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Chas. F. McDevitt
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IDAHO PUBLIC
UTILITIES COMMISSION

November 21, 2008

Via Hand Delivery

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, Idaho 83720

Re: Teton Springs Water and Sewer Company, LLC.
Case No. TTS-W-08-01

Dear Ms. Jewell:

Enclosed for filing in the above matter please find nine (9) copies of the Supplemental Direct Testimony of Jon Pinardi and the Supplemental Direct Testimony of Larry A. Crowley.

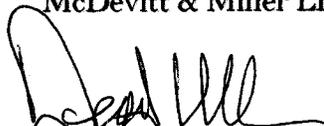
Also enclosed is a computer disc containing the same along with copies of the Testimonies marked "Reporter's Copy."

At the conclusion of the oral argument held on November 7, 2008, it was uncertain whether the Commission desired to convene an evidentiary hearing or to schedule further oral argument subsequent to this filing. We have made this supplemental filing in the form of testimony in the event the Commission desires to convene an evidentiary hearing so that there will be sponsoring witnesses who will be able to respond to any questions the Commission might have.

After an opportunity for review, please advise whether the Commission desires to proceed by evidentiary hearing or oral argument.

Very Truly Yours,

McDevitt & Miller LLP



Dean J. Miller

DJM/hh
Enclosures
C: Teton Water and Sewer Company, LLC

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IDAHO PUBLIC UTILITIES COMMISSION

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Attorneys for Teton Springs Water & Sewer Company LLC.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
TETON SPRINGS WATER AND SEWER)
COMPANY LLC, FOR THE ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, FOR APPROVAL OF)
RATES AND CHARGES FOR WATER)
SERVICE, FOR APPROVAL OF)
RULES AND REGULATIONS GOVERNING)
THE RENDERING OF WATER SERVICE.)
_____)

Case No. TTS-W-08-01

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

SUPPLEMENTAL DIRECT TESTIMONY OF JON PINARDI

November 21, 2008

1 Q. Please state your name and occupation.

2

3 A. My name is Jon Pinardi and I am the Manager of Teton Water and Sewer
4 Company LLC (“Teton Springs”).

5 Q. Are you the same Jon Pinardi who previously filed Direct Testimony in this
6 matter?

7 A. Yes I am.

8 Q. What is the purpose of your Supplemental Testimony?

9 A. My Supplemental Testimony addresses questions raised by the Commission at the
10 Oral Argument held on November 7, 2008.

11 **History of the Development**

12 Q. At the November 7th Oral Argument, the Commission expressed interest in
13 understanding more fully the history of the Teton Springs PUD and associated
14 provision of water service. Please describe the history of the Teton Springs PUD
15 development.

16 A. The project developer purchased the real property upon which Teton Springs
17 PUD in 2000. Construction of the project’s infrastructure commenced in 2001
18 and was substantially completed in 2006; sale of lots within the development
19 commenced in 2001. In the year 2001, 19 lots out of a total of 601 lots were sold.

20 **Water and Sewer District**

21 Q. What was the developer’s original plan for the provision of water service?

22 A. Originally it was contemplated that water and sewer service would be provided
23 through a water and sewer district.

1 Q. Please describe the efforts that were undertaken in the formation of a water and
2 sewer district.

3 A. During the early part of 2006, representatives of the developer worked with
4 attorney Dale Storer of the law firm Holden, Kidwell, Hahn & Crapo in Idaho
5 Falls to prepare necessary documents for the creation of a district. In October of
6 2006, a Petition was filed in district court to authorize an election necessary for
7 the creation of a district. A hearing was held in January of 2007, and an election
8 was authorized for May of 2007, the next time at which an election would be
9 legally scheduled. The election was held on May 22, 2007 and the measure to
10 create the district was passed. The election results were certified in June of 2007.
11 In July of 2007 the annual meeting of the Homeowners Association was held. At
12 this meeting several homeowners objected to the purchase of the system assets by
13 the district. As a result, the homeowners who had been previously elected to the
14 district's Board of Directors decided not to pursue any further effort in the face of
15 determined opposition. The water district was abandoned.

16 Q. Did representatives of the developer communicate with the Commission Staff
17 during this period of time?

18 A. Yes. Representatives of the developer traveled to Boise in November of 2005 and
19 in early 2006, and met with the Commission Staff to explain the existence of the
20 water system and the intent to create a water and sewer district. Mr. Storer kept
21 the Staff advised on developments by correspondence. Attached to this
22 Supplement Testimony as Exhibit No. 12, is correspondence from Mr. Storer to
23 Mr. Scott Woodbury advising of activities related to the district.

1 Q. Have you caused to be prepared a more detail chronology of activities related to
2 Teton Springs Water and Sewer Company?

3 A. Yes. Attached as Exhibit 13 is a detailed chronology prepared by Mr. Storer
4 based on a review of his files.

5 Q. Was there ever any attempt to mislead the Staff regarding the status of the water
6 system and the provision of water service?

7 A. Absolutely not.

8 **IPUC Application**

9 Q. After the effort to create a water and sewer district collapsed, what occurred next?

10 A. Our attorneys then determined that water service could only be legally provided
11 by a regulated public utility. The Company retained the firm of McDevitt &
12 Miller in December of 2007 to prepare the Application for Certificate of
13 Convenience and Necessity and the Company's initial general rate case. At the
14 same time it retained Mr. Larry Crowley to prepare and file the financial analysis
15 necessary to support a rate request. The effort required to prepare the financial
16 analysis was substantial and was completed in May of 2008. The Company's
17 Application was filed promptly after the analysis was finalized.

18 **Corporate Organization**

19 Q. When was Teton Springs Water and Sewer Company LLC created?

20 A. The Articles of Organization were filed with the Idaho Secretary of State in
21 August of 2005.

22 Q. Did Teton Springs begin to provide water and sewer service at that time?

- 1 A. No, it did not. It was originally contemplated that the developer LLC would hold
2 the water and sewer assets pending creation of the water and sewer district and
3 then transfer the assets to the district. During that period, Teton Springs Water
4 and Sewer was a legal entity, but it was inactive.
- 5 Q. Please describe the corporate structure of Teton Springs Water and Sewer.
- 6 A. Teton Springs Water and Sewer is a sole member limited liability company. The
7 sole member of Teton Springs Water and Sewer is Teton Springs Golf and
8 Casting LLC, the original developer.
- 9 Q. Has Teton Springs Water and Sewer taken the necessary steps to preserve its
10 corporate identity separate and apart from the developer?
- 11 A. Yes. There is a formal Operating Agreement, which is attached as Exhibit 14 and
12 which is required by the Idaho Limited Liability Act. Teton Springs Water and
13 Sewer has filed the necessary Annual Reports to the Idaho Secretary of State in
14 each year of its existence. Teton Springs Water and Sewer has separate bank
15 accounts and there is no commingling of funds with Teton Springs Golf and
16 Casting.
- 17 Q. Is there also a Homeowner's Association (HOA) within the development?
- 18 A. Yes. The Homeowner's Association is a separate corporation, Teton Springs
19 Homeowner's Association, Inc., an Idaho Corporation.
- 20 Q. Does the developer have any continuing interest in the HOA?
- 21 A. No. The developer conveyed control of the HOA to an independently elected
22 Board of Directors in 2007. There currently is no relationship between the
23 developer and the HOA, other than the fact that I serve on the HOA Executive

1 Board. I was nominated by the property owners, not the developer, and elected at
2 the annual meeting in 2008 to serve a 3 year term.

3 Q. What is the relationship, if any, between Teton Springs Water and Sewer and the
4 HOA?

5 A. None, other than the HOA Restrictive Covenants specify that private wells and
6 septic systems are not permitted and the property owners must connect to the
7 Teton Springs Water and Sewer Company.

8 **Provision of Water Service Prior to IPUC Application**

9 Q. From the time that the Teton Springs PUD commenced operations up to the time
10 the Company's Application was filed with the Commission, please explain how
11 water service was provided.

12 A. In the early phase of operation, following inception in 2001, the water system
13 assets were still held within the development company and water service was
14 provided by that company. I was hired in January of 2006. Because of my
15 experience in operating water and sewer systems within resort communities, one
16 of my first tasks was to begin to separate the water and sewer operations from the
17 development operations and to create a system of accounts that would track water
18 revenue and expense separately from the development operations. We also
19 retained the engineering firm CH2MHILL to conduct a system appraisal and rate
20 study that would have supported rates to be charged by the water and sewer
21 district.

22 Q. What were the rates for water service during the early phase of operation?

1 A. The initial rate was a flat \$180 billed and paid quarterly for water and sewer
2 combined.

3 Q. Were those rates sufficient to cover operating costs?

4 A. During the early phase of operation financial records were not maintained in a
5 way that would permit a meaningful profit and loss accounting. However, our
6 records indicate that by the end of 2004 there were 7 customers and by the end of
7 2005 there were 46 customers. It is a certainty that the revenue from such a small
8 number of customers was far below the expense of providing service.

9 Q. Were the rates for water service subsequently adjusted?

10 A. Yes. In September of 2006, a new rate structure was adopted. Those rates were
11 a flat \$240 rate billed and paid quarterly for water service.

