC (FAMILIES)	MUNICIPAL	MINING	POWER	OTHER
89-1155 currently has:	2.21157 AND	1601.1	175.8400		1200.0000				ERROR
All ACRE-FEET	has been SEGREGATED OFF.								
All OTHER-WR but NOT	has been SEGREGATED OFF.								

APPLICATIONS FOR EXTENSIONS OF TIME WITHIN WHICH TO SUBMIT PROOF*****

FILED: 06/02/2000|PUB BEGAN: 06/21/2000|PUB ENDED: |NEWSPAPER: Southern Utah News
ProtestEnd:07/18/2000|PROTESTED: [No]|HEARNG HLD: |SE ACTION: [Approved]|ActionDate:11/09/2000|PROOF DUE: 09/30/2005

FILED: 09/30/2005|PUB BEGAN: 11/09/2005|PUB ENDED: 11/16/2005|NEWSPAPER: Southern Utah News
ProtestEnd:12/06/2005|PROTESTED: [No]|HEARNG HLD: |SE ACTION: [Approved]|ActionDate:03/03/2006|PROOF DUE: 09/30/2010

*****END OF DATA*****



JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Water Rights

MICHAEL R. STYLER
Executive Director

JERRY D. OLDS
State Engineer/Division Director

ORDER OF THE STATE ENGINEER

On Extension of Time Request
For Application to Appropriate Water Number 89-1155 (A44491)
March 3, 2006

Application to Appropriate Water Number 89-1155 (A44491), in the names of Page One LLC, and Christoph Henkel, was filed on December 16, 1974, and amended by Permanent Change Application a30230, to divert 2.1157 cfs of water from wells located in Section 31 and Section 32, T43S, R3E, SLB&M, and Section 6, T44S, R3E, SLB&M. The water is to be used for the irrigation of 175.84 acres from March 1 to December 31, the indoor domestic requirements of 1200 families, and for other purposes (Golf Course, fire protection, sanitation, industrial, and recreation). The application was approved on September 19, 1986, and proof of beneficial use was last due on September 30, 2005.

When the application was previously extended, the applicants were advised in a Memorandum Decision issued November 9, 2000, "...no additional requests for extension of time will be granted unless they are accompanied by documentation of substantial progress as evidenced by significant physical development during the extension of time granted." An agent for the applicants has now filed for another extension of time within which to file proof with the State Engineer stating that they have completed four wells, and physical development has begun at the site of the Canyon Land Resort. To date, over 1.6 million dollars has been expended to develop this water right and the remaining work is primarily resort-related, which can only be completed as government approvals are issued. Additional time is therefore requested to place the water to full beneficial use, prepare and submit proof.

Notice of the extension request was published in the Southern Utah News November 9 and November 16, 2005. No protests were received.

The applicants are placed on notice that extension requests must comply with the provisions of Section 73-3-12 of the Utah Code Annotated. The State Engineer may grant extensions of time only "on proper showing of diligence or reasonable cause for delay." The applicants must satisfy Section 73-3-12 by providing detailed efforts of due diligence or reasonable cause for delay, or the extension request may be denied.

It is, therefore, **ORDERED** and an extension of time within which to submit proof is **GRANTED** on Application to Appropriate Water Number 89-1155 (A44491) to and including **September 30, 2010**, with the condition that any future request for extension of time will be reviewed critically, and no additional request for extension of time will likely be granted unless it is accompanied by documentation of substantial progress as evidenced by physical development above and beyond that documented in support of this extension.

ORDER OF THE STATE ENGINEER

Extension of Time to Submit Proof

Application to Appropriate Water Number 89-1155 (A44491)

Page 2

This extension is granted in accordance with the law which states: "The construction of the works and the application of water to beneficial use shall be diligently prosecuted to completion within the time fixed by the state engineer. Extensions of time. . . may be granted by the state engineer on proper showing of diligence or reasonable cause for delay. . . . In considering an application to extend the time in which to place water to beneficial use under an approved application, the state engineer shall deny the extension and declare the application lapsed, unless the applicant affirmatively shows that the applicant has exercised or is exercising reasonable and due diligence in working toward completion of the appropriation."

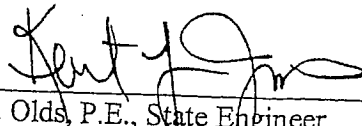
It is the applicants' responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.

It is earnestly recommended that you complete your development and submit Proof of Beneficial Use at the earliest possible date.

Your contact with this office, should you need it, is with the Southwestern Regional Office. The telephone number is 435-586-4231.

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63-46b-13 and 73-3-14 of the Utah Code which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

Dated this 3rd day of March 2006.



Jerry D. Olds, P.E., State Engineer

BY: Kent L. Jones P.E., Assistant State Engineer

ORDER OF THE STATE ENGINEER
Extension of Time to Submit Proof
Application to Appropriate Water Number 89-1155 (A44491)
Page 3

Mailed a copy of the foregoing Order this 3rd day of March 2006 to:

Page One LLC
c/o J. Craig Smith
215 S. State Street, Suite 650
Salt Lake City, UT 84111

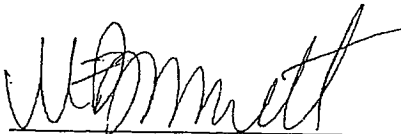
Page One L.L.C.
a Utah Limited Liability Company
310 South Convent Ave
Tucson, AZ 85701

Christoph Henkel
P.O. Box 418
Dolores, CO 81323

SW Utah Public Health Department
Attn: Scott Hacking, P.E.
District Engineer
260 E DL Sargent Drive
Cedar City, UT 84720

Utah Division of Drinking Water
P.O. Box 144830
Salt Lake City, UT 84114-4830

BY:



Meri Bennett, Office Technician

EXHIBIT C-2

STATE OF UTAH – DIVISION OF WATER RIGHTS – DATA PRINT OUT for 89-1619(A44491a)

(WARNING: Water Rights makes NO claims as to the accuracy of this data.) RUN DATE: 09/09/2010 Page 1

WATER RIGHT: 89-1619 APPLICATION/CLAIM NO.: A44491a CERT. NO.: CERTIFICAT

OWNERSHIP*****

NAME: Grand Staircase Water Company LLC
 ADDR: 101 Larkspur Landing, Suite 310
 Larkspur, CA 94939

DATES, ETC.*****

LAND OWNED BY APPLICANT? COUNTY TAX ID#:
 FILED: 09/30/2005|PRIORITY: 12/16/1974|PUB BEGAN: |PUB ENDED: |NEWSPAPER: No Adv Required
 ProtestEnd: |PROTESTED: [No]|HEARNG HLD: |SE ACTION: [Approved]|ActionDate:07/28/2006|PROOF DUE: 09/30/2005
 EXTENSION: |ELEC/PROOF:[Proof]|ELEC/PROOF:09/30/2005|CERT/WUC: 05/26/2009|LAP, ETC: |LAPS LETTER:
 RUSH LETTR: |RENOVATE: 03/31/1999|RECON REQ: |TYPE: []

PD BOOK: [89-]|MAP: []|PUB DATE:

Type of Right: Application to Appropriate Source of Info: Certificate Status: Certificate

LOCATION OF WATER RIGHT*****

FLOW: 570.8 acre-feet SOURCE: Underground Water Wells (2)

COUNTY: Kane COMMON DESCRIPTION: 4.5 miles SE of Big Water, UT

POINTS OF DIVERSION -- UNDERGROUND:

(1) N 55 ft E 2828 ft from SW cor, Sec 32, T 43S, R 3E, SLEB
 DIAMETER OF WELL: 8 ins. DEPTH: 875 to ft. YEAR DRILLED: 1999 WELL LOG? Yes WELL ID#: 19054
 Comment: Highway 89 Well
 (2) N 236 ft E 427 ft from SW cor, Sec 32, T 43S, R 3E, SLEB
 DIAMETER OF WELL: 10 ins. DEPTH: 860 to ft. YEAR DRILLED: 2000 WELL LOG? Yes WELL ID#: 21440
 Comment: Sand Dune Well

USES OF WATER RIGHT***** ELU -- Equivalent Livestock Unit (cow, horse, etc.) ***** EDU -- Equivalent Domestic Unit or 1 Family

SUPPLEMENTAL GROUP NO. 613272.

IRRIGATION: 114.16 acres Div Limit: 570.8 acft. PERIOD OF USE: 03/01 TO 12/31

##PLACE OF USE:	NORTH WEST QUARTER				NORTH EAST QUARTER				SOUTH WEST QUARTER				SOUTH EAST QUARTER				Section Totals
	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	
Sec 31 T 43S R 3E SLEB *																	47.1100
Sec 32 T 43S R 3E SLEB *	1.1200		4.0100	10.0100*			17.7300			17.7000			16.4800				67.0500
GROUP ACREAGE TOTAL:																114.1600	

SEGREGATION HISTORY*****

This Right was Segregated from 89-1155, with Appl#: A44491, Approval Date: 09/19/1986 under which Proof is to be submitted.

