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AMENDED AND RESTATED
WATER SUPPLY AND WASTEWATER TREATMENT SERVICE AGREEMENT

This **AMENDED AND RESTATED WATER SUPPLY AND WASTEWATER TREATMENT SERVICE AGREEMENT** (the "Agreement") is entered into and effective as of this 25th day of August, 2008, by and between **UTILITY SOLUTIONS, LLC**, a Montana limited liability company with its principal place of business located in Gallatin County, Montana ("US"), and the **FOUR CORNERS COUNTY WATER AND SEWER DISTRICT**, a political subdivision of the State of Montana located in Gallatin County, Montana ("the District").

RECITALS

WHEREAS, US and the District previously executed a Water Supply and Wastewater Service Agreement dated May 24, 2005 (the "Initial Agreement"); and

WHEREAS, this Agreement amends and restates in its entirety the Initial Agreement, and is executed and delivered by US in full substitution and replacement of the Initial Agreement; and

WHEREAS, US has acquired and is in the process of acquiring, constructing and developing facilities and systems to provide a water supply and wastewater treatment and disposal for properties in the Four Corners area of Gallatin County, Montana, including those properties which as of the effective date of this Agreement have been granted preliminary and/ or final approvals by Gallatin County for their subdivision and development; and

WHEREAS, the District has been created in accordance with MCA 7-13-2201 *et seq.* as a political subdivision and a municipal corporation of the State of Montana, with jurisdictional boundaries that include properties in the Four Corners Area of Gallatin County, Montana; and

WHEREAS, the District was formed, *inter alia*, to provide a water supply and wastewater treatment for the properties within its jurisdictional boundaries; and

WHEREAS, the property within the jurisdictional boundaries of the District has been approved for subdivision by Gallatin County in accordance with the provisions of MCA 76-3-501 *et seq.*, as confirmed by preliminary plats or final plats for such subdivisions; and

WHEREAS, some subdivisions approved by Gallatin County within the jurisdictional boundaries of the District have not as yet been developed in accordance with the terms of the preliminary plats confirmed for such subdivisions; and

WHEREAS, the District does not wish to incur the cost of acquiring the rights to a water supply and constructing wastewater treatment for all the property within its jurisdictional boundaries; and

WHEREAS, the District has lands within its jurisdictional boundaries that require a water supply and wastewater treatment (Service Area No. 2, Service Area No. 3, Service Area No. 4); and

WHEREAS, the District wishes to secure the right to a water supply and wastewater treatment for those lands within Service Area No. 2, Service Area No. 3, Service Area No. 4, and to thereafter negotiate with US for additional water supplies and additional wastewater treatment for lands subsequently annexed to the District; and

WHEREAS, US is willing to identify a specific portion of the capacity of all its facilities and systems in an amount required to fulfill the water supply and wastewater treatment requirements of those lands within Service Area No. 2, Service Area No. 3, Service Area No. 4, and leave that portion of the capacity of its facilities and systems available for these purposes, all according to the terms and conditions set forth herein; and

WHEREAS, US is willing to provide for a water supply and wastewater treatment for all those lands within Service Area No. 2, Service Area No. 3, and Service Area No. 4, all according to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing recitals, the mutual covenants, provisions, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Confirmation of Recitals.** The Recitals set forth herein are true and accurate and are incorporated as a material part of this Agreement, which is executed and delivered in full substitution and replacement of the Initial Agreement.

2. **Definitions.** As used in this Agreement, the following terms shall have the designated meanings.

A. "Agreement" shall mean this agreement between US and the District, including all exhibits hereto, as this agreement may be modified from time to time pursuant to its terms.

B. "Allocated Capital Repairs and Replacements" shall mean all those Capital Repairs and Replacements made to or conducted upon any of the Allocated Water and Wastewater Facilities and Systems. For the purposes of such repairs, replacements, or improvements made to or conducted upon any of the Common Use Elements or any part thereof, Allocated Capital Repairs and Replacements shall mean only the proportionate amount of the costs incurred for such repairs, replacements, and/or improvements as is determined in accordance with the designation of the Common Use Wastewater Treatment Element, regardless of whether such costs were in any part incurred for the Common Use Water Supply Element, as that Common Use Wastewater Treatment Element may appear at the close of the year in which such costs are incurred. The proportionate amount of the costs of capital repairs, replacements, and improvements made to any Common Use Element, as determined in accordance with the terms of this Agreement, shall remain fixed for the term of this Agreement, notwithstanding subsequent additional improvements or replacements that may thereafter increase the capacity of the Water and Wastewater Treatment Facilities and Systems in a way that would otherwise reduce this proportionate amount. For the

purposes of such repairs, replacements, or improvements made to or conducted upon the Exclusive Use Element, Allocated Capital Repairs and Replacements shall mean all the costs incurred for such repairs, replacements, and/or improvements.