12 Q. Do you believe the development company profited from the provision of water
13 service?

14 A. I am confident it did not. As noted, during the early phase, rates were very low
15 and there were a very small number of customers. Even after rates were adjusted
16 in 2006 the Company operated at a loss. For the test year 2007, Mr. Crowley
17 calculated a revenue deficiency of \$99,256. (See Direct Testimony of Larry A.
18 Crowley, May 20, 2008).

19 **Teton Springs Water and Sewer Transactions with Developer**

20 Q. At the Oral Argument the Company indicated that at the time of the asset transfer
21 there was not consideration paid to the development company. Do you believe
22 that to be unusual or improper?

1 A. No. The transfer was a transfer between a parent company and a wholly owned
2 subsidiary company. In such transactions it is common that there is no
3 consideration. Additionally, a payment of consideration could have triggered a
4 tax liability for the parent. Further, our attorneys advised us it was unlikely that
5 the Commission would have allowed a return on any sums paid in consideration
6 of the transfer. In such circumstances there was no logic to support payment of a
7 compensation for the transfer. The transfer documents are attached to this
8 Supplemental Direct Testimony as Exhibit 15.

9 Q. At the Oral Argument the Staff attorney suggested that Teton Springs is a shell
10 corporation. (Tr. Pg. 43). Is it fair to characterize Teton Springs as a “shell” or
11 “phantom” corporation?

12 A. Absolutely not. That description is extremely misleading.

13 Q. Please explain.

14 A. In the business world the phrase “shell corporation” refers to a corporation that
15 exists on paper but does not have any significant assets or business operations. In
16 some cases a shell corporation may have a legitimate purpose as an investment
17 vehicle or tax shelter; in other cases shell corporations may be sham corporations
18 with no legitimate business purpose.

19 In contrast, Teton Springs owns assets with a replacement cost of
20 approximately six million dollars. It has active business operations. Teton
21 Springs is not in any sense a shell or phantom corporation. And, as noted above,
22 Teton Springs Water and Sewer has preserved its independent corporate identity.

1 Q. At the Oral Argument the Staff attorney further suggested that the development
2 company should have “disgorged some of its profits” to establish a sinking fund.
3 (Tr. Pg 43). What is your reaction to that suggestion?

4 A. I have several. First, this suggestion was not contained in Staff’s written
5 Comments. It appears to have occurred to the Staff attorney as he was speaking,
6 without thoughtful consultation with the Staff.

7 Second, Teton Springs has always acknowledged that the cost of the water
8 system infrastructure was recovered in sales of lots by the developer and that
9 following transfer to Teton Springs the system assets retained their character as
10 contributed property. Teton Springs has not attempted to conceal, distort or
11 misrepresent this fact. It has not attempted to invent a rate base when none
12 existed. Because lot owners have, in effect, paid for the system assets through lot
13 purchases it would be inappropriate for Teton Springs to recover the cost of the
14 assets again from water customers. Accordingly, Teton Springs has not requested
15 a return investment in system assets in its rates.

16 What Teton Springs has requested is an expense element in rates, which
17 we have labeled an amortization expense, which would allow for the orderly
18 maintenance, repair and replacement of the systems assets. It is fair and logical
19 that customers, not the developer, have the cost responsibility for maintenance,
20 repair and replacement of system assets because it is the customers, not the
21 developer, that benefit from the existence and operation of the water system
22 assets.

1 Further, the phrase “disgorge profits” implies there are some past profits to
2 give back. As discussed above, the water system has never operated at a profit.

3 Finally, the phrase “disgorge profits” implies some form of wrong doing by
4 either Teton Springs or its owner. Throughout this case, from the initial
5 Application, to cooperation with the Staff audit, to the Company’s Reply
6 Comments and this Supplemental Testimony, Teton Springs has been
7 forthcoming in disclosing all relevant information. The Staff audit did not reveal
8 impropriety of any nature.

9 Q. In a similar vein, at Oral Argument a question was raised as to whether customers
10 have acquired some form of equitable interest in the system assets. Do you have
11 an opinion?

12 A. Except in narrow circumstances, I do not believe that utility customers become
13 equitable owners of utility assets by virtue of paying rates, any more than
14 customers of Chevron Oil become, in effect, shareholders by purchasing gasoline
15 at the pump.

16 **Need for Amortization Expense Allowance and Reserve for Repairs**

17 Q. At the Oral Argument the Staff Attorney observed that the water system is well
18 designed and constructed and is relatively new, implying there is not a need for a
19 reserve for repairs. (Tr. Pg. 25). Does that correctly describe the circumstance?

20 A. Although the system is about five years old, the need for repairs still arises. For
21 example, in the four month period from December 2006 through March 2007 the
22 Company incurred the following expense for repairs, totaling \$24,944, as
23 reflected by invoices from our repair contractor:

- 1 ▪ 12/18/06: \$16,545: Repair mainline where a thrust block failed;
- 2 ▪ 1/25/07: \$1,890: Locate, expose and repair curb stop;
- 3 ▪ 2/9/07: \$5,909: Repair broken mainline;
- 4 ▪ 3/7/07: \$600: Repair broken line at a curb stop.

5 Fortunately, since that time repairs have been minimal, but this serves to show
6 that at any particular time unexpected repair expense can be significant.

7 Q. Would the revenues produced by the rates proposed by Staff have been sufficient
8 to pay repair expense incurred between December 2006 and March 2007?

9 A. No they would not.

10 Q. Could repairs of the nature as were necessary during that period of time have
11 been deferred while the Company applied to the Commission for an emergency
12 surcharge?

13 A. No. A public drinking water system is obligated to provide continuous service
14 and does not have the luxury of waiting to make system repairs.

15 Q. Does the climate of the region in which the Teton Springs is located pose special
16 challenges?

17 A. Yes. The winter climate conditions are harsh. For example, during the months of
18 January and February the average minimum temperature is 7.5 degrees and the
19 average snow depth is 13 inches. Temperatures of 40 degrees below zero have
20 been recorded. This creates stress on the system and complicates repairs during
21 the winter months. To illustrate, attached to this Supplemental Testimony as
22 Exhibit No. 16, are photographs depicting the weather conditions in December of
23 2006 when repair of a mainline was necessary.

1 Q. Does that conclude your testimony?

2 A. Yes it does.

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Of Counsel
Fred J. Hahn
Marie T. Tyler

August 28, 2007

Scott Woodbury
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Re: *Teton Springs PUD*

Dear Scott:

In furtherance of my earlier correspondence with you regarding the above-referenced matter, the following is a status report of our efforts to form a water district for the purpose of operating the Teton Springs water and sewer utilities.

As reported to you earlier, we were successful in forming a water district and establishing a Board of Directors to operate the same. Recently, at a very contentious meeting of the Homeowners Association, the property owners voted to discontinue efforts to transfer the assets of the system to the District and directed the Board of Directors to dissolve the District. Needless to say, my clients were disappointed with that turn of events, however they certainly respect the wishes of the home owners.

Accordingly, we will be moving forward with "Plan A" which involves the filing of an application for a certificate of convenience with the IPUC. We have instructed our consultant, CH2M Hill to dust off their previous rate study and update it into a condition that could be presented in conjunction with that Petition. As soon as that update is completed we will then move forward with the filing of the necessary application.

Should you have any questions, please feel free to call.

Very truly yours,

Dale W. Storer
Attorney at Law

cc: Jon Pinardi
Tony Vest
David Blanksma

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Of Counsel
Fred J. Hahn

September 29, 2006

Scott Woodbury
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Re: *Teton Springs PUD*

Dear Scott:

In furtherance of our earlier conversation regarding the Teton Springs Resort development near Victor, Idaho, I am enclosing a copy of a Petition I have prepared in behalf of my client, Teton Springs. As you will note, the Petition requests the formation of a water and sewer district for the purpose of providing water and sewer services to the residents of the Teton Springs PUD. My clients are now soliciting the necessary signatures and we anticipate the Petition will be filed with the District Court of Teton County within the next three to four weeks. As you requested, I will keep you posted of the progress of that effort and the eventual outcome thereof.

If you need further information concerning the project you may wish to visit with Joe Leckie or C.J. Cooper. We have met with them several times and have provided them with considerable information about the project.

Should you have further questions, please feel free to call.

Very truly yours,

Dale W. Storer

Enclosure

cc: Dave Blanksma

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Fred J. Hahn

November 29, 2006

Scott Woodbury
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Re: *Teton Springs PUD*

Dear Scott:

By way of a further update regarding the above-referenced matter, this will advise you that I have filed a Petition on behalf of Teton Springs requesting the formation of water and sewer district with the District Court in Teton County, Idaho. I am awaiting the court's issuance of an order setting the matter for hearing at which time the court will establish a date and time for an election, assuming it finds the Petition is in proper form and order.

As noted in my earlier correspondence, I will keep you apprised of the progress of this effort. In the interim, should you have any questions please feel free to call.