This Right as originally filed:

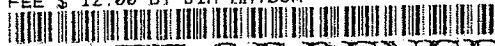
FLOW IN CFS	QUANTITY IN ACRE-FEET	WATER USES						
		IRRIGATED ACREAGE	STOCK (ELUs)	DOMESTIC (FAMILIES)	MUNICIPAL	MINING	POWER	OTHER
	570.8	114.1600						

Proof submitted on this seg'd portion

*****E N D O F D A T A*****

ENTRY NO. 00144552

06/01/2009 04:51:39 PM B: 0370 P: 0249
Certificate of Beneficial Use PAGE 1 / 2
VERJEAN CARUSO, KANE COUNTY RECORDER
FEE \$ 12.00 BY JIM MATSON



CERTIFICATE OF BENEFICIAL USE

STATE OF UTAH

WATER RIGHT No: 89 - 1619 APPLICATION to APPROPRIATE No: A44491a

WHEREAS, it has been made to appear to the satisfaction of the State Engineer that an appropriation of water has been perfected under the above numbered application in accordance with the Laws of Utah; THEREFORE, be it known that the State Engineer hereby certifies that the owner of the water right represented by this certificate has the right to the use of the water in the quantity, for the purpose, at the place, and during the time specified herein, subject to prior rights, if any.

ATTENTION: In the event that ownership of the water right evidenced by this certificate is transferred, it is the responsibility of the new owner to update the State Engineer's records by submittal of an appropriate report of conveyance.

1. WATER RIGHT AND OWNERSHIP INFORMATION:

A. NAME: Grand Staircase Water Company LLC
ADDRESS: 101 Larkspur Landing, Suite 310
Larkspur, CA 94939

B. PRIORITY DATE: December 16, 1974

2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 570.8 acre-feet

B. DIRECT SOURCE: Underground Water Wells (2)

C. POINTS OF DIVERSION -- UNDERGROUND:

- (1) N 55 feet E 2,828 feet from the SW corner, Section 32, T 43S, R 3E, SLBM
WELL DIAMETER: 8 inches WELL DEPTH: 875 feet
COMMENT: Highway 89 Well
- (2) N 236 feet E 427 feet from the SW corner, Section 32, T 43S, R 3E, SLBM
WELL DIAMETER: 10 inches WELL DEPTH: 860 feet
COMMENT: Sand Dune Well

D. COUNTY: Kane

3. WATER USE INFORMATION:

Certificate of Beneficial Use

IRRIGATION: from Mar 1 to Dec 31. SOLE SUPPLY: 114.1600 acres
 PLACE OF USE: (which includes all or part of the following legal subdivisions:)

Northwest Quarter				Northeast Quarter				Southwest Quarter				Southeast Quarter				Section
BL	TRIM	HANS	SC	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	Total
SL	425	3E	311													47.1100
SH	425	3E	321	1.1200		4.0100	16.0100									57.0500
																Group Total: 114.1600

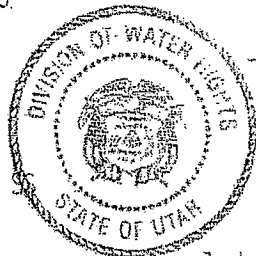
LIMITATION(S) -- Water Right 89 - 1619 is limited to:
 the irrigation requirements of 114.1600 acres,
 an annual diversion for IRRIGATION of 570.8000 acre-feet.

4. SIGNATURE OF STATE ENGINEER & ACKNOWLEDGMENT OF NOTARY PUBLIC:

The works used in this appropriation are to be operated and maintained in such a manner and condition as will prevent waste of water. This certificate entitles the holder to use only sufficient water from all rights combined to constitute an economic duty without waste. The right evidenced by this certificate is subject to review by the courts in any adjudication proceeding.

In Witness Whereof, I have hereunto set my hand and affixed the seal of my office this

26th day of May, 20 09.



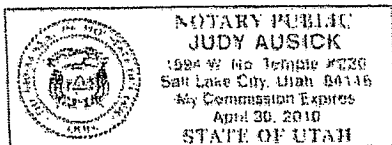
BOLD CLAYTON FOR
 Kent L. Jones, P.E.,
 State Engineer

STATE OF UTAH

COUNTY OF SALT LAKE

The foregoing instrument was acknowledged before me this

26th day of May, 20 09 KENT L. JONES, P.E., State Engineer of Utah.



Judy Ausick
 Notary Public

ENTRY NO. 00144552

06/01/2009 04:51:39 PM B: 0370 P: 0250
 Certificate of Beneficial Use PAGE 2 / 2
 VERJEAN CARUSO, KANE COUNTY RECORDER
 FEE \$ 12.00 BY JIM MATSON

EXHIBIT C-3

Return after recording to:

J. Craig Smith
Smith Hartvigsen, PLLC
215 South State Street, Ste. 650
Salt Lake City, UT 84111

ENTRY 130668 RECORDED BY J. MATSON FEB 13 2007
DATE 8-10-06 AT 3:52 PM VJC KANE COUNTY RECORDER
BY DEPUTY NA BOOK 418 PAGE 546-547


WATER RIGHT QUIT CLAIM DEED

Christoph Henkel, GRANTOR, hereby QUIT-CLAIMS to the Grand Staircase Water Company, a Utah Limited Liability Company, 101 Larkspur Landing, Ste. 310, Larkspur, CA 94939, GRANTEE, for valuable consideration, all of Grantors' right, title, and interest in the following described water rights in KANE County, UTAH:

Water Right #89-1155. A 56.67% in the total water right, including 1.2532 cfs and 907.3434 acre feet for irrigation of 99.65 acres and for 680 families. The total water right consists of a flow of 2.21157 cfs and 1601.1 acre feet for irrigation of 175.84 acres and domestic use for 1200 families. The following approved change applications: a28199, a23457, a30230.

Water Right #89-1619. A 56.67% interest in the water right including 0.4468 cfs and 323.4724 acre feet for irrigation of 64.69 acres. The total water right consists of a flow of 0.78843 cfs and 570.8 acre feet for irrigation of 114.16 acres.

DATED this 31 day of July, 2006.


Christoph Henkel

_____)
: ss.
_____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2006, personally by Christoph Henkel. **SEE ATTACHED**

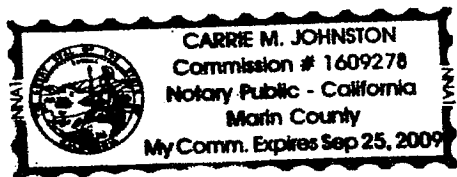
Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Marin } ss.

On July 31, 2000, before me, Carrie Johnston, Notary Public,
personally appeared Christopher Henkel,
Name and Title of Officer (e.g., "Jane Doe, Notary Public")
Name(s) of Signer(s)



☒ personally known to me

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Place Notary Seal Above

WITNESS my hand and official seal.

Carrie Johnston
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Return after recording to:

J. Craig Smith
Smith Hartvigsen, PLLC
215 South State Street, Ste. 650
Salt Lake City, UT 84111

ENTRY 130667 RECORDED BY 3 MAFS ON FEB 13 00
DATE 8-10-06 AT 3:50 PM VJC KANE COUNTY RECORDER
BY DEPUTY NA BOOK WE PAGE 544-545

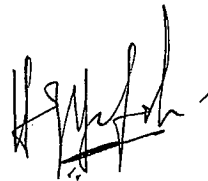
WATER RIGHT QUIT CLAIM DEED

Page One, a Utah Limited Liability Company, 101 Larkspur Landing, Ste. 310, Larkspur, CA 94939, **GRANTOR**, hereby QUIT-CLAIMS to the **Grand Staircase Water Company, a Utah Limited Liability Company**, 101 Larkspur Landing, Ste. 310, Larkspur, CA 94939, **GRANTEE**, for valuable consideration, all of Grantors' right, title, and interest in the following described water rights in KANE County, UTAH:

Water Right #89-1155. A 43.33% in the total water right, including 0.9583 cfs and 693.7566 acre feet for irrigation of 76.19 acres and for 520 families. The total water right consists of a flow of 2.21157 cfs and 1601.1 acre feet for irrigation of 175.84 acres and domestic use for 1200 families. The following approved change applications: a28199, a23457, a30230.

Water Right #89-1619. A 43.33% interest in the water right including 0.3416 cfs and 247.3276 acre feet for irrigation of 49.47 acres. The total water right consists of a flow of 0.78843 cfs and 570.8 acre feet for irrigation of 114.16 acres.

DATED this 31 day of July, 2006.



Homi Vazifdar, Authorized by Resolution
of Page One, LLC

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

The foregoing instrument was acknowledged before me this _____ day of _____, 2006, personally by **Homi Vazifdar**, authorized by resolution of Page One, LLC.

SEE ATTACHED

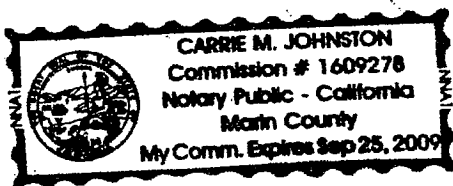
Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Marin } ss.