C. "Allocated Water and Wastewater Treatment Facilities" shall mean that portion of the Water and Wastewater Treatment and Facilities that are used in any measure or part to pump, treat and distribute water to the District under the terms of this Agreement, and/or used in any measure or part to collect, treat, and discharge any sewage or other wastewater collected from the District under the terms of this Agreement, together with all replacements and additions thereto, that are made available under the terms of this Agreement for use by the District, as set forth and described in Section 3 hereof. The Allocated Water and Wastewater Treatment Facilities shall be comprised of the Exclusive Use Element and the Common Use Element. Unless modified in the Water Facilities Plan or any amendments thereto, and in that event as modified or amended, the Exclusive Use Element shall consist of all those pipelines, meters, and associated distribution facilities required to provide service to Service Area No. 2, Service Area No. 3, and Service Area No. 4. Unless modified in the Water Facilities Plan or any amendments thereto, and in that event as modified or amended, the Common Use Elements shall consist of the Common Use Water Supply Element and the Common Use Wastewater Treatment Element. The Common Use Water Supply Element shall consist of a proportionate amount of the pumps, wells, pipelines, and treatment facilities that are used to provide a water and water supply under the Water and Wastewater Treatment Facilities and Systems to the District under the terms hereof as well as to parties and entities not provided for in this Agreement. The Common Use Wastewater Treatment Element shall consist of a proportionate amount of the collection pipelines, treatment plants, and discharge that are used to collect, treat, and discharge water under the Water and Wastewater Treatment Facilities and Systems to the District under the terms hereof as well as to parties and entities not provided for in this Agreement.

D. "Base Rate" shall mean that portion of the payment required for water and wastewater treatment set forth in Section 4 hereof.

E. "Capital Repairs and Replacements" shall mean all those capital repairs, capital improvements, and/or capital replacements made to any of the Water and Wastewater Treatment and Facilities after their construction in substantial accordance with the Facilities Plan, or in the event that such a Plan is not required, as such repairs, improvements, and/or replacements are actually constructed and installed. Capital repairs, improvements and/or replacements shall be distinguished from current expenses in accordance with generally accepted accounting principles.

F. "DEQ" shall mean the Department of Environmental Quality of the State of Montana.

G. "District" or "the District" shall mean the Four Corners Water and Sewer District with the jurisdictional boundaries set out and described as Service Area No. 2 on Exhibit A hereto, Service Area No. 3 on Exhibit B hereto, and Service Area No. 4 on

Exhibit C hereto. For the purposes of this Agreement, the District shall not include any property or territory annexed to the District after the effective date of this Agreement without the express written consent of US.

H. "Facilities Plan" shall mean that plan for water and wastewater treatment approved by the Department of Environmental Quality of the State of Montana pursuant to MCA 76-4-101 et seq., that approves of the design and construction of water and wastewater facilities and systems for lands that include Service Area No. 2, Service Area No. 3, and Service Area No. 4, as such Plan may be amended from time to time.

I. "Operations Rate" shall mean that portion of the payment required for water and wastewater treatment set forth in Paragraph 4 hereof.

J. "Water and Wastewater Treatment Facilities" shall mean all those wells, pumps, storage tanks, treatment plants, pipelines, and wastewater treatment plants and equipment that are designed, built or constructed in accordance with the provisions of the Facilities Plan or otherwise in accordance with any facility plan procured by persons or entities not party to this Agreement, or that may otherwise be designed, built, or constructed without the need for any such plan, by US for the provision of water supplies and sewage and other wastewater treatment for property located in and about the Four Corners area of Gallatin County, Montana, together with all replacements and additions thereto. Water and Wastewater Treatment and Facilities shall include the Allocated Water and Wastewater Treatment and Facilities.

K. "Service Area No. 2" shall mean all the property that is part of the District that is set out and described on Exhibit A hereto.

L. "Service Area No. 3" shall mean all the property that is part of the District that is set out and described on Exhibit B hereto.

M. "Service Area No. 4" shall mean all the property that is part of the District that is set out and described on Exhibit C hereto.

N. "US" shall mean Utility Solutions, Inc, and its successors and assigns.

3. Provision of Water Supply and Wastewater Treatment Facilities and Service. US shall design, build, and construct, or otherwise acquire, the Water and Wastewater Facilities and Systems, and shall operate and maintain those facilities and systems, to provide that water supply and that sewage and other wastewater treatment and disposal, as is set forth in this Section.

