

WATER AGREEMENT

THIS WATER AGREEMENT (this “**Agreement**”), is made and entered into as of October 15, 2025 (“**Effective Date**”), by and between Apple Valley Town (“**Town**”), a Utah municipal corporation, and Little Creek Land Company, LLC, a Utah limited liability company, and Jepson Canyon Resort Development Co. Inc., a Utah corporation (together “**Developer**”).

RECITALS:

A. Developer is the owner of certain real property situated in Apple Valley, Utah, with Parcel Identification numbers AV-1337-A-1-A-1-A, AV-1340, AV-1341, AV-1347, AV-1352, AV-1353-JC2, AV-1381, AV-1381-JC1, AV-1382-JC2, AV-1383-JC2, AV-1384-JC3, AV-1338-A-2, AV-1385-JC3 and AV-1338-A-1-JC3 (“**Property**”);

B. Big Plains Water Special Service District (“**Big Plains**”) was a Utah Special Service District that provided culinary water service to Apple Valley Town through a system of water collection and conveyance facilities (“**Town Water System**”). Big Plains was dissolved on July 16, 2025 and all rights, title, interests, and obligations of Big Plains were assigned to and assumed by the Town as of such date. The area served by Big Plains, and now the Town, includes the Property.

C. Developer is currently working with Town to develop the Property, to be known as Jepson Canyon (“**Project**”).

D. Developer desires to obtain culinary water service for the Project from the Town Water System, in accordance with the terms and conditions hereinafter set forth.

E. Big Plains passed resolution number BPW-R-2023-11 (“**Resolution**”). Per the Resolution, Big Plains may, at its discretion, accept the dedication of one (1) acre foot of municipal category water rights per connection, or a developer much purchase water from Big Plains at a rate of \$10,000 per acre foot.

F. Developer has previously dedicated to Big Plains, and Big Plains has accepted dedication of, 169 acre feet of water rights for use in the Project (“**Dedicated Water**”) and the Town, as successor in interest to Big Plains, acknowledges such dedication. Both parties agree that the dedicated 169 acre feet of water rights will satisfactorily meet the required obligations for the said 227 residential lots. Developer further acknowledges that additional water rights or the payment of additional Buy-In Fees are required for any commercial developments, parks, public landscaping, public pools, water features or any other supporting infrastructure requiring a water connection (“**Non-Residential Water Uses**”). For any such Non-Residential Water Uses, Developer shall obtain a water usage study prepared by an engineer engaged and paid for by Developer and the results/recommendations of which being approved by an engineer engaged and paid for by the Town (“**Water Usage Study**”). Each Water Usage Study shall determine the number of ERUs attributable to the applicable Non-Residential Water Use for purposes of this Agreement. Thereafter, the development and construction of any improvements and structures

and the commencement of the Non-Residential Water Use shall constitute an automatic reduction of the remaining ERUs.

G. The Town is willing to provide culinary water service to the Project, and Developer desires that the Town be the owner and operator of the System, all upon the terms and conditions hereafter set forth.

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

1. Developer and the Town acknowledge and agree that the Dedicated Water shall cover and satisfy the requirements in the Resolution and enable a total of 227 residential connections at the Project, at no additional cost to Developer. Should Developer elect to develop commercial connections in the Project, Developer may purchase additional water to enable such commercial connections. The foregoing does not preclude the Town from requiring Developer to pay impact fees in connection with the development of the Project in accordance with applicable law. Subject to the terms and conditions of this Agreement, the Town shall provide culinary water service to the Project in accordance with Town ordinances, and other applicable law.

2. In compliance with the requirements of the Town and the Utah Division of Drinking Water, Developer will design and construct all connecting pipeline, all wells, all tanks and any other infrastructure to comply with applicable laws, and all necessary facilities, fixtures, meters and appurtenances needed to operate and deliver water to the Project.

3. Developer understands and agrees they will be solely responsible for obtaining and/or purchasing any easements required to facilitate the above-mentioned requirements in section 2, provided, however, that the Town shall reasonably cooperate in obtaining any such easements, including, without limitation, exercising its power of eminent domain to acquire necessary easements by taking if Developer is unable to acquire the same on reasonable terms, but Developer shall be responsible for the cost of any fair market value compensation required in connection with the acquisition of such easements. The Developer will also be responsible for any and all engineering and attorney cost/fees incurred by the Town. The Developer will connect the Project to the Town Water System but not into the current aquifer being utilized by the Town. Upon connection to the Town Water System, Developer will dedicate all water conveyance improvements to the Town, and the Town will become the owner and operator and shall manage in all respects the delivery of culinary water to the Project, in accordance with all applicable laws.