On July 31, 2004, before me, Carrie Johnston, Notary Public,
personally appeared Homi Vazifdar
Name and Title of Officer (e.g., "Jane Doe, Notary Public")
Name(s) of Signer(s)



☒ personally known to me

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Place Notary Seal Above

Carrie Johnston
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

EXHIBIT C-4



State of Utah
Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kevin W. Brown, P.E.
Director

Drinking Water Board
Dale Pierson, *Chair*
Anne Erickson, Ed.D., *Vice-Chair*
Ken Bassett
Myron Bateman
Jay Franson, P.E.
Helen Gruber, Ph.D.
Laurie McNeill, Ph.D.
Dianne R. Nielson, Ph.D.
Charlie Roberts
Petra Rust
Ron Thompson
Kevin W. Brown, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

October 3, 2005

John Olberg
Canyon Land Development LLC
215 South State Street, Suite 350
Salt Lake City, UT 84111

Dear Mr. Olberg:

Subject: Feasibility, Drinking Water Service to Canyon Land Resort, System #13063

We have reviewed the information submitted by Stantec, representing the resort developers, and understand the system will supply 31 villas, 31 hotel rooms, 120 hotel staff, a restaurant, spa, laundry, bar and other amenities associated with a luxury hotel. Detailed demand calculations provided by Stantec indicate the resort requires 130 gpm, 181,408 gpd, and 92 acre ft per year. Our calculations, based on state DDW rules, indicate the proposed volumes exceed the volumes required by state rules.

From a letter dated September 30, 2005, we understand that the Canyon Land Development Production Well #1 was test pumped at a constant rate of 225 gpm over a continuous 24-hour period. Based on state rule R309-515-6(10) this well will be rated at 150 gpm. At this rate CLD Well #1 can provide the required volumes indicated above.

Water Right no. 89-1155(a30230) allows Canyon Land Development to withdraw 3 cfs or 2,172 acre ft/year from a combination of CLD Well #1 and other existing or future wells located as indicated in the change application approval.

Water chemistry data is not yet available for CLD Well #1. However, data from 3 wells (Cibolla #1, Page One Well #2 and Page One Well #3) is presented in the Business Plan. These wells are located in the general area and we may assume they are representative of the local water quality. This data shows that CLD Well #1 should meet DDW quality requirements.

John Olberg
October 3, 2005
Page 2

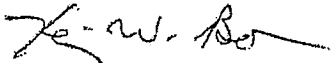
Our evaluation of the source requirements indicates Canyon Land Development is capable of serving the development and is therefore feasible.

We wish to point out that approval of the plans and specifications for construction of this project is required by Rule R309-105-6(1) of the Utah Administrative Code prior to beginning construction of the water system.

If you have any questions or need further assistance, please call Randy Taylor (435) 986-2590 at our Southwest District Office, or Bill Birkes, of my staff, at (801) 536-4201.

Sincerely,

DRINKING WATER BOARD

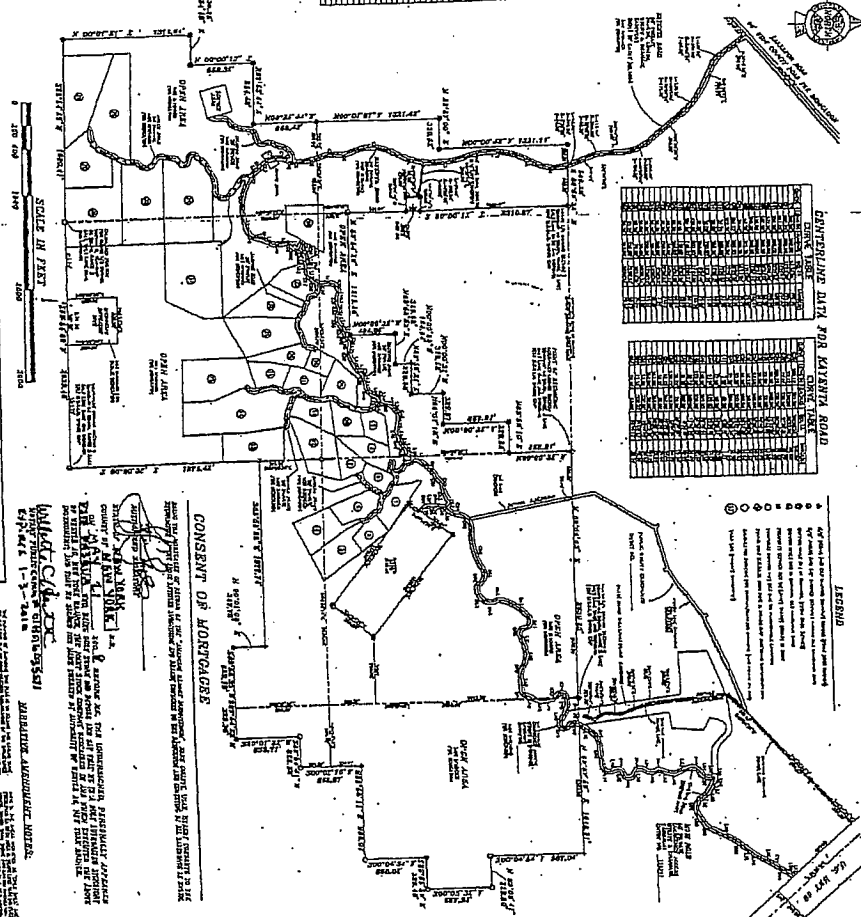


Kevin W. Brown, P.E.
Executive Secretary

RGT:

cc: Kane County Planning Commission
Stantec
DEQ, Southwest District Office
Southwest Utah Public Health Department

EXHIBIT D



SURVEYOR'S CERTIFICATE

I, LLOYD E. TILGAT, COUNTY CLERK, DO HEREBY CERTIFY THAT I HAVE, IN ACCORDANCE WITH THE PROVISIONS OF THE ACTS OF THE LEGISLATURE OF THE STATE OF ALABAMA, RECORDED THE RETURN OF THE COMMISSIONERS OF THE LANDS AND MINES OF THE STATE OF ALABAMA, IN THE OFFICE OF THE COUNTY CLERK, IN THE CITY OF MOBILE, ALABAMA, ON THE 10TH DAY OF JANUARY, 1900, IN THE PRESENCE OF THE FOLLOWING WITNESSES:

WITNESSES: J. M. TILGAT, COUNTY CLERK, AND J. M. TILGAT, COUNTY CLERK.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND SEAL OF OFFICE, IN THE CITY OF MOBILE, ALABAMA, ON THE 10TH DAY OF JANUARY, 1900.

LLOYD E. TILGAT, COUNTY CLERK.

WITNESSES: J. M. TILGAT, COUNTY CLERK, AND J. M. TILGAT, COUNTY CLERK.

[illegible]