Very truly yours,

Dale W. Storer
Attorney at Law

cc: David Blanksma

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**CHRONOLOGY
TETON SPRINGS WATER AND SEWER COMPANY**

Date	Event
June, 2005	Tony Vest signs Teton Springs Water and Sewer Company, LLC, Operating Agreement
August 8, 2005	Articles of Organization filed with Secretary of State
September 21, 2005	CH2M Hill submits scope of work proposal for water and sewer rate study
September 29, 2005	Teton Springs Water & Sewer Company commissions CH2M Hill to perform rate study and appraisal
October 5, 2005	Storer contacts Leckie concerning possibility of meeting with IPUC staff.
October 14, 2005	Storer forwards marketing brochure and information packet to Joe Leckie regarding Teton Springs PUD
October 14, 2005	Storer emails Mr. Leckie letter soliciting meeting with IPUC staff
October 25, 2005	Storer discusses possible IPUC staff meeting dates with Leckie
November 16, 2005	Blanksma, Storer, CH2M Hill meet with IPUC staff to discuss the status of operations and intent to form District
Spring, 2006 (?) ¹	Teton Springs and CH2M Hill meet with IPUC staff a second time
August 16, 2006	Storer discusses need for temporary operating certificate with Scott Woodbury. Woodbury advises that operating informally w/o certificate is okay with IPUC as long as moving forward with District organization. Woodbury asks to be kept advised of progress.
September 15, 2006 ²	Storer forwards draft copy of Petition seeking formation of Water/Sewer District to Woodbury
October 18, 2006	Pinardi sends letter to residents soliciting signatures on Petition for Formation of Water and Sewer District
November 7, 2006	Storer verbally apprises Woodbury of status of District

¹I'm unsure of this date because I was not directly involved in the meeting.

²Between September 2005, and September 2006, CH2M Hill was working on the rate study and appraisal of the system assets. Teton Springs did not wish to move forward with formation of the District until the rate study was completed.

November 13, 2006	Petition for Organization of Water/Sewer District filed with District Court, Teton County, CV-06-360
November 20, 2006	Request for hearing filed with the Court
November 29, 2006	Storer sends letter advising Woodbury of filing of Petition
December 14, 2006	Court signs Order setting hearing date on Petition
January 22, 2007	Nominations for Board of Directors filed
January 23, 2007	Hearing on Petition held
February 5, 2007	Court signs order calling for election on May 22, 2007 ³
February 27, 2007	CH2M Hill completes appraisal of system assets
March, 2007	Teton Springs files action against Victor seeking to correct erroneous sewer rate under Sewer User Agreement.
May 9, 2007	Additional nominations filed for Board of Directors
May 22, 2007	Election conducted. Majority of home owners approve formation of Water/Sewer District; Board of Directors elected
June 8, 2007	Court signs Order establishing Water/Sewer District
June 13, 2007	Water/Sewer District purchases policy of liability insurance
July 25, 2007	Victor passes ordinance annexing entire PUD. The annexation was later invalidated by the District Court on January 30, 2008.
July 30, 2007	HOA meets and decides not to proceed with purchase of assets from Teton Springs Golf & Casting Club
August 28, 2007	Storer advises Woodbury of HOA's decision to terminate negotiations for sale of assets to District and of Teton Springs' intent to pursue IPUC application
December, 2007	Teton Springs retains McDevitt-Miller to prepare IPUC application
May 6, 2008	Bill of Sale, Warranty Deed, Indemnity Agreement signed transferring assets from Teton Springs Golf & Casting to Teton Springs Water and Sewer ⁴

³The hearing date was delayed beyond the February election date because the Clerk of the Court failed to timely forward the proposed Order to the Court for signature. This delayed the election by four months.

⁴Until the District concept was abandoned, the intent was to transfer the system assets directly from Teton Springs Golf & Casting, LLC to the District, rather than capitalizing the Water and Sewer Company.

OPERATING AGREEMENT

of

Teton Springs Water and Sewer Company, LLC

This Operating Agreement of Teton Springs Water and Sewer Company, LLC, a limited liability company organized pursuant to the Act, is entered into and shall be effective as of the Effective Date, by and between the Company and Teton Springs Golf and Casting Club, LLC, whose address is 1 Teton Springs Parkway, Victor, Idaho, 83455, hereinafter referred to as "Initial Member".

ARTICLE I FORMATION

1.1 Organization. The Initial Member hereby organizes the Company as an Idaho limited liability company pursuant to the provisions of the Act.

1.2 Name. The name of the Company is Teton Springs Water and Sewer Company, LLC, and all business of the Company shall be conducted under that name.

1.3 Effective Date. This Agreement shall be effective upon the later of July 1, 2005, or the filing of the Articles with the Idaho Secretary of State.

1.4 Term. The Company shall be dissolved and its affairs wound up in accordance with the Act or this Agreement.

1.5 Registered Agent and Office. The registered agent for the service of process and the registered office shall be that person and location reflected in the Articles as filed in the office of the Secretary of State. The registered officer or agent may be changed by indicating the change on the annual report prescribed by the Act or by delivering to the Secretary of State the Statement of Change of Registered Agent meeting the requirements of the Act.

1.6 Nature of Business. The Company is created to for the purpose of providing domestic and commercial water and sewer services to the owners, occupants, lessees and invitees of the Teton Springs Golf and Fishing Resort, located in Teton County, Idaho. The Company shall also have the authority to do all things necessary or convenient to accomplish its purpose and operate its business as described in this Agreement.

ARTICLE II DEFINITIONS

For purposes of this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

Act. The Idaho Limited Liability Company Act and all amendments to the Act.

Agreement. This Operating Agreement including all amendments adopted in accordance herewith and the Act.

Articles. The Articles of Organization of the Company as properly adopted and amended from time to time by the Members and filed with the Secretary of State.

Assignee. A person to whom one or more Units has been transferred but who has not been admitted as a Member. An Assignee is treated as a Member for the limited purposes specified under the definition of Member.

Capital Account. The account maintained for a Member or Assignee determined in accordance with Article III.

Capital Contribution. Any contribution of Property, services or the obligation to contribute Property or services made by or on behalf of a Member or Assignee.

Code. The Internal Revenue Code of 1986 as amended from time to time.

Company. Teton Springs Water and Sewer Company, LLC, a limited liability company formed under the Act, and any successor limited liability company.

Company Liability. Any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

Company Property. Any Property owned by the Company.

Consent of the Members. Consent of the Members requires that Members holding a majority of the Units entitled to vote consent to or approve a particular matter, unless the applicable provision of this Agreement specifically requires the unanimous agreement of all Members. Assignees shall not be considered Members with Units entitled to vote for the purpose of determining Consent of the Members.

Disposition (Dispose). Any sale, assignment, transfer, exchange, mortgage, pledge, grant, hypothecation, or other transfer, absolute or as security or encumbrance (including but not limited to Dispositions by operation of law).

Dissociation. Any action which causes a person to cease to be Member as described in Article X of this Agreement.

Distribution (Distribute). A transfer of Property to a Member on account of Units as described in Article VI.

Initial Capital Contribution. The Capital Contribution agreed to be made by the Initial Members as described in Article III.

Initial Members. Those persons identified on Exhibit "A" attached hereto and made a part of this Agreement by this reference who have executed this Agreement.

Losses. The losses and deductions of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting adopted by the Company and as reported separately or in the aggregate, as appropriate, on the tax return of the Company filed for federal income tax purposes.

Management Right. The right of a Member to participate in the management of the Company, including the right to consent to or approve actions of the Company. Every Member may vote his or her Units on any issue subject to a vote of the Members, except the Seller's Units shall be ignored for all votes under Section 8.1.

Manager. The Manager shall mean Teton Springs Golf and Casting Club, LLC and any other persons or entities that succeed the Manager(s) in that capacity. References to the Manager in the singular or as him, her, it, itself or other like references shall also include the plural or the masculine or feminine reference as the case may be.

Member. A person who holds Units and who also has the right to exercise the Management Rights attributable to those Units by reason of being (i) an Initial Member, or (ii) admitted as a Member pursuant to Article IX. An Assignee is treated as a Member for the limited purposes of accounting, taxation and Distributions, whether or not specifically referred to in those sections of this Agreement dealing with such matters. The treatment of an Assignee as a Member for such limited purposes does not confer upon the Assignee any rights to vote or to participate in management of the Company.

Profits. The income and gains of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting adopted by the Company and as reported separately or in the aggregate, as appropriate, on the tax return of the Company filed for federal income tax purposes.

Property. Any property real or personal, tangible or intangible, including money and any legal or equitable interest in such property, but excluding services and promises to perform services in the future.

Regulations. Except where the context indicates otherwise, the permanent, temporary, and proposed regulations of Department of the Treasury under the Code as such regulations may be lawfully changed from time to time.

Remaining Members. In the event of Dissociation of a Member, all of the Members at the time of such Dissociation other than the Member who is Dissociated. In the event of a Member who has any potential conflict of interest or transaction between the Member and the Company, the Members not having the potential conflict of interest or transaction. In the event of a Disposition of Units, the Members not Disposing of their Units.

Sharing Ratio. With respect to any Member or Assignee, a fraction (expressed as a percentage), the numerator of which is the total of such person's Units and the denominator is the total of all Units of all Members and Assignees.

Taxable Year. The taxable year of the Company as determined pursuant to §706 of the Code.

Taxing Jurisdiction. Any state, local, or foreign government that collects tax, interest or penalties, however designated, on any Member's share of the income or gain attributable to the Company.

Units. Ownership rights of a Member of the Company as further set forth in Article III.