A. **Water and Wastewater Facilities and Systems.** Subject to the terms and conditions set forth herein, US shall build, install or construct, or otherwise acquire, at its sole cost and expense, the Water and Wastewater Treatment Facilities and Systems required to serve Service Area No. 2, Service Area No. 3, and Service Area No. 4 as those facilities and systems are set out and described herein. Where the Facility Plan sets out alternatives for any of the Water Supply and Wastewater Treatment Facilities and Systems, US may in

its discretion build, install, or construct any of the alternatives set out in such Plan. Nothing in this paragraph shall be construed to prevent or prohibit US from seeking or confirming amendments to the Facility Plan that authorize additional or different water supply and wastewater treatment facilities and systems than are currently set forth in the Plan on the effective date of this Agreement. US shall provide the District with notice of US's intent to seek any such amendment to the Facility Plan at such time that such amendments or revisions are submitted to the DEQ. The portion of the Water and Wastewater Treatment Facilities and Systems, as those facilities and systems are constructed and hereinafter repaired, replaced and improved, that is required to pump, treat and distribute water to the District, and/or that are required to collect, treat, and discharge any sewage or other wastewater collected from the District, all under the terms of this Agreement, shall be the Allocated Water and Wastewater Treatment Facilities.

B. Water Supply. From and after the completion of the Allocated Water Supply and Wastewater Treatment Facilities and Systems, US shall, subject to the terms and conditions of this Agreement, supply the District with that water supply set forth and described in this paragraph for use in Service Area No. 2, Service Area No. 3, and Service Area No. 4. US shall provide water at rates that meet the demand for potable water supply, fire protection and irrigation demands if provided for under Permits to Appropriate Groundwater as issued by the DNRC. All such water shall be consistent with all applicable federal, state and local requirements, subject to all permitted rates and volumes set forth in such requirements.

C. Wastewater Treatment. From and after the completion of the Allocated Water Supply and Wastewater Treatment Facilities and Systems, US shall, subject to the terms and conditions of this Agreement, provide the District with that wastewater collection, treatment, and disposal set forth and described in this paragraph for use in the collection, treatment, and disposal of sewage and other wastewater from Service Area No. 2, Service Area No. 3, and Service Area No. 4. US shall provide treatment for sewage and other wastewater from Service Area No. 2, Service Area No. 3, and Service Area No. 4 at rates up to but not exceeding an average daily flow as directed by a DEQ subdivision approval. All such sewage and other wastewater treatment shall be consistent with all applicable federal, state and local requirements, subject to all permitted exceedences and variances set forth in such requirements.

4. Payment Obligations of the District. The District shall pay US for the water and wastewater service set forth herein an amount equal to the Base Rate and the Operations Rate, as determined in accordance with the terms of this Section 4.

A. Base Rate. The Base Rate shall be the sum of \$508,480 per year, payable without demand in two equal installments of \$254,240 each on a semiannual basis on January 1st and July 1st during the year of this Agreement. The District shall use its authorities pursuant to Montana Code to levy such taxes and otherwise make such charges and assessments that may be required to promptly pay one-half of the Base Rate at each semiannual date. The first semiannual payment shall be due on January 1, 2009. The basis for the District's methodology that allocates costs of the Base Rate to generate an annual

sum of \$396,159.00 from Service Area No. 2, an annual sum of \$112,321.00 from Service Area No. 3, based upon the information provided by US and attached hereto in Exhibit E. Further and the annual sum of \$0.00 from Service Area No. 4.

B. **Other Increases.** The Base Rate shall be increased where, as a result of requirements that may be hereinafter enacted or adopted under MCA 75-6-101 et seq., MCA 75-5-101 et seq., and/or any like provisions of federal law and/or local ordinance, as any of these laws, regulations, or ordinances currently exist or may be hereafter amended, the actual cost of US in operating or maintaining the Water and Wastewater Facilities and Systems increases by more than 15% during the year of this Agreement, or would increase by more than 15% if such costs were incurred for an the entire year of this Agreement, then and in that event, the Base Rate shall increase by the percent increase that exceeds 15% in the operation and maintenance costs of US that are attributable to such new requirements. US shall notify the District by February 25th 2009 of any such increase in the Base Rate arising as under this subparagraph. The District shall thereupon pay the increase in the Base Rate for the balance of that year.

C. **Operations Rate.** The Operations Rate shall be the sum of \$38.00 per month for water and sewer service for an Equivalent Domestic Unit (EDU) within the District, provided that no more than 10,000 gallons of water is delivered to each EDU in a single month, and in that event, the additional amount of \$1.50 for each and every 1,000 gallons, or part thereof, of water thereafter in that month. An EDU for the purposes of this paragraph shall mean the interconnection of each lot or property of Service Area No. 2, Service Area No. 3, and Service Area No. 4, with the water supply lines of US, in accordance with the base rates assigned each such lot as set forth in accordance with Exhibit D hereto. The District shall require that each and every lot or property be equipped with appropriate metering equipment that is capable of accurately measuring and recording the total amount of water used by any development on that lot, and shall read or otherwise record the metered amounts at least monthly. Each lot or property owner must purchase a meter from US, which will defray the cost of the metering device and inspections for installation. US may have access to and test any meters required pursuant to the terms of