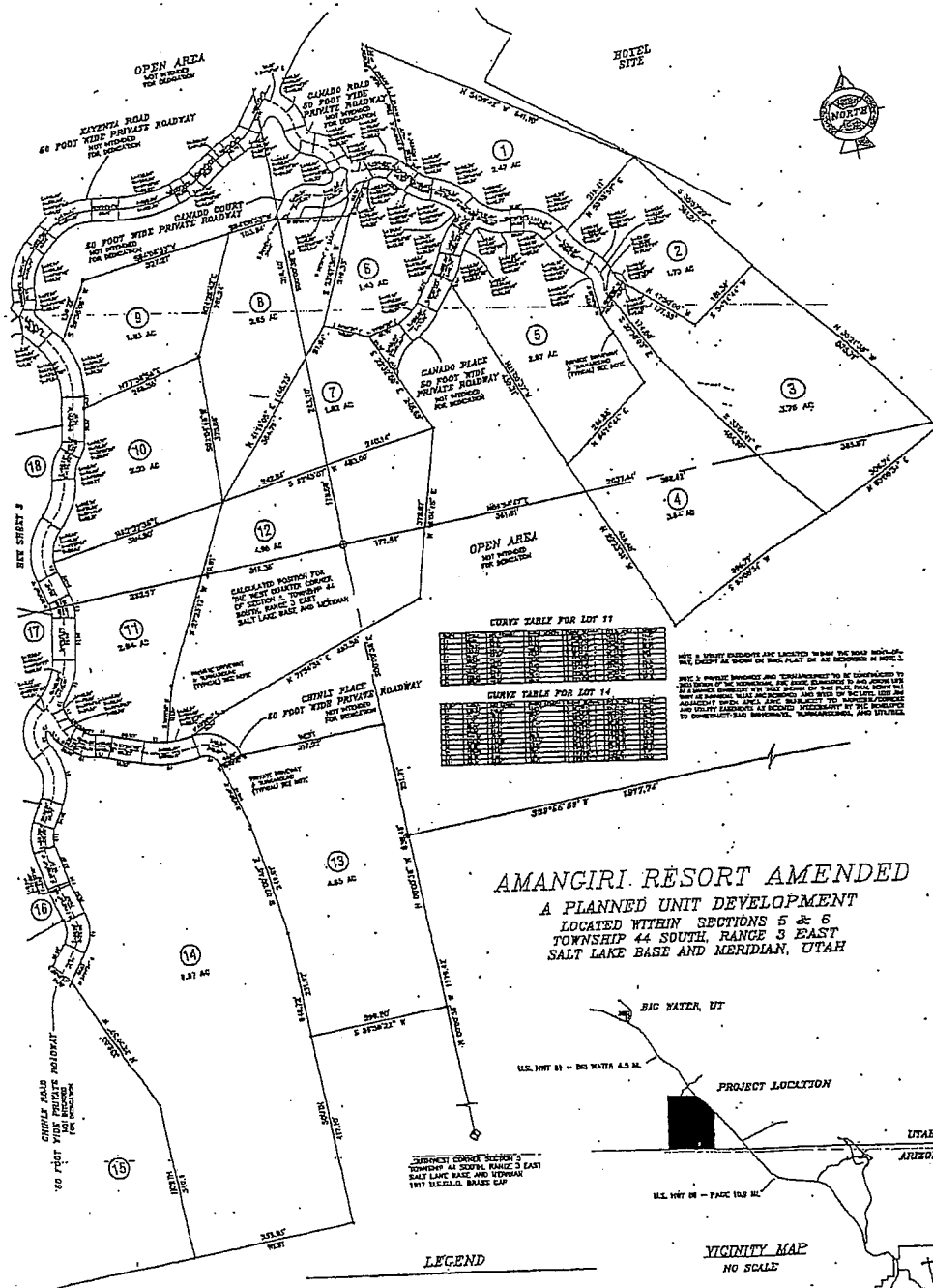
"I have been suffering from a severe case of rheumatism for several years, and have tried many different remedies, but have not been able to get any relief. I have been told that you have a medicine that will cure this disease, and I have decided to try it. I have just received your medicine, and I am very glad to hear that it will cure my disease. I will take it as directed, and I hope to be able to get on my feet again soon. I am very grateful to you for your kind offer, and I am sure that your medicine will be of great help to me. I will let you know how I get on after I have taken it for a while."

[illegible][illegible][illegible]

AMANGIRI RESORT AMEND.
A PLANNED UNIT DEVELOPMENT
LOCALITY: VIRGIN SECTIONS 5 & 6
LOCALITY: VIRGIN SECTIONS 5 & 6

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08/20/2007	AMANGIRI RESORT AMENDED A PLANNED UNIT DEVELOPMENT LOCATED WITHIN SECTIONS 5 & 6 TOWNSHIP 44 SOUTH, RANGE 3 EAST T14S, R3E, S44T LAKE BASSE AND MERIDIAN	TALBOT LAND SURVEYORS PROFESSIONAL LAND SURVEYORS 159 WEST CENTER ST., SUITE 102, KANAS, UT 84741 28 435-444-3551 FAX 435-844-8887	DATE	REVISIONS
			11/15/77	Remove changes to ARGUMENT ALLIANCE of
				Open space to be Open Area.
			1/1/78	Correction to measurements, Marked as noted



BOULEVARD ADDRESS:
PAGE 187.188
100 LAMAR AVENUE, SUITE 200
SALT LAKE CITY, UT 84143

SCALE IN FEET
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1 INCH EQUALS 100 FEET

08/20/2007
SHEET 2 OF 4
AMANGIRI RESORT AMENDED
A PLANNED UNIT DEVELOPMENT
LOCATED WITHIN SECTIONS 5 & 6
TOWNSHIP 44 SOUTH, RANGE 3 EAST
SALT LAKE BASE AND MERIDIAN

TALBOT LAND SURVEYORS
PROFESSIONAL LAND SURVEYORS
183 WEST CENTER ST., SUITE 102, KANAB, UT 84741
PH 435-844-3553 FAX 435-844-3557

DATE	REVISIONS
11/01/07	Name change to AMANGIRI RESORT 2
	Open Space to Open Area
1/11/08	Correction to table

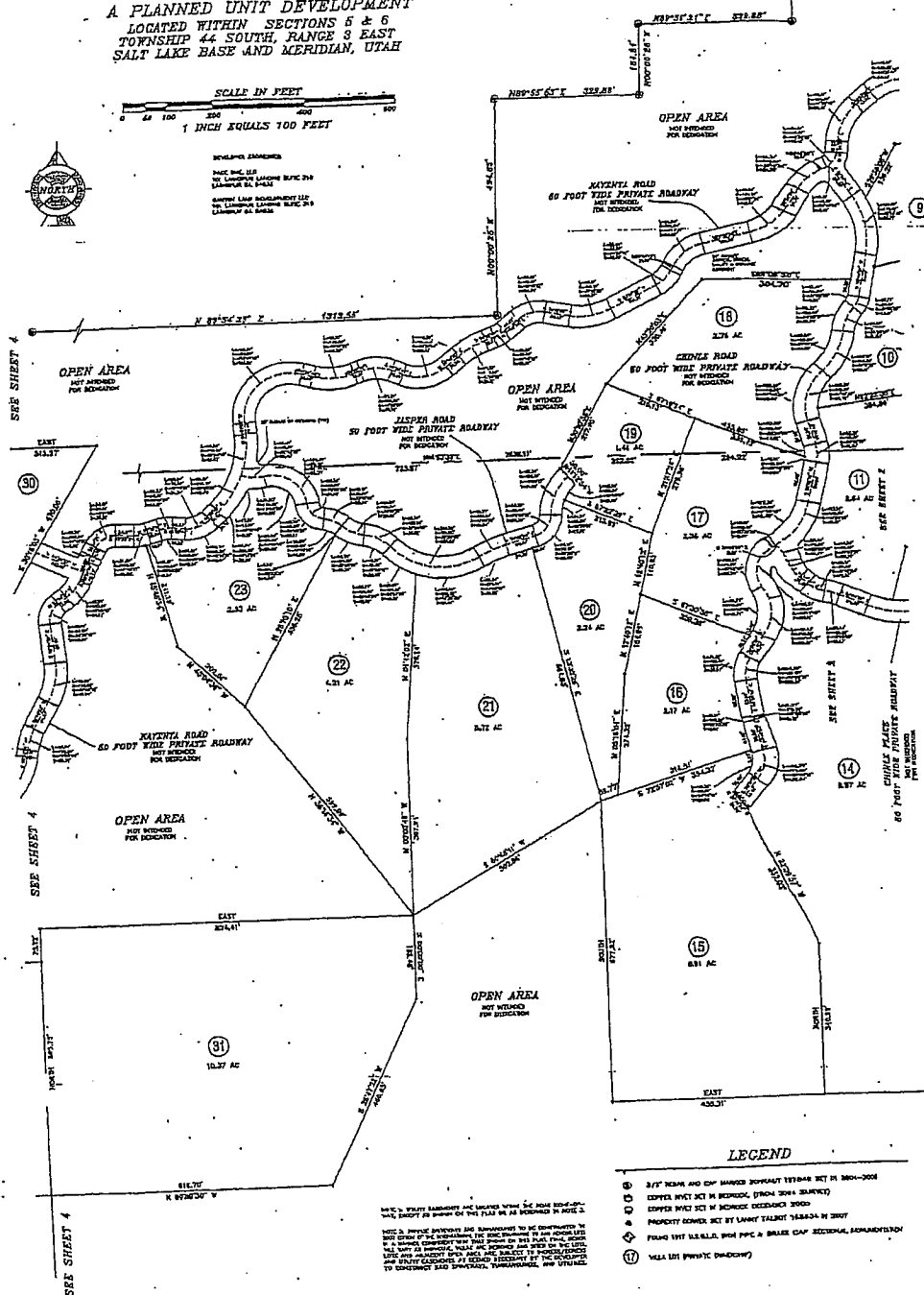
AMANGIRI RESORT AMENDED

A PLANNED UNIT DEVELOPMENT
LOCATED WITHIN SECTIONS 5 & 6
TOWNSHIP 44 SOUTH, RANGE 3 EAST
SALT LAKE BASE AND MERIDIAN, UTAH

SCALE IN FEET
0 100 200 300 400 500
1 INCH EQUALS 100 FEET



DEVELOPER'S ADDRESS
MARC INC. LLC
1000 LINDSEY LANE SUITE 200
SALT LAKE CITY, UTAH 84119
OWNER'S ADDRESS
TALBOT LAND SURVEYORS LLC
100 LINDSEY LANE SUITE 200
SALT LAKE CITY, UTAH 84119



08/20/2007

SHEET 3 OF 4

AMANGIRI RESORT AMENDED
A PLANNED UNIT DEVELOPMENT
LOCATED WITHIN SECTIONS 5 & 6
TOWNSHIP 44 SOUTH, RANGE 3 EAST
SALT LAKE BASE AND MERIDIAN