ARTICLE III CONTRIBUTIONS, UNITS AND CAPITAL ACCOUNTS

3.1. Units. Ownership rights in the Company are reflected in Units. Each Unit has the following described rights.

3.1.1. Each Unit held by a Member has equal Management Rights with every other Unit held by Members and in matters subject to a vote of Members has one vote.

3.1.2. Each Unit has equal rights with every other Unit with respect to the sharing of Profits and Losses and with respect to Distributions.

3.2. Initial Capital Contributions. The name, address, description and value of the Initial Capital Contributions, and number of Units issued to each Initial Member are as set forth in the attached Exhibit "A".

3.3. Disposition of Units. No Member may Dispose of Units except as provided in this Agreement. Any such Disposition results in the Disposition of the rights in Profits and Losses and the rights in the Capital Account attributable to the Units, but no rights to vote unless the Assignee becomes a Member.

3.4. Subsequent Capital Contributions. No Member shall be required or permitted to make additional contributions to the capital of the Company, without the unanimous consent of all Members. If such consent is obtained and additional capital is contributed to the Company, the Capital Account and Units of the contributing Member shall be adjusted to reflect the additional capital contribution.

3.5. Capital Accounts. The Company shall establish and maintain a Capital Account for each Member and Assignee. Each Member's Capital Account shall be increased by (1) the amount of any money actually contributed by the Member to the capital of the Company, (2) the fair market value of any Property contributed, as determined by the Company and the contributing Member at arm's length at the time of contribution (net of liabilities assumed by the Company or subject to which the Company takes such Property, within the meaning of § 752 of the Code), and (3) the Member's share of Profits and of any separately allocated items of income or gain except adjustments required by the Code (including any gain and income from unrealized income with respect to accounts receivable allocated to the Member to reflect the difference between the book value and tax basis of assets contributed by the Member). Each Member's Capital Account shall be decreased by (1) the amount of any money Distributed to the Member by the Company, (2) the fair market value of any Property Distributed to the Member, as determined by the Company and the contributing Member at arm's length at the time of contribution (net of liabilities of the Company assumed by the Member or subject to which the Member takes such Property within the meaning of § 752 of the Code), and (3) the Member's share of Losses and of any separately allocated items of deduction or loss (including any loss or deduction allocated to the Member to reflect the difference between the book value and tax basis of assets contributed by the Member).

3.6. Distribution of Property. If the Company at any time Distributes any of its Property in-kind to any Member, the Capital Account of each Member shall be adjusted to account for that Member's allocable share (as determined under Article VI) of the Profits or Losses that would have been realized by the Company had it sold the Property that was Distributed at its fair market value immediately prior to its Distribution.

3.7. Basis Adjustment. The §704(b) basis of Company Property shall be adjusted to equal their respective fair market values, as determined by the Consent of the Members, at the following times: (a) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution, (b) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company, and (c) the liquidation of the Company, provided that the adjustments are necessary or appropriate to reflect the relative economic interests of the Members. Such adjustments are to be treated as items of Profits or Losses and allocated in accordance with Section 6.1.

**ARTICLE IV
PRINCIPAL OFFICE; ACCOUNTING AND RECORDS**

4.1. Principal Office. The principal office of the Company shall be as designated by the Manager.

4.2. Records to be Maintained. The Company books shall be maintained at the principal office of the Company or such other place as the Managers agree. Each Member shall at all times have reasonable access to and may inspect and copy any of them. The Company shall maintain books and records which properly reflect all financial transactions made by the Company. The Company shall not be required to maintain the records set forth in Idaho Code § 53-625 except to the extent the Manager may determine.

4.3. Reports to Members. All Members shall be entitled to receive financial reports on the Company at least annually. All Members shall be provided with those information returns required by law.

**ARTICLE V
RIGHTS AND DUTIES OF MANAGER AND MEMBERS**

5.1. Management. The business and affairs of the Company shall be managed by its Manager. Except for situations in which the Consent of the Members is expressly required by this Agreement, or by non-waivable provisions of applicable law, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters, and to perform any and other acts and activities customary or incident to the management of the Company's business.

5.2. Certain Powers of Manager. Without limiting the generality of section 5.1, the Manager shall have power and authority, on behalf of the Company:

5.2.1. To acquire property from any person as the Manager may determine. The fact that a Manager or a Member is directly or indirectly affiliated or connected with any such person shall not prohibit the Manager from dealing with that person;

5.2.2. To borrow money for the Company from banks, other lending institutions, the Manager, Members, or affiliates of the Manager or Members on such terms as the Manager deems appropriate, and in connection therewith, to hypothecate, encumber, and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt shall be contracted or liability incurred by or on behalf of the Company, except by the Manager or, to the extent permitted under

the Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Manager;

5.2.3. To purchase liability and other insurance to protect the Company's property and business;

5.2.4. To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper, or other investments;

5.2.5. Upon the Consent of the Members, to sell or otherwise dispose of all or substantially all of the assets of the Company as part of a single transaction or plan so long as such disposition is not in violation of or a cause of a default under any other agreement to which the Company may be bound. The Consent of the Members shall not be required with respect to any sale or disposition of the Company's assets in the ordinary course of the Company's business;

5.2.6. To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage, or disposition of the Company's property; assignments; bills of sale; leases; partnership agreements, operating agreements of other limited liability companies; and any other instruments or documents necessary to the business of the Company;

5.2.7. To employ accountants, legal counsel, managing agents, or other experts to perform services for the Company and to compensate them from Company funds;

5.2.8. To enter into any and all other agreements on behalf of the Company, with any other person for any purpose, in such forms as the Manager may approve; and

5.2.9. To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

5.3. Limitations on Manager's Authority. Notwithstanding any other provision of this Operating Agreement, no Manager shall cause or commit the Company to do any of the following without the Consent of the Members.

5.3.1 Sell or otherwise dispose of any Company property, real or personal, other than in the ordinary course of business;

5.3.2. Mortgage, pledge, or grant a security interest in any property of the Company;

5.3.3. Incur or refinance any indebtedness for money borrowed by the Company, whether secured or unsecured and including any indebtedness for money borrowed from a Member without the Consent of the Members.

5.3.4. Construct any capital improvements, repairs, alterations or changes involving an amount in excess of One Hundred Thousand Dollars (\$100,000);

5.4. Limitations on Authority of Others. Unless authorized to do so by this Operating Agreement or by a Manager of the Company, no attorney-in-fact, employee, or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, or to render it liable pecuniarily for any purpose. No Member shall have any power or authority to bind the Company unless the Member has been authorized by the Manager to act as an agent of the Company in accordance with the previous sentence.

5.5. Liability for Certain Acts. Each Manager shall perform his duties as Manager in good faith, in a manner he believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager who so performs the duties as Manager shall not have any liability to the Company or the Members by reason of being or having been a Manager of the Company. The Manager does not guarantee the return of the Members' or Assignees' capital contributions or a profit for the Members or Assignees from the operations of the Company. The Manager shall not be liable to the Company or to any Member or Assignee for any loss or damage sustained by the Company or any Member or Assignee, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, willful misconduct, breach of this Operating Agreement or a wrongful taking by the Manager.

5.6. Manager and Members Have No Exclusive Duty to Company. The Manager shall not be required to manage the Company as his sole and exclusive function and any Manager and/or Member may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member or Assignee shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of the Manager and/or Member or Assignee or to the income or proceeds derived therefrom. Neither the Manager nor any Member or Assignee shall incur any liability to the Company or to any of the Members or Assignees as a result of engaging in any other business or venture.

5.7. Indemnity of the Manager, Employees, and Other Agents.

5.7.1. The Company shall indemnify the Manager and make advances for expenses to the maximum extent permitted under Idaho law. The Company shall indemnify its employees and other agents who are not Managers to the fullest extent permitted by law, provided that such indemnification in any given situation is approved by Consent of the Members.

5.7.2. The Company shall indemnify the Manager for and hold him harmless from any liability, whether civil or criminal, and any loss, damage, or expense, including reasonable attorney fees, incurred in connection with the ordinary and proper conduct of the Company's business and the preservation of its business and property, or by reason of the fact that such person is or was a Manager; if the Manager to be indemnified (i) acted in good faith and in a manner such Manager believed to be consistent with the provisions of this Agreement; and (ii) with respect to any criminal action or proceeding, the Manager to be indemnified had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that indemnification is not available hereunder. The obligation of the Company to indemnify any Manager hereunder shall be satisfied out of Company assets only, and if the assets of the Company are insufficient to satisfy its obligation to indemnify any Manager, such Manager shall not be entitled to contribution from any Member.

5.8. Removal. At a meeting called expressly for that purpose, the Manager may be removed at any time, with or without cause, by the Consent of the Remaining Members. The removal of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.9. Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company shall be filled by the Consent of the Members (determined without regard to any interest owned by a Manager who was removed pursuant to section 5.8 during the preceding 24-month period). Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled by the Consent of the Members.

5.10. Compensation, Reimbursement, Organization Expenses. The compensation of the Manager shall be fixed from time to time by the Consent of the Members. No Manager shall be prevented from receiving such salary by reason of the fact that he is also a Member of the Company.

5.11. Liability of Members. No Member shall be liable as such for the liabilities of the Company. The failure of the Company to observe any formalities or requirements

relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation or otherwise personally obligate any Member to make a Capital Contribution in excess of the Initial Contribution.