4. The Town has informed Developer that the current Apple Valley water system has reached its maximum capacity and that the current aquifer is at maximum capacity. Developer agrees and understands that based on this information they will be required to obtain water on a different aquifer at a location to be determined by the Town. Developer agrees to design/construct wells, pipes and infrastructure to a capacity required to comply with applicable law and the Town's standards. Developer agrees and understands they are responsible for all cost to bring adequate water to the Project.

5. Prior to the issuance of any certificates of occupancy for residential units in the Project, Developer shall design/construct a water tank with the capacity necessary to service the Project as determined by the Town's engineer ("**Water Tank**") within the Project at a location mutually agreed by Developer and Town. The Water Tank shall be constructed according to Town standards. Should the Town desire additional size and capacity to the Water Tank beyond the capacity required to serve the Project, the Town shall pay the extra cost thereof prior to construction of the Water Tank.

5.1. Upon receipt of project Certificate of Occupancy, Developer will dedicate all water system improvements to the Town, and the Town will become the owner and operator and shall manage in all respects the Water Tank and storage of culinary water, in accordance with all applicable laws.

6. This Agreement novates and supersedes the Water and Sewer Agreement by and between Big Plains and Developer dated June 12, 2019, which is recorded as DOC # 20190024368 and the First Amendment to Water and Sewer Agreement dated February 17, 2021.

7. The Town shall at all times be provided with complete access to all pipelines and other facilities installed by Developer. Developer acknowledges that the Town on a periodic basis will be entering the premises to inspect all water, and infrastructure and gives permission of ingress and egress for the same.

8. The parties' obligations hereunder are subject to the obtaining of any approvals or permits required by Utah Law.

9. The Town may, upon providing written notice to Developer, and upon approval of Developer, which approval shall not be unreasonably withheld, assign or transfer its obligations hereunder to another supplier.

10. All parties agree to indemnify, save harmless and defend the others, their agents and employees, from all claims, mechanics liens, demands, damages, actions, cost and charges, and other liabilities arising out of or by reason of the obligations contained in this Agreement.

11. This Agreement shall constitute the entire agreement and understanding of and between the Parties in relation to matters described herein, and no statements, representations, inducements or promises other than as expressly set forth herein have been given or received by any of the Parties (nor by their respective agents, employees, attorneys or representatives) in return for the same. All negotiations, oral conversations, statements, representations and/or agreements leading up to the execution of this Agreement are merged herewith and shall not be the basis for any legal rights, claims or defenses in relation to any litigation or otherwise. No parole or extrinsic evidence may be used to contradict any of the terms of this Agreement. Any amendment to this Agreement must be in writing, signed by duly authorized representatives of the Parties hereto, and specifically state the intent of the Parties to amend this Agreement.

12. In no event shall any Party, or its boards, commissions, officers, agents or employees, be liable in damages for any default under this Agreement, it being expressly understood and agreed that the sole legal remedy available to another Party for a breach or violation of this Agreement by the another Party shall be an action in mandamus, specific performance or other injunctive or declaratory relief to enforce the provisions of this Agreement by the another Party, or to terminate, modify, correct or suspend this Agreement. In connection with the foregoing provisions, each Party acknowledges, warrants and represents that it has been fully informed with respect to, and represented by counsel of such Party's choice in connection with, the rights and remedies of such Party hereunder and the waivers herein contained, and after such advice and consultation has presently and actually intended, with full knowledge of such Party's rights and remedies otherwise available at law or in equity, to waive and relinquish such rights and remedies to the extent specified herein, and to rely to the extent herein specified solely on the remedies provided for herein with respect to any breach of this Agreement by the other Party.

13. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. Electronic transmission (including email and fax) of a signed copy of this Agreement and the retransmission of any signed electronic transmission shall be the same as delivery of an original. Signatures on this document, whether executed physically or by use of electronic signatures, shall be deemed original signatures and shall have the same legal effect as original signatures.

14. The persons executing this Agreement warrant and represent that they are duly authorized to do so in the capacity stated. All negotiations, understandings, representations and preliminary agreements are merged herein. The parties intend this document to be the final and exclusive expression of their agreement. This Agreement may not be modified, amended or revoked unless by a writing signed by all the parties hereto. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the party preparing it.

(Signatures to follow)

IN WITNESS WHEREOF, the parties hereto have executed this Water Supply Agreement by and through their respective, duly authorized representatives as of the day and year first above written.

Apple Valley Town

By: Mike Farrar
Its: Mayor

ATTEST_____
Town Clerk/Recorder: Jenna Vizcardo

DEVELOPER

LITTLE CREEK LAND COMPANY, LLC

By:_____
Its:_____

DEVELOPER

JEPSON CANYON RESORT DEVELOPMENT CO., Inc.

By:_____
Its:_____