TALBOT LAND SURVEYORS
PROFESSIONAL LAND SURVEYORS
100 WEST CENTER ST., SUITE 100, KANAB, UT 84741
PH 435-844-3556 FAX 435-844-8557

DATE

REVISION

11/11/07

None change to AMANGIRI RESORT

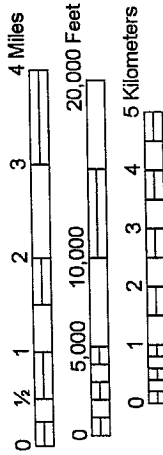
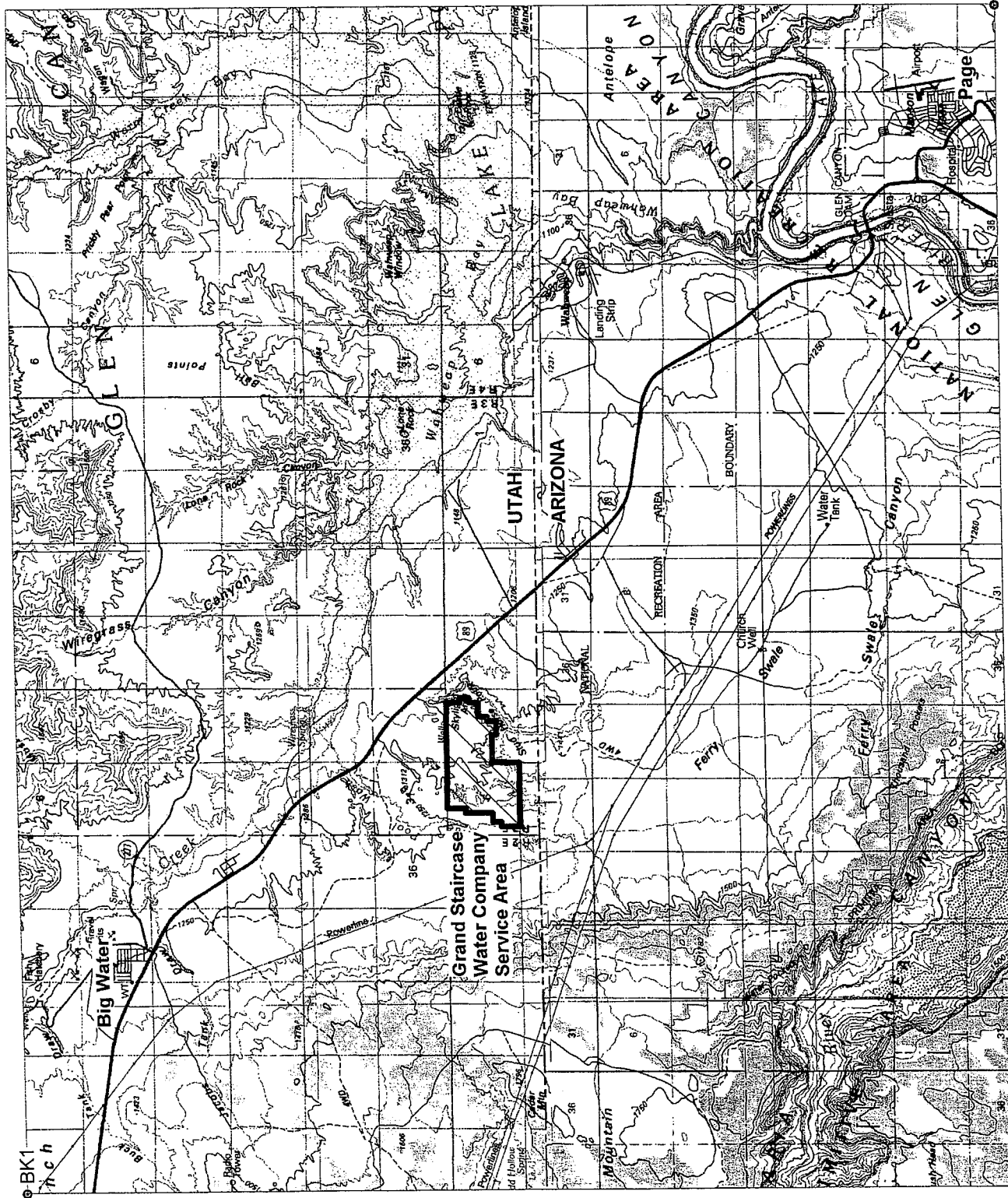
1/11/08

Corrections to value

A PLANNED UNIT DEVELOPMENT
LOCATED WITHIN SECTIONS 5 & 6
TOWNSHIP 14 SOUTH, RANGE 3 EAST
SALT LAKE BASE AND MERIDIAN, UTAH



08/20/2007		AMANGIRI RESORT AMENDED A PLANNED UNIT DEVELOPMENT LOCATED WITHIN SECTIONS 6 & 8 TOWNSHIP 44 SOUTH, RANGE 3 EAST SALT LAKE BASE AND MERIDIAN	TALBOT LAND SURVEYORS PROFESSIONAL LAND SURVEYORS 169 WEST CENTER ST. SUITE 102 KAHUA, UT 84741 725 426-6444-5663 FAX 438-44-5667	DATE 11/01/07	REMARKS Name change to AMANGIRI RESORT If Open, Open to Open Area 1/11/04 - Corrected to reader
SHEET 4 OF 4					



1927 North American Datum; UTM grid zone 12
Generated by BigTop7 (www.igage.com)
Map compiled from USGS Quads: Smoky Mountain 100K; UT, AZ
Glen Canyon Dam 100K; AZ

Grand Staircase Water Company

EXHIBIT E

GRAND STAIRCASE WATER CO. PROFORMA
SUPPLEMENTAL DATA TO PSC APPLICATION
Rate Proposal and Usage Table

Residential Rate Schedule		\$/gallon
Base Rate (<= 10,000 gal.)		\$85.00
T1* (10,001 to 20,000 gal.) per 1,000		\$6.00
T2* (20,001 to 30,000 gal.) per 1,000		\$6.50
T3* (30,001 to 40,000 gal.) per 1,000		\$7.50
T4* (>= 40,001 gal.) per 1,000		\$9.00
Other Charges		
Turn-on Fees	\$5,000.00	
Connection Fees (3/4" line)	\$65,000.00	

Commercial Rate Schedule		\$/gallon
Base Rate (<= 13,000 gal.) per 1,000		\$0.0077
T1* (13,001 to 20,000 gal.) per 1,000		\$6.00
T2* (20,001 to 30,000 gal.) per 1,000		\$7.50
T3* (30,001 to 40,000 gal.) per 1,000		\$9.00
T4* (>= 40,001 gal.) per 1,000		\$10.00
Other Charges		
Turn-on Fees	\$5,000.00	
Connection Fees (3/4" line)	\$75,000.00	

Villa water bill for average month water use (27,750 gals)			
	gals	cost	cost/gal
-	100,000.00	\$ 85.00	\$0.0085
100,001.00	250,000.00	\$ 60.00	\$0.0060
250,001.00	500,000.00	\$ 50.38	\$0.0065
500,001.00	750,000.00	-	\$0.0000
750,001.00	>=750,000	-	\$0.0000
Total	27,750.00	\$ 195.38	
average =			\$ 0.0070

Entry Bldg. water bill for average month water use (675 gals)			
	gals	cost	cost/gal
-	13,000.00	\$0.1481	\$0.01481
13,001.00	30,000.00	-	\$0.0000
30,001.00	40,000.00	-	\$0.0000
40,001.00	50,000.00	-	\$0.0000
50,001.00	>=50,000	-	\$0.0000
Total	675.00	\$ 100.00	
average =			\$ 0.1481

Srvc Bldg. water bill for avg. month water use (70425 gals)			
	gals	cost	cost/gal
-	13,000.00	\$100.00	\$0.0077
13,001.00	30,000.00	\$ 102.00	\$0.0060
30,001.00	40,000.00	\$ 75.00	\$0.0075
40,001.00	50,000.00	\$ 90.00	\$0.0090
50,001.00	>=50,000	\$ 204.25	\$0.0100
Total	70,425.00	\$ 571.25	
average =			\$ 0.0081

Campground water bill for avg. month water use (3000 gals)			
	gals	cost	cost/gal
-	13,000.00	\$100.00	\$0.0333
13,001.00	30,000.00	-	\$0.0000
30,001.00	40,000.00	-	\$0.0000
40,001.00	50,000.00	-	\$0.0000
50,001.00	>=50,000	-	\$0.0000
Total	3,000.00	\$ 100.00	
average =			\$ 0.0333

Hotel water bill for average month water use (369,315 gals)*			
	gals	cost	cost/gal
-	100,000.00	\$ 800.00	\$0.0080
100,001.00	250,000.00	\$ 975.00	\$0.0065
250,001.00	500,000.00	\$ 412.72	\$0.0080
500,001.00	750,000.00	-	\$0.0000
750,001.00	>=750,000	-	\$0.0000
Total	301,590.00	\$ 2,187.72	
average =			\$ 0.0073
* based on 60% occupancy			