5.12. Representations and Warranties. Each Member hereby represents and warrants to the Company and each other Member that: (a) the Member is acquiring its interest in the Company for the Member's own account as an investment and without an intent to distribute the interest; (b) the Member acknowledges that the Units have not been registered under the Securities Act of 1933 or any state securities laws, and may not be resold or transferred by the Member without appropriate registration or the availability of an exemption from such requirements.

5.13. Title to and Conveyance of Company Property. Title to Company Property shall be held in the Company name. Conveyance of title to real property held in the name of the Company shall be effective only upon the execution of all documents relating thereto by the Manager, after obtaining the Consent of the Members.

5.14. Outside Activities of Members. Any Member or Manger may engage in or possess an interest in other business ventures of every nature and description, including those that may be in competition with the company, independently or with others, including but not limited to, the ownership of an investment in stock, securities, real estate and other investment properties; and neither the Company nor the other Members shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits derived.

ARTICLE VI ALLOCATIONS AND DISTRIBUTIONS

6.1. Allocations of Profits and Losses from Operations. Except as may be required by § 704(c) of the Code, and Sections 6.2 and 6.3, Profits, Losses, and other items of income, gain, loss, deduction and credit shall be apportioned among the Members in proportion to their Sharing Ratios.

6.2. Distributions. Each year the Company shall Distribute cash in an amount determined by the Consent of the Members. Cash shall be Distributed according to each Member's Sharing Ratio.

6.3. Limitations on Distributions. No Distribution shall be declared and paid unless, after the Distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Members on account of their Capital Accounts.

ARTICLE VII TAXES

7.1. Elections. The Manager may make any tax elections for the Company allowed under the Code or the tax laws of any Taxing Jurisdiction. The Company shall be taxed as a Partnership.

7.2. Taxes of Taxing Jurisdictions.

7.2.1. To the extent that the laws of any Taxing Jurisdiction require, each Member and Assignee or such Members or Assignees as may be required by the Taxing Jurisdiction, will submit an agreement indicating that the Member will make timely income tax payments to the Taxing Jurisdiction and that the Member accepts personal jurisdiction of the Taxing Jurisdiction with regard to the collection of income taxes attributable to the Member's income, and interest, and penalties assessed on such income. If a Member fails to provide such agreement, the Company may withhold and pay over to such Taxing Jurisdiction the amount of tax, penalty and interest determined under the laws of the Taxing Jurisdiction with respect to such Member and such Member's income. Any such payments with respect to the income of a Member shall be treated as a Distribution for purposes of Article VI.

7.2.2. The Members may, where permitted by the rules of any Taxing Jurisdiction, file a composite, combined or aggregate tax return reflecting the income of the Company and pay the tax, interest and penalties of some or all of the Members on such income to the Taxing Jurisdiction, in which case the Company shall inform the Members of the amount of such tax interest and penalties so paid.

7.3. Tax Matters Partner. The Manager shall be the *tax matters partner* of the Company pursuant to § 6231(a)(7) of the Code. The Manager shall take such action as may be necessary to cause each Member to become a notice partner within the meaning of § 6223 of the Code. The Manager may not take any action contemplated by § 6222 through 6232 of the Code without the Consent of the Members.

7.4. Method of Accounting. The records of the Company shall be maintained on the method of accounting determined by the Manager.

ARTICLE VIII DISPOSITION OF UNITS

8.1 Death or Withdrawal of a Member.

8.1.1 Upon the death of a Member, the Member's successors in interest (referred to as the "Seller") shall give written notice to the Company and the Remaining Members of an offer to sell all of the Units owned by the Seller.

8.1.2 The Company shall have the option for a period of sixty (60) days (the Company Option Period) from the effective date of the notice under subsection (a) above to purchase all the Units so offered. If the option is not exercised within the Company Option Period as to all the Units so offered, the Members shall have the option for a period of thirty (30) days commencing with the end of the Company Option Period to purchase all the Units so offered ("the Member Option Period"). The option may not be exercised on only a portion of the Units offered for sale. In order to be validly exercised, the option must be exercised on all of the Units offered for sale. If the above option is not exercised as to all of the Units so offered, the Company shall be obligated to purchase all such remaining Units or to liquidate its assets and dissolve. The Company shall have thirty (30) days after the expiration of the Member Option Period to purchase such Units.

8.1.3 If the Company or the Members (the "Purchaser") exercise the option to purchase, the purchase price for the Units shall be the value that shall be mutually determined by the Purchaser and the Seller. If the Purchaser and Seller cannot agree on the value, the Units shall be appraised by an appraiser appointed in the manner set forth below.

8.1.3.1. In the event the Purchaser and Seller cannot agree upon a value for the Units, then such value shall be determined by an appraiser who has been previously designated in a written agreement signed by all of the Members of the company. In the event the Members of the company have not so designated an appraiser, then the Purchaser and Seller shall agree upon an appraiser. If the Purchaser and the Seller cannot agree on an appraiser, they shall each appoint an appraiser. If the two appraisers cannot agree upon the value of such Units, they shall appoint a third appraiser, and the decision of the majority of the three appraisers shall be binding on all parties. In making such appraisal, the appraisers may consider all relevant factors affecting the value of the Units, including, but not limited to market value, net asset value, and investment or capitalized earnings value. The parties realize that such valuation may take into account premiums due to majority interest or discounts due to minority interest. The appraisers may consider as an asset of the Company the cash surrender value of life insurance owned by the Company on the lives of the Members but shall not include the proceeds of policies insuring the life of a deceased Member in excess of their cash surrender value. The cost of appraisal shall be shared equally by the Purchaser and the Seller.

8.1.4 Upon the closing date the Purchaser shall make a cash down payment of not less than ten percent (10%) of the total purchase price. If the Company or the other Members shall receive the proceeds of any insurance policy on the life of a deceased Member such insurance proceeds shall be paid to the Seller, up to the purchase price of the Units. If the total amount of such insurance proceeds does not equal ten percent (10%) of the total purchase price, the purchaser shall pay sufficient additional cash to cause the down payment to equal ten percent (10%) of said purchase price. The Seller shall have no claim to any proceeds in excess of the purchase price. The balance of the purchase price shall be paid in ten equal annual installments which shall commence one year following the closing date and shall continue on the same day of each year thereafter until the balance of the purchase price and accrued interest shall be paid in full.

8.1.5 The unpaid balance of the purchase price shall bear interest at the lowest permitted applicable federal rate as of the date of closing. Interest shall be payable annually with principal commencing one (1) year following the date of closing and continue on each successive year thereafter until the purchase price shall be paid in full. All payments shall be applied first to accrued interest, then to reduction of principal.

8.1.6 The purchaser may prepay principal at any time in multiples of Five Hundred Dollars (\$500) without penalty. Interest on such additional principal payments shall cease as of the date payment is made. Any prepayment shall be applied to the last payment(s) coming due under this Agreement and shall not excuse the necessity of making the next ensuing payment(s) on the date and in the amount as required by this Agreement.

8.2 Miscellaneous.

8.2.1 The Remaining Members shall guarantee the Company's obligations under a purchase agreement. The Units purchased shall be pledged as security for the payment obligations hereunder. Unless the parties agree otherwise, the promissory note, security agreement and guarantee shall be in the form attached hereto.

8.2.2 The Units purchased by the Company shall have no voting or other rights while held by the Company. Units purchased by any Member shall have all rights and said rights shall belong to the Purchaser so long as the Purchaser is not in default under the terms of this Agreement. If the Purchaser fails to cure any default within the time required, the Seller shall be entitled to exercise all rights to which said Units may be entitled.

8.2.3 So long as any part of the purchase price of Units remains unpaid, the Company will not do any of the following, without the Seller's prior written approval: Issue any additional Units; reorganize its capital structure; merge or consolidate with any other Company; sell any of its assets except in the ordinary course of business; incur extraordinary indebtedness; or pay salaries or other compensation in excess of that which is reasonable.

So long as any part of the purchase price of such Units shall remain unpaid, the Seller or the Seller's legal representative shall have the right to examine the books and records of the Company and to receive copies of all accounting records and reports prepared for or on behalf of the Company; but all such information disclosed shall be confidential.

8.2.4 If purchase offers from the Remaining Members specify in the aggregate more Units than are available for purchase by the Members, each Member shall have priority, up to the number of Units specified in the Member's notice, to such proportion of the available Units as the Member's Units bears to the Units of all Members electing to purchase. The Units not purchased on such a priority basis shall be allocated in one or more successive allocations to those Members electing to purchase more than the Units to which they have priority right, up to the Units specified in their respective notices, in the proportion that the Units held by each of them bears to the Units held by those Members entitled to purchase such excess Units.

8.2.5 The Company shall make an election under §754 of the Internal Revenue Code of 1986, as amended, for the year in which a Member's Units in the Company terminates.

8.2.6 The closing date for any purchase or redemption of Units under the terms and conditions of this Agreement shall be not later than One Hundred Twenty (120) days following the effective date of notice.