Villa water bill for peak month water use (55,500 gals)			
	gals	cost	cost/gal
-	100,000.00	\$ 85.00	\$0.0085
100,001.00	250,000.00	\$ 60.00	\$0.0060
250,001.00	500,000.00	\$ 65.00	\$0.0065
500,001.00	750,000.00	\$ 75.00	\$0.0075
750,001.00	>=750,000	\$ 139.50	\$0.0090
Total	55,500.00	\$ 424.50	
average =			\$ 0.0076

Entry Bldg. water bill for peak month water use (1350 gals)			
	gals	cost	cost/gal
-	13,000.00	\$100.00	\$0.0741
13,001.00	30,000.00	-	\$0.0000
30,001.00	40,000.00	-	\$0.0000
40,001.00	50,000.00	-	\$0.0000
50,001.00	>=50,000	-	\$0.0000
Total	1,350.00	\$ 100.00	
average =			\$ 0.0741

Srvc Bldg. water bill for peak month water use (140850 gals)			
	gals	cost	cost/gal
-	13,000.00	\$100.00	\$0.0077
13,001.00	30,000.00	\$ 102.00	\$0.0060
30,001.00	40,000.00	\$ 75.00	\$0.0075
40,001.00	50,000.00	\$ 90.00	\$0.0090
50,001.00	>=50,000	\$ 908.50	\$0.0100
Total	140,850.00	\$ 1,275.50	
average =			\$ 0.0091

Campground water bill for peak month water use (6000 gals)			
	gals	cost	cost/gal
-	13,000.00	\$100.00	\$0.0167
13,001.00	30,000.00	-	\$0.0000
30,001.00	40,000.00	-	\$0.0000
40,001.00	50,000.00	-	\$0.0000
50,001.00	>=50,000	-	\$0.0000
Total	6,000.00	\$ 100.00	
average =			\$ 0.0167

Hotel water bill for peak month water use (738,630 gals)*			
	gals	cost	cost/gal
-	100,000.00	\$ 800.00	\$0.0080
100,001.00	250,000.00	\$ 975.00	\$0.0065
250,001.00	500,000.00	\$ 2,000.00	\$0.0080
500,001.00	750,000.00	\$ 980.21	\$0.0095
750,001.00	>=750,000	-	#DIV/0!
Total	603,180.00	\$ 4,755.21	
average =			\$ 0.0079
* based on 60% occupancy			

Total Commercial and Hotel monthly estimated charges \$ 2,858.97

Summary Usage Data				
count	Capacity	GPMo (avg)	GPMo (peak)	
18 Residential				
1 Hotel	100%	27750	55500	
	70%	502650	1005300	
	60%	351855	703710	
1 Commercial	100%	301590	603180	
	70%	117375	234750	
	60%	82162.5	164325	
1 Commercial				
1 Commercial				
	60%	70425	140850	
		675	1350	
		3000	6000	

GRAND STAIRCASE WATER CO.
Balance Sheet
December 31, 2009

	<u>Dec 31, 2009</u>
ASSETS	
Utility Plant	
Land	289,746.66
Land Improvements	438,461.81
Water Well	949,306.42
Pumping Equipment	227,560.56
Water Tank	934,410.87
Transmission Main - County Road	62,672.42
Meters & Meter Installation	0.00
Total Utility Plant	<u>2,902,158.74</u>
 Intangible Assets	
Water Rights	808,588.06
Total Intangibles	<u>808,588.06</u>
 TOTAL ASSETS	<u><u>3,710,746.80</u></u>
 LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	0.00
Loan Interest Payable	0.00
Total Current Liabilities	<u>0.00</u>
 Long-Term Liabilities	
Notes Payable	
Note - Canyon Land Development LLC	3,710,746.80
Total Long-Term Liabilities	<u>3,710,746.80</u>
 Total Liabilities	3,710,746.80
 Equity	
Retained Earnings	0.00
Owner's Equity	0.00
Net Income	0.00
Total Equity	<u><u>0.00</u></u>
 TOTAL LIABILITIES & EQUITY	<u><u>3,710,746.80</u></u>

GRAND STAIRCASE WATER CO.
Projected Income Statement
December 31, 2010

	<u>Projected 2010</u>
Utility Operating Revenue	
Residential Base Rate	1,020.00
Residential Tiered Usage Chgs	1,324.50
Commercial Base Rate	3,600.00
Commercial Tiered Usage Chrgs.	5,655.00
Hotel Base Rate	9,600.00
Hotel Tiered Usage Chrgs.	16,652.64
Turn-on Fees - Residential	5,000.00
Turn-on Fees - Commercial	5,000.00
Turn-on Fees - Hotel	0.00
New Connection Fees - Residential	32,500.00
New Connection Fees - Commercial	37,500.00
New Connection Fees - Hotel	<u>0.00</u>
 Total Utility Operating Income	 117,852.14
 Utility Operating Expenses	
Administration	36,000.00
Billing & Collection	10,000.00
Ops/Testing	40,000.00
Utilities	3,600.00
Permits, Licenses & Fees	100.00
Maint & Repair	15,000.00
Professional Fees (Legal, Acct. Audit)	9,000.00
Real Estate & Other Property Taxes	25,000.00
Insurance	15,000.00
Depreciation	<u>92,563.96</u>
 Total Utility Operating Expenses	 <u>246,263.96</u>
 NET UTILITY INCOME	 <u><u>-128,411.82</u></u>
 Other Income & Deductions	
Interest Expense	281,244.35
Income Taxes	<u>0.00</u>
 Total Other Income & Deductions	 <u>281,244.35</u>
 NET INCOME (LOSS)	 <u><u>-409,656.17</u></u>

EXHIBIT F

Grand Staircase Water Company
Kane County, Utah

Original Sheet No. 1
PSC Utah No. 1

GRAND STAIRCASE WATER COMPANY, LLC

**RATE SCHEDULES
AND
RULES AND REGULATIONS**

TARIFF NO. 1

Effective: October 10, 2010

INDEX

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2. Connections	5
3. Application for Permit	5
4. Metering of Service	5
5. Meter Adjustments	5
6. Service Connections	5
7. Service Line	6
8. Water Use Restriction	6
9. Service Turn-on and Turn-off	6
10. Disruption Liability	6
11. Damage to Facilities	6
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15. Regulated Usage	7
16. Changes and Amendments	7
17. Credit Deposit	7
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WATER SERVICE RATE SCHEDULE

Applicability

This Tariff is applicable in the entire service area of the Grand Staircase Water Company, LLC ("Company") to provide water service for culinary purpose at one point of delivery for each residential, commercial, and hotel connection.

The service area of the Company is the Amangiri Resort Amended subdivision, as shown on the plat recorded and on file with the Kane County Recorder's Office, Book 0350, Pages 247-250, Entry No. 139643. Maps showing the service area are appended hereto.

Rates as herein set forth shall apply to each customer unit. A customer unit is defined as a single unit residential dwelling or any commercial hotel, store, service station, cafe, factory, shop, accessory building, processing plant, or other establishment or concern that might apply for culinary water service for domestic purposes through one or more connections.

The following rates are for a period of one month for each connection:

Rates

Usage Charges

Residential Connections

The First 10,000 gallons	\$ 85.00	minimum charge for each connection
10,001 to 20,000 gallons	\$ 6.00	per 1,000 gallons
20,001 to 30,000 gallons	\$ 6.50	per 1,000 gallons
30,001 to 40,000 gallons	\$ 7.50	per 1,000 gallons
Over 40,000 gallons	\$ 9.00	per 1,000 gallons

Premises temporarily without a meter will be charged the minimum rate.

Commercial Connections

The First 12,000 gallons	\$ 100.00	minimum charge for each connection
12,001 to 30,000 gallons	\$ 6.00	per 1,000 gallons
30,001 to 40,000 gallons	\$ 7.50	per 1,000 gallons
40,001 to 50,000 gallons	\$ 9.00	per 1,000 gallons
Over 50,000 gallons	\$ 10.00	per 1,000 gallons

Premises temporarily without a meter will be charged the minimum rate.

(Continued)

Hotel Connection

The First 100,000 gallons	\$ 800.00	minimum charge for each connection
100,001 to 250,000 gallons	\$ 6.50	per 1,000 gallons
250,001 to 500,000 gallons	\$ 8.00	per 1,000 gallons
500,001 to 750,000 gallons	\$ 9.50	per 1,000 gallons
Over 750,000 gallons	\$ 11.00	per 1,000 gallons

Premises temporarily without a meter will be charged the minimum rate.