8.2.7 The parties hereby declare that it is impossible to measure in money the damages which will accrue to any party, by reason of a failure to perform any of the obligations under this Agreement and that the remedy of the Members or the Company for a breach of this Agreement is not adequate at law. Any Member, Seller, or the Company may enforce rights hereunder by injunction proceedings, proceedings for specific performance, or other equitable proceedings. Any person (including the Company) against whom such action or proceeding is brought hereby waives the claim or defense an adequate remedy at law exists.

ARTICLE IX ADMISSION OF ADDITIONAL MEMBERS

New Members shall be admitted to the Company only by Consent of the Members. The Members may grant or withhold the approval of such admission for any reason, or no reason, in their sole and absolute discretion.

**ARTICLE X
DISSOCIATION OF A MEMBER**

A person shall cease to be a Member, without breaching this Agreement, upon the death of the Member.

**ARTICLE XI
DISSOLUTION AND WINDING UP**

11.1 Dissolution. The Company shall be dissolved and its affairs wound up, upon the first to occur of the following events:

11.1.1. the expiration of the Term;

11.1.2. the unanimous written consent of all of the Members;

11.1.3. the death of any Member unless the business of the Company is continued with the Consent of the Remaining Members.

11.2. Effect of Dissolution. Upon dissolution, the Company shall cease carrying on as distinguished from the winding up of the Company business, but the Company is not terminated, but continues until the winding up of the affairs of the Company is completed and the Certificate of Dissolution has been issued by the Secretary of State.

11.3. Distribution of Assets on Dissolution. Upon the winding up of the Company, the Company Property shall be Distributed:

11.3.1. to creditors, including Members who are creditors, to the extent permitted by law, in satisfaction of Company Liabilities;

11.3.2. to Members in accordance with positive Capital Account balances taking into account all Capital Account adjustments for the Company's taxable year in which the liquidation occurs;

11.3.3. to Members in accordance with each Member's Sharing Ratio;

11.3.4 Liquidation proceeds shall be paid within 60 days of the end of the Company's taxable year or, if later, within 90 days after the date of liquidation. Such Distributions shall be in cash or Property (which need not be Distributed proportionately) or partly in both, as determined by Consent of the Members.

11.4. Winding Up and Certificate of Dissolution. The winding up of the Company shall be completed when all debts, liabilities, and obligations of the Company have been paid and discharged or reasonably adequate provision therefor has been made, and all of the remaining Property and assets of the Company have been Distributed to the Members. Upon the completion of winding up of the Company, a certificate of dissolution shall be delivered to the Secretary of State for filing. The certificate of dissolution shall set forth the information required by the Act.

ARTICLE XII AMENDMENT

This Agreement may be amended or modified from time to time only by a written instrument executed by all of the Members at the time of the amendment. No Member shall have any vested rights in this Agreement which may not be modified through an amendment to this Agreement.

ARTICLE XIII MISCELLANEOUS PROVISIONS

13.1. Entire Agreement. This Agreement represents the entire agreement among all the Members and between the Members and the Company pertaining to the subject matter of this Agreement.

13.2. No Partnership Intended for Nontax Purposes. The Members have formed the Company under the Act, and expressly do not intend hereby to form a partnership under either the Idaho Uniform Partnership Act nor the Idaho Uniform Limited Partnership Act. The Members do not intend to be partners one to another, or partners as to any third party. To the extent any Member, by word or action, represents to another person that any other Member is a partner or that the Company is a partnership, the Member making such wrongful representation shall be liable to any other Member who incurs personal liability by reason of such wrongful representation.

13.3. Rights of Creditors and Third Parties under Agreement. This Agreement is entered into among the Company and the Members for the exclusive benefit of the Company, its Members, and their successors and Assignees. This Agreement is expressly not intended for the benefit of any creditor of the Company or any other person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Agreement, or any agreement between the Company and any Member with respect to any Capital Contribution or otherwise.

13.4. Notice. Any notice required hereunder shall be effective when (i) mailed by certified mail, postage paid, addressed as follows, or (ii) when such notice is delivered to the recipient in person, or (iii) when sent by telefax to a number designated by the recipient. The addresses are as follows:

Company:

Teton Springs Water and Sewer Company, LLC,
1 Teton Springs Parkway
Victor, Idaho, 83455

Members:

Teton Springs Golf and Casting Club, LLC
1 Teton Springs Parkway
Victor, Idaho, 83455

Such addresses for receiving notices may be changed by any party at any time by written notice to the other Members and the Company.

13.5. Income Tax Provisions. All income tax provisions on the attached Exhibit "B" are incorporated by this reference.

IN WITNESS WHEREOF, the undersigned has set its hand and seal this ____ day of June, 2005.

TETON SPRINGS GOLF AND CASTING
CLUB, LLC

By: 
Anthony L. Vest
Managing Member

EXHIBIT "A"

<u>Names and Addresses of Initial Members</u>	<u>Description of Initial Capital Contribution</u>	<u>Value</u>	<u>Units</u>
Teton Springs Golf and Casting Club, LLC 1 Teton Springs Parkway Victor, ID 83455	Cash	\$10,000.00	10.00

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EXHIBIT "B"

INCOME TAX PROVISIONS

B.1. Compliance with § 704(b) of the Code. All provisions of the Agreement relating to maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of Profits, Losses, income, gain and credit pursuant to this Agreement to have substantial economic effect under the Regulations promulgated under § 704(b) of the Code, in light of the Distributions made pursuant to this Agreement.

B.2. Definitions. The definitions that follow are part of the Agreement.

Company Minimum Gain. An amount determined by first computing for each Company Nonrecourse Liability any gain the Company would realize if it disposed of the Company Property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. The amount of Company Minimum Gain includes such minimum gain arising from a conversion, refinancing, or other change to a debt instrument, only to the extent a Member is allocated a share of that minimum gain. For any Taxable Year, the net increase or decrease in Company Minimum Gain is determined by comparing the Company Minimum Gain on the last day of the immediately preceding Taxable Year with the Minimum Gain on the last day of the current Taxable Year. Notwithstanding any provision to the contrary contained in this Agreement, Company Minimum Gain and increases and decreases in Company Minimum Gain are intended to be computed in accordance with § 704 of the Code and the Regulations. A Member's share of Company Minimum Gain at the end of any Taxable Year equals: the sum of Nonrecourse Deductions allocated to that Member (and to that Member's predecessors in interest) up to that time and the Distributions made to that Member (and to that Member's predecessors in interest) up to that time of proceeds of a nonrecourse liability allocable to an increase in Company Minimum Gain minus the sum of that Member's (and that Member's predecessors' in interest) aggregate share of the net decreases in Company Minimum Gain plus their aggregate share of decreases resulting from revaluations of Company Property subject to one or more Company Nonrecourse Liabilities.

Company Nonrecourse Liability. A Company Liability to the extent that no Member or Related Person bears the economic risk of loss (as defined in § 1.752-2 of the Regulations) with respect to the liability.

Member Minimum Gain. An amount determined by first computing for each Member Nonrecourse Liability any gain the Company would realize if it Disposed of the Company Property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. The amount of Member Minimum Gain includes such minimum gain arising from a conversion, refinancing, or other change to a debt instrument, only to the extent a Member is allocated a share of that minimum gain. For any Taxable Year, the net increase or decrease in Member Minimum Gain is determined by comparing the Member Minimum Gain on the last day of the immediately preceding Taxable Year with the Member Minimum Gain on the last day of the current Taxable Year. Notwithstanding any provision to the contrary contained in this Agreement, Member Minimum Gain and increases and decreases in Member Minimum Gain are intended to be computed in accordance with § 704 of the Code and the Regulations.

Member Nonrecourse Liability. Any Company Liability to the extent the liability is nonrecourse under state law, and on which a Member or Related Person bears the economic risk of loss under § 1.752-2 of the Regulations because, for example, the Member or Related Person is the creditor or a guarantor.

Nonrecourse Liabilities. Nonrecourse liabilities include Company Nonrecourse Liabilities and Member Nonrecourse Liabilities.

Offsettable Decrease. Any allocation that unexpectedly causes or increases a deficit in the Member's Capital Account as of the end of the taxable year to which the allocation relates attributable

to depletion allowances under § 1.704-1(b)(2)(iv)(k) of the Regulations, allocations of loss and deductions under §§ 704(e)(2) or 706 of the Code or under § 1.751-1 of the Regulations, or Distributions that, as of the end of the year are reasonably expected to be made to the extent they exceed the offsetting increases to such Member's Capital Account that reasonably are expected to occur during or (prior to) the taxable years in which the such Distributions are expected to be made (other than increases pursuant to a Minimum Gain Chargeback).

Related Person. A person having a relationship to a Member that is described in § 1.752-4(b) of the Regulations.

B.3. Compliance with § 704(b) of the Code. The provisions of this Article III as they relate to the maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of Profits, Losses, income, gain and credit pursuant to Article VI of this Agreement to have substantial economic effect under the Regulations promulgated under § 704(b) of the Code, in light of the Distributions made pursuant to this Agreement and the Capital Contributions made pursuant to this Article III.