Service Connection Charges

Residential Connections

Service line (3/4" or 1") from main line to property line	\$65,000.00	One-time charge for each service requiring new meter installation
Turn-on service where meter is already in place	\$ 5,000.00	One-time charge

Commercial Connections

Service line (3/4" or 1") from main line to property line	\$75,000.00	One-time charge for each service requiring new meter installation
Turn-on service where meter is already in place	\$ 5,000.00	One-time charge

Hotel Connection

Service line (6") from main line to property line	\$100,000.00	One-time charge for each service requiring new meter installation
Turn-on service where meter is already in place	\$ 10,000.00	One-time charge

Other Charges

Disconnection Fee	\$ 500.00	per occurrence
Reconnection Fee	\$ 500.00	per occurrence
Late Payment Fee/ interest	\$ 100.00	per occurrence, or 18% per annum penalty, whichever is greater

RULES AND REGULATIONS

1. **Water Use per Customer:** Unless otherwise approved by the Company, each residential connection will be entitled to use not more than 55,500 gallons of water per month, each commercial connection will be entitled to use not more than 150,000 gallons of water per month, and each hotel connection will be entitled to use not more than 1,000,000 gallons of water per month.
2. **Connections:** No unauthorized person shall tap any water main or distribution pipe of the Company or insert therein any corporation cock, stop cock or any other fixture or appliance or alter or disturb any service pipe, corporation stop, curb stop, gate valve, hydrant, water meter or any other attachment, being part of the waterworks system and attached thereto. No person shall install any water service pipe or connect or disconnect any such service pipe with or from the mains or distribution pipes of said waterworks system, nor with or from any other service pipe now or hereafter connected with said system, nor make any repairs, additions to, or alterations of any such service pipe, tap, stop cock, or any other fixture or attachments connected with any such service pipe, without first obtaining a permit from the Company.
3. **Application for Permit:** Before any service connection shall be made to any part of the waterworks system, or any work performed upon old or new connections, a permit shall be obtained from the Company. Such permit shall be issued upon written application on forms obtainable from the Company. Applicants for water service shall furnish, lay and install at their own expense, all that portion of the service not provided by the Company, subject however, to the supervision and inspection of the Company.
4. **Metering of Service:** All water delivered by the Company to its customers shall be metered through water meters. Meters may be checked, inspected, or adjusted at the discretion of the Company, and shall not be opened or adjusted except by authorized representatives of the Company. Only authorized representatives of the Company shall open meter boxes to turn water service on or off except in case of emergency or when special permission is given by the Company.
5. **Meter Adjustments:** If a meter fails to register at any time, the water delivered during such a period shall be billed at the rate for the average of the last three months water use. In the event a meter is found to be recording at less than 97 percent or more than 103 percent of actual, the Company may make such adjustments to the customer's previous bill as are just and fair under the circumstances.
6. **Service Connections:** Any person desiring to obtain a supply of water from the Company shall make application in writing. The service connection charges shown in this tariff include a meter, meter box, a cover, and a valved service line to the property line. The meter and meter box will be located as directed by the Company. All materials furnished by the Company shall remain its sole and exclusive property. Excavation and installation shall be made by the Company from the main line connection in the road to 3 feet beyond the meter. The connection charges shall apply to all new connections

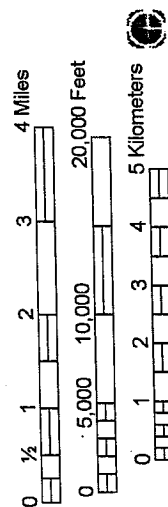
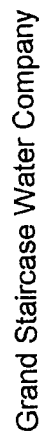
installed on or after the effective date of this tariff.

7. **Service Line:** All service line materials and installation shall be provided by the applicant. Installation shall be inspected and approved by the Company before the service line trench is backfilled. A shut-off valve shall be provided by the applicant on each service line, in an accessible location separate from the water meter box.
8. **Water Use Restriction:** The owner or occupant of any building on premises entitled to the use of water from the Company shall not supply water to any other building or premises without written permission of the Company.
9. **Service Turn-on and Turn-off:** Only authorized representatives of the Company shall turn water service on or off at the meter box except in case of an emergency or when special permission is granted by the Company. Service may be turned off by the Company when so requested by the applicant, when the applicant fails to abide by these regulations, or as permitted by Utah Administrative Code R746-200-7, Termination of Service. Whenever the water is turned off at any premises, it shall not be turned on again until the customer pays all delinquent balances owing, late charges, and reconnection fees as shown in the rate schedule.
10. **Disruption Liability:** The Company shall use reasonable diligence to provide continuous water service to its customers, and shall make a reasonable effort to furnish them with clean, pure supply of water, but the Company shall not be held liable for damages to any water user by reason of any stoppage or interruption of his water supply caused by scarcity of water, accidents to works, water main alterations, additions or repairs, acts of God, acts of third persons, or other unavoidable causes.
11. **Damage to Facilities:** Costs of any damage resulting from the failure of the owner, agent or tenant to properly protect the water meter or other facilities of the Company installed upon premises supplied with water, shall be assessed against such owner, agent or tenant. Water consumers shall not tamper with or remove the meter, or interfere with the reading thereof.
12. **Reading of Meters:** All meters shall be read by the Company monthly and charges shall be based upon meter readings except as provided for in paragraph 5 above.
13. **Billings and Payments:** Bills covering the charges will be issued and shall be due within thirty (30) days after being issued. If any customer neglects or refuses to pay a water service bill or any other obligation due to the Company within thirty (60) days from the date of issuance, the Company's employees shall have the right to go upon the premises and do such work as may be necessary to disconnect the water service. Before the service is renewed and reconnected the delinquent bill or bills shall be paid in full, or payment arrangements satisfactory to the Company shall be made, and the established tariff charge for reconnection shall be paid.

14. **Discontinuance of Service:** Any customer wishing to discontinue service shall notify the Company so that the meter can be read for a final billing. Such final bill shall be due and payable upon receipt.
15. **Regulated Usage:** Whenever the Company shall determine that the amount of water available to its distribution system has diminished to such a volume that, unless restricted, the public health, safety and general welfare is likely to be endangered, it may prescribe rules and regulations to conserve the water supply during such emergency. Such rules and regulations may include, but shall not be limited to, the restriction to certain hours (or total prohibition) of the use of water for outdoor watering.
16. **Changes and Amendments:** The Company reserves the right to change, amend or add to these Rules and Regulations as experience may show it to be necessary and as such amendments or changes are approved by the Utah Public Service Commission.
17. **Credit Deposit:** The Company may at its option, and in lieu of established credit, require a deposit from the customer to assure payment of bills. Such deposits shall cover the base water rate for a minimum of 60 days or \$200.00, whichever is greater. This deposit may be refunded when the customer has paid his or her bill on time for 12 consecutive months. Deposits held over 4 months shall earn interest from the Company at the rate of 3.00% per annum, beginning with the first day of deposit. Interest will be credited to the customer's account.
18. **Special Assessments:** The Company reserves the right to levy special assessments as necessary to pay for or reimburse the Company for expenses attributed to emergency or necessary waterworks system improvements, maintenance, or repairs, subject to all necessary approvals of such special assessments by the Public Service Commission.