B.4. Company Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain for a Taxable Year, each Member must be allocated items of income and gain for that Taxable Year equal to that Member's share of the net decrease in Company Minimum Gain. A Member's share of the net decrease in Company Minimum Gain is the amount of the total net decrease multiplied by the Member's percentage share of the Company Minimum Gain at the end of the immediately preceding Taxable Year. A Member's share of any decrease in Company Minimum Gain resulting from a revaluation of Company Property equals the increase in the Member's Capital Account attributable to the revaluation to the extent the reduction in minimum gain is caused by the revaluation. A Member is not subject to the Company Minimum Gain Chargeback Requirement to the extent the Member's share of the net decrease in Company Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly a Recourse Liability or a Member Nonrecourse Liability, and the Member bears the economic risk of loss (within the meaning of § 1.752-2 of the Regulations) for the newly guaranteed, refinanced, or otherwise changed liability.

B.5. Member Minimum Gain Chargeback. If during a Taxable Year there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under § 1.704-2(i)(5) of the Regulations) as of the beginning of that Taxable Year must be allocated items of income and gain for that Taxable Year (and, if necessary, for succeeding Taxable Years) equal to that Member's share of the net decrease in the Company Minimum Gain. A Member's share of the net decrease in Member Minimum Gain is determined in a manner consistent with the provisions of § 1.704-2(g)(2) of the Regulations. A Member is not subject to this Member Minimum Gain Chargeback, however, to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Liability due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a Company Nonrecourse Liability. The amount that would otherwise be subject to the Member Minimum Gain Chargeback is added to the Member's share of Company Minimum Gain. In addition, rules consistent with those applicable to Company Minimum Gain shall be applied to determine the shares of Member Minimum Gain and Member Minimum Gain Chargeback to the extent provided under the Regulations issued pursuant to § 704(b) of the Code.

B.5. Qualified Income Offset. In the event any Member, in such capacity, unexpectedly receives an Offsettable Decrease, such Member will be allocated items of income and gain (consisting of a pro rata portion of each item of partnership income and gain for such year) in an amount and manner sufficient to offset such Offsettable Decrease as quickly as possible.

BILL OF SALE

For Ten Dollars and other good and valuable consideration paid to Teton Springs Golf and Casting Club, LLC, a Wyoming limited liability company, whose address is 10 Headwaters Drive, Victor, Idaho, 83455, hereinafter referred to as "Grantor", the receipt and sufficiency of which are acknowledged, Grantor transfers, conveys and assigns to the Teton Springs Water and Sewer Company, LLC, an Idaho limited liability company, hereinafter referred to as "Grantee", all of Grantor's right, title and interest in and to that certain personal property listed in Exhibit A attached and incorporated by reference (the "Personal Property"). The Personal Property does not include items owned by third persons and leased to Grantor, although it does include any leasehold interest of Grantor in and to the same.

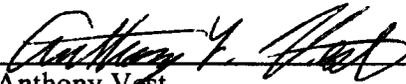
Grantor represents and warrants to Grantee that: (i) Grantor is the lawful owner of the Personal Property, (ii) Grantor has not encumbered the Personal Property or consented to the creation of any security interest in the Personal Property except as disclosed on Exhibit A; and (iii) the persons executing this Bill of Sale on behalf of Grantor are authorized so to do and are authorized to bind Grantor under the terms of this Bill of Sale.

The Personal Property is sold in a used and an "AS IS" condition. Grantor makes no warranties, express or implied, of any kind (including, but not limited to: title; merchantability; fitness for any particular purpose; design; condition; quality; capacity; workmanship; conformity with applicable laws, ordinances, rules or regulations; patent infringement; or latent defects) to Grantee regarding the Personal Property except as specifically set forth in this Bill of Sale.

IN WITNESS WHEREOF, Grantor has executed this Bill of Sale this 6th day of May, 2008.

GRANTOR:

TETON SPRINGS GOLF AND CASTING
CLUB, LLC

By: 
Anthony Vest
Managing Member

BILL OF SALE

EXHIBIT A

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Manufacturer</u>	<u>Model</u>
1	Marking Paint	30	various	n/a
2	Hydrant wrench	2	n/a	n/a
3	Manhole lifter	2	n/a	n/a
4	2" Valve key -8'	2	n/a	n/a
5	2" Valve key -15' ext	1	n/a	n/a
6	Electronic Locator	1	Schonstedt	GA92XTd
7	Pocket Cl Photometer	1	HF Scientific	pocket
8	Measuring wheel	1	Stanley	wheel
9	2" valve Key-10' ext	1	n/a	n/a
10	Curb stop key- 6'	1	n/a	n/a
11	2.5" hose- 50'	4	n/a	n/a
12	2.5" hose- 100'	4	n/a	n/a
13	Barricade sign	2	n/a	n/a
14	2.5" nozzle	1	n/a	2.5"
15	2.5" gate valve	1	n/a	2.5"
16	2.5" 90 degree fitting	1	n/a	n/a
17	2.5" 45 degree fitting	1	n/a	n/a
18	Misc. Handtools	n/a	various	n/a
19	1" meter	48	Sensus	1"
20	1" Yoke assbly	35	Ford	1"
21	1" check valve	40	Ford	1"
22	5" valve box ext	15	n/a	5"
23	5" valve box ext	12	n/a	5"
24	Manhole lids	5	n/a	n/a
25	IDWR Permit 22-13178			
26	All rights, title and interest of Grantor in the customer list, any customer deposits, and customer service agreements of the water and sewer systems.			

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ASSUMPTION AND INDEMNITY AGREEMENT

This Assumption and Indemnity Agreement (this "Agreement") is executed between Teton Springs Golf and Casting Club, LLC, a Wyoming limited liability company, hereinafter referred to as "Assignor" and Teton Springs Water and Sewer Company, LLC, an Idaho limited liability company, hereby referred to as "Assignee."

RECITALS:

- A. Assignor is the owner of a culinary water system and the sewage collection system (the "Systems") located at Teton Springs Planned Unit Development situated in Teton County, Idaho.
- B. Assignee is a wholly owned subsidiary of Assignor.
- C. Assignor desires to transfer to Assignee and Assignee desires to accept from Assignor, all of the assets constituting the Systems.
- D. In connection with the assignment of the Systems, Assignor will transfer certain contractual obligations to Assignee, but will only do so upon Assignee's express acceptance of the assignment and execution of this Agreement in order to indemnify Assignor of any liability with respect to such contractual obligations.

AGREEMENTS:

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Assignment And Acceptance. Assignor assigns to assignee all of Assignor's rights and obligations in all contracts, permits, licenses and certificates relating to the Systems, including but not limited those identified on the attached Exhibit A (all of which are referred to herein as the "Contracts"). Assignee hereby accepts assignment of the Contracts and agrees to perform each of Assignor's obligations thereunder.
2. Indemnity. Assignee shall indemnify, defend and hold harmless Assignor for, from and against any and all claims, actions, suits, liabilities, damages, penalties, fines and costs, including but not limited to attorneys' fees and costs, (i) that may be brought against it in connection with the Contracts or that Assignor may incur or pay by way of settlement, judgment or otherwise in connection with any of the Contracts. If any claim, action or suit

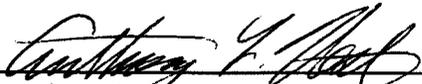
alleging such liabilities, damages, penalties or fines is brought against Assignor, then Assignee shall defend the same at its expense by counsel reasonably satisfactory to Assignor.

3. No Limitation. Assignee's liability under this Agreement is unlimited.
4. Enforcement Costs. If there is any litigation or other action taken by any party to enforce or interpret any provisions of or rights arising under this Agreement, the nonprevailing party shall pay to the prevailing party all costs and expenses incurred by the prevailing party, including but not limited to reasonable attorney fees and costs.
5. Entire Agreement. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements of the parties. This Agreement cannot be altered or amended except by an instrument in writing signed by the parties hereto.
6. Successors and Assigns. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and assigns.
7. Headings. The headings in this Agreement are for reference only and do not limit or define the meaning of any provisions of this Agreement.
8. Survival. All of the representations, warranties, agreements and indemnities set forth in this Agreement shall survive the execution and delivery of this Agreement and any other instruments and documents executed and delivered in connection with this Agreement.
9. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Idaho.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the 6th day of May, 2008.

ASSIGNOR

TETON SPRINGS GOLF AND CASTING
CLUB, LLC

By: 
Anthony Vest
Managing Member

ASSIGNEE

TETON SPRINGS WATER AND SEWER
COMPANY, LLC

By: Teton Springs Golf and Casting Club,
LLC, manager

By: 
Anthony Vest
Managing Member

EXHIBIT A

ASSIGNED CONTRACTS

1. The Water Main Easement granted by Fay T. Rammell and Corey T. Rammell, Limited Partnership, as set forth in that certain Water Main Easement, recorded in the records of Teton County, Idaho, as instrument no. 151595 and instrument no. 152735.
2. All rights, title and interest of Grantor in that certain Memorandum Of Water Tank Easement Agreement between Richard M. Jacobsen and Susan Jacobsen as trustees of the Richard and Susan Jacobsen Trust dated April 2, 1993 and Teton Springs Golf and Casting Club, LLC, recorded in the records of Teton County, Idaho, as instrument no. 151483.
3. All rights and obligations of Assignor under that Wastewater Collection system and Treatment Facilities Use Agreement among Assignor, City of Victor and City of Driggs, dated May 19, 2000.
4. All culinary water rights, including but not limited to those evidenced by IDWR Permit no. 22-13178.
5. All rights, title and interest of Grantor in the customer list, any customer deposits, and customer service agreements of the water and sewer systems.
6. Grantor's Public Water Supply Permit, Permit No. PWS 7410033
7. Grantor's DEQ Certificate issued by the Idaho Department of Environmental Quality, Certificate No. 00-01-41

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Instrument # 198128

TETON COUNTY, IDAHO

6-10-2008 04:07:00 No. of Pages: 7

Recorded for : TETON SRPINGS GOLF & CASTING

MARY LOU HANSEN

Fee: 21.00

Ex-Officio Recorder Deputy

Index to: DEED, SPECIAL WARRANTY

198128 JUN 10 08 PM 4 07

SPECIAL WARRANTY DEED

For the consideration of Ten Dollars (\$10.00), and other valuable consideration, the receipt and sufficiency of which are acknowledged, Teton Springs Golf and Casting Club, LLC, a Wyoming limited liability company, hereinafter referred to as "Grantor", hereby conveys to Teton Springs Water and Sewer Company, LLC, an Idaho limited liability company, whose address is 10 Headwaters Drive, Victor, Idaho 83445, hereinafter referred to as "Grantee", all of its right title and interest in and to the culinary water system and the sewage collection system located at Teton Springs Planned Unit Development (the "PUD") situated in Teton County, Idaho, referred to hereafter as the Property. Without limiting the foregoing, Grantor conveys to Grantee

1. the well lots described on Exhibit A,
2. the Water system improvements described on Exhibit B,
3. the Sewer system improvements described on Exhibit C,
4. all benefits and burdens of the easements described on Exhibit D.
5. all permits, licenses and certificates pertaining to the water and sewer systems, including but not limited to those described on Exhibit E.
6. all benefits and burdens of all easements on the recorded plat of Teton Springs Planned Unit Development that are utilized for delivery of water and or sewer services to the Lot Owners within the PUD.
7. all rights and obligations of Grantor under that Wastewater Collection system and Treatment Facilities Use Agreement among Grantor, City of Victor and City of Driggs, dated May 19, 2000.

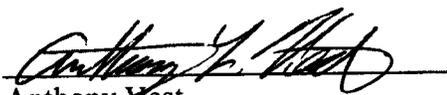
Grantor binds itself and its successors to warrant and defend the title to the Property against all acts of Grantor and no other, subject to the matters set forth above.

Dated this 14 day of May, 2008.

GRANTOR:

TETON SPRINGS GOLF AND
CASTING CLUB, LLC

By:

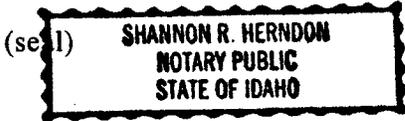

Anthony West

Managing Member

STATE OF IDAHO)
)ss.
County of Teton)

On the 10 day of ~~May~~^{June}, 2008, before me, the undersigned, a notary public in and for said State, personally appeared ANTHONY VEST, known or identified to me to be the manager or a member of Teton Springs Golf and Casting Club, LLC, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.



Shannon R Herndon
Notary Public for: Idaho
Residing at: ~~Idaho~~ Victor, ID
My Commission Expires: 11-06-09

EXHIBIT A

WELL LOTS

1. Block 29, Tract 4, Well Lot 2, Teton Springs Golf and Casting Club, Phase 4, Teton County, Idaho
2. Tract 16, Well Lot 1, Teton Springs Golf and Casting Club, Phase 4, Teton County, Idaho

**EXHIBIT B
WATER SYSTEM ASSETS**

Water Supply Lines
Well NE Corner
Well SE Corner
Water Tank
Booster Pump/Clor Stn/Pwr
Pumphouse Building 3,
Flow Meter
Telemetry

Water Mains

12" Main - Phase I
12" Main - Commercial Village
12" Main - Forest Tract 12 & 13
4" Main - Enclave
4" Main - Forest Cabins
6" Main - Phase I
6" Main - Commercial Village
6" Main - Creekside Cabins
6" Main - Forest Cabins
6" Main - Mountain Meadows
8" Main - Phase I
8" Main - O&M Center
8" Main - Block 13
8" Main - Commercial Village
8" Main - Creekside Cabins
8" Main - Dog Leg Lane
8" Main - Forest Cabins
8" Main - Mountain Meadows
8" Main - Winger Circle
8" Main - Forest Tract 12 & 13
8" Main - Mtn Meadows North

Valves

12" Gate Valve - Forest Cabins
12" Gate Valve - Phase I
8" Gate Valve - Commercial Village
8" Gate Valve - Creekside Cabins
8" Gate Valve - Forest Cabins
8" Gate Valve - Mountain Meadows
8" Gate Valve - Winger Circle

8" Gate Valve - Forest Tract 12 & 13
8" Gate Valve - Mtn Meadows North
8" Gate Valve - Dog Leg Lane
8" Gate Valve - Phase I
6" Gate Valve - Commercial Village
4" Gate Valve - Commercial Village
4" Gate Valve - Enclave
4" Gate Valve - Forest Cabins
Release Valve - Creekside Cabins
Release Valve - Phase I
Release Valve - Forest Tract 12 & 13

Fire Hydrants

Hydrant - Commercial Village
Hydrant - Creekside Cabins
Hydrant - Forest Cabins
Hydrant - Mountain Meadows
Hydrant - Winger Circle
Hydrant - Forest Tract 12 & 13
Hydrant - Mtn Meadows North
Hydrant - Phase I

Service Lines

Infrastructure - Commercial Village
Infrastructure - Phase I
Infrastructure - Block 13
Infrastructure - Creekside Cabins
Infrastructure - Dog Leg Lane
Infrastructure - Enclave
Infrastructure - Forest Cabins
Infrastructure - Mountain Meadows
Infrastructure - Winger Circle
Infrastructure-Forest Tract 12 & 13
Infrastructure - Mtn Meadows North
O&M Center
Sales Center
Infrastructure - Phase I
Infrastructure - Commercial Village
Infrastructure - Phase I

**EXHIBIT C
SEWER SYSTEM ASSETS**

Pressure Sewers, Force Mains

4" Pressure Sewer - Forest Cabins
4" Pressure Sewer - Forest Tract 12 &
13
6" Force Mains - Phase I
Pipeline Insulation

Gravity Mains

8" Gravity Main - Block 13
8" Gravity Main - Creekside
8" Gravity Main - Dog Leg Lane
8" Gravity Main - Enclave
8" Gravity Main - Enclave
8" Gravity Main - Mountain Meadow
North
8" Gravity Main - Mountain Meadows
8" Gravity Main - Winger Circle
8" Gravity Main - Forest Tract 10 & 11
8" Gravity Main - Forest Tract 12 & 13
8" Gravity Main - Forest Cabins
8" Gravity Main - Phse I 4

Manholes

Flow Meter Manhole - Phse I
Manhole - Block 13
Manhole - Creekside
Manhole - Dog Leg Lane
Manhole - Enclave
Manhole - Enclave
Manhole - Forest Cabins
Manhole - Mountain Meadow North
Manhole - Mountain Meadows
Manhole - Phse I 2
Manhole - Winger Circle
Manhole - Forest Tract 10 & 11
Manhole - Forest Tract 12 & 13

Lift Stations

Grinder Lift Station - Forest Cabins
Large Lift Station - Phse I 1
Lift Station - Forest Tract 12 & 13
Medium Lift Station - Winger Circle

Service Lines

Infrastructure - Forest Cabins
Infrastructure - Block 13
Infrastructure - Creekside
Infrastructure - Dog Leg Lane
Infrastructure - Enclave
Infrastructure - Enclave
Infrastructure - Mountain Meadow
North
Infrastructure - Mountain Meadows
Infrastructure - Phse I 1
Infrastructure - Winger Circle
Infrastructure-Forest Tract 10 & 11
Infrastructure-Forest Tract 12 & 13
O&M Center
Sales Center

**EXHIBIT D
EASEMENTS**

1. The Water Main Easement granted by Fay T. Rammell and Corey T. Rammell, Limited Partnership, as set forth in that certain Water Main Easement, recorded in the records of Teton County, Idaho, as instrument no. 151595 and instrument no. 152735.
2. All rights, title and interest of Grantor in that certain Memorandum Of Water Tank Easement Agreement between Richard M. Jacobsen and Susan Jacobsen as trustees of the Richard and Susan Jacobsen Trust dated April 2, 1993 and Teton Springs Golf and Casting Club, LLC, recorded in the records of Teton County, Idaho, as instrument no. 151483.
3. All water and sewer easements in the PUD, including but not limited to (a) those previously reserved to Grantor in the deed dated September 25, 2007, with Grantor herein as the grantor in that deed and Teton Springs Home Owners' Association, Inc., as the grantee, and recorded as Instrument no. 191968, records of Teton County, Idaho, and (b) those identified on the plat of the Planned Unit Development.

EXHIBIT E
PERMITS, LICENSES AND CERTIFICATES

1. All culinary water rights, including but not limited to those evidenced by IDWR Permit no. 22-13178.
2. Grantor's Public Water Supply Permit, Permit No. PWS 7410033
3. Grantor's DEQ Certificate issued by the Idaho Department of Environmental Quality, Certificate No. 00-01-41

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7 - SPECIAL WARRANTY DEED