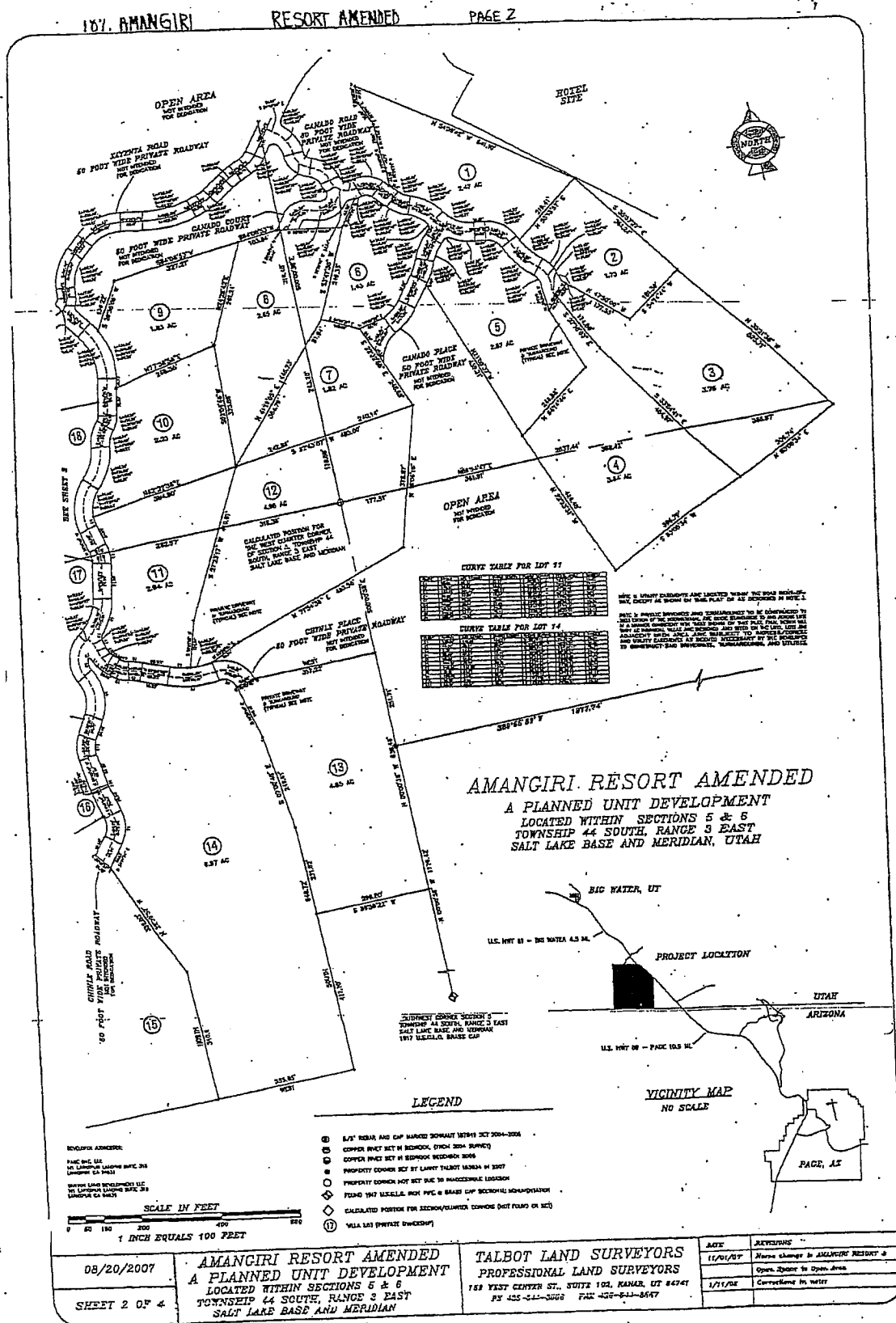
FACILITY EXTENSION POLICY

1. **Definition:** An extension is any continuation of or branch from, the nearest available existing line of the Company, including any increase of capacity of an existing line to meet the Customers' requirements.
2. **Costs:** The total cost of extensions including engineering, labor, and materials shall be paid by the applicants for such extensions. If, because of the extension and the addition of applicants as customers, additional water rights, pumps, storage, or other water plant must be acquired, the Company may require the applicants to pay these costs. Where more than one customer is involved in an extension the costs shall be pro-rated on the basis of the street frontage distances involved or upon such other basis as may be mutually agreed by the applicants. Sufficient valves and fire hydrants must be included with every installation.
3. **Construction Standards.** Minimum standards of the Company shall be met, which standards shall also comply with the standards of the Utah State Division of Drinking Water. Pipe sizes shall never be smaller than 4" (four inches) in diameter. The pipeline shall be installed only along dedicated streets and highways, unless otherwise approved in writing by the Company.
4. **Water Storage and Supply:** Except as provided for in paragraph 2 herein above, all costs for providing increased water supply and storage shall be paid by the Company. This cost shall include the installation and operation of pumps as required for proper pressure regulation of the system.
5. **Ownership:** Completed facilities and water rights shall be owned, operated, and maintained by the Company, including and through meters as detailed in the Tariff Rules and Regulations.
6. **Temporary Service:** The Customer will pay the total cost for the installation and removal of any extension for service to a venture of a temporary or speculative nature. Such costs will be estimated and paid before work is begun on the extension.



1927 North American Datum; UTM grid zone 12
Generated by BigTopo7 (www.bigtopo7.com)
Map compiled from USGS Quads: Smoky Mountain 100K; UT, AZ
Glen Canyon Dam 100K; AZ

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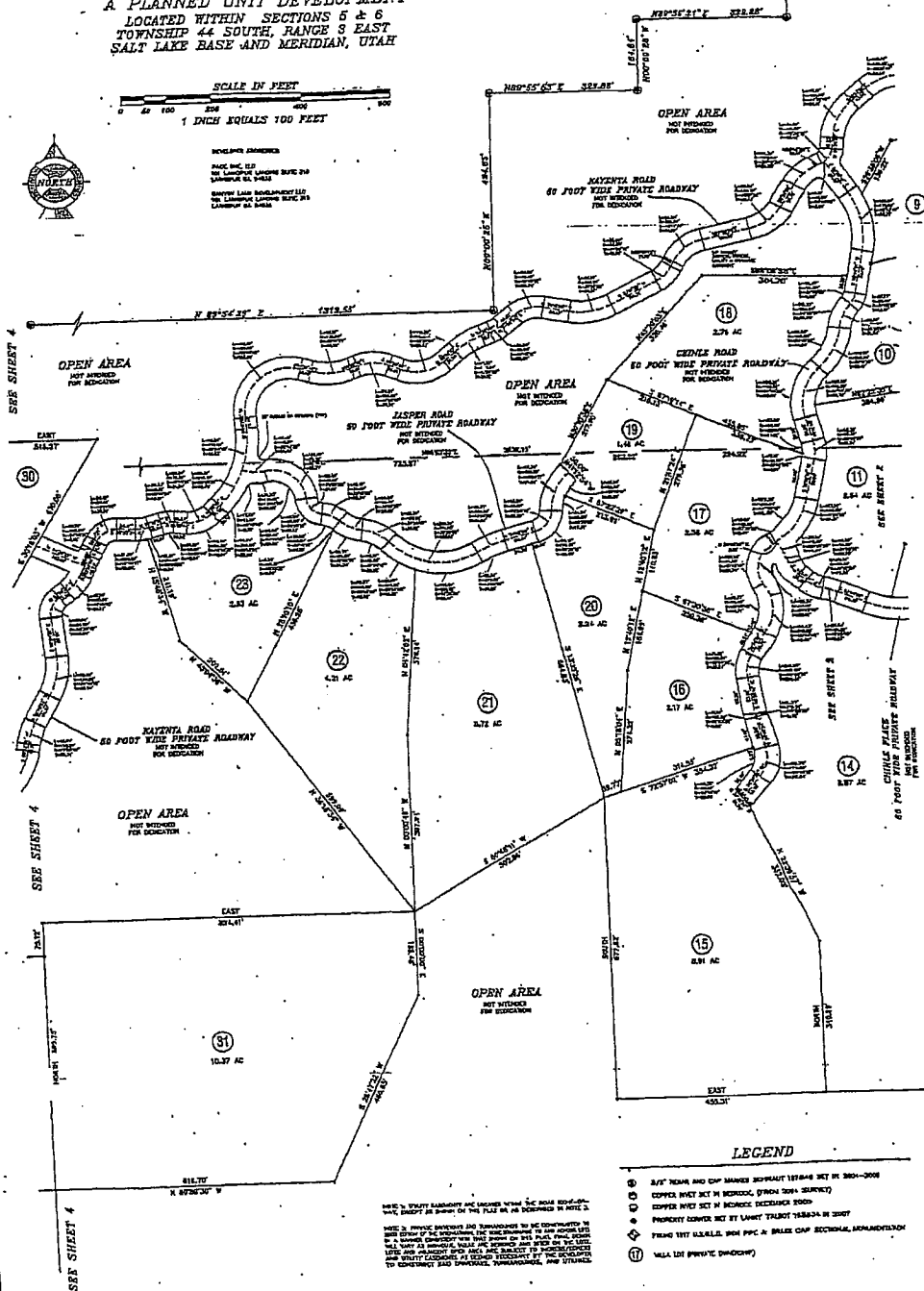
AMANGIRI RESORT AMENDED

A PLANNED UNIT DEVELOPMENT
LOCATED WITHIN SECTIONS 5 & 6
TOWNSHIP 44 SOUTH, RANGE 3 EAST
SALT LAKE BASE AND MERIDIAN, UTAH

SCALE IN FEET
0 100 200 300 400 500
1 INCH EQUALS 100 FEET



INVESTIGATOR'S ADDRESS
PAGE INC. 112
100 LAUREL LANE SUITE 200
SANDHURST, CA 94588
SALT LAKE COUNTY, UT
100 LAUREL LANE SUITE 200
SANDHURST, CA 94588



LEGEND

- ① 1/4" BEAR AND CIP MARKER BEHIND 15848 SET IN 2004-2005
- ② COPPER INSET SET IN 2004-2005 (FROM 2004 SURVEY)
- ③ COPPER INSET SET IN 2004-2005 (FROM 2004 SURVEY)
- ④ PROPERTY CORNER SET BY TALENT TALBOT 15842A IN 2007
- ⑤ TRAIL 15842A SET BY TALENT TALBOT 15842A IN 2007
- ⑥ WALL SET PRIVATE (DITCHING)

08/20/2007

SHEET 3 OF 4

AMANGIRI RESORT AMENDED
A PLANNED UNIT DEVELOPMENT
LOCATED WITHIN SECTIONS 5 & 6
TOWNSHIP 44 SOUTH, RANGE 3 EAST
SALT LAKE BASE AND MERIDIAN

TALBOT LAND SURVEYORS
PROFESSIONAL LAND SURVEYORS
165 WEST CENTER ST., SUITE 102, KANAB, UT 84741
PH 435-844-3556 FAX 435-844-3557

DATE	REVISIONS
11/11/07	Name change to AMANGIRI RESORT &
	Open Space to Open Area
1/11/08	Corrections to table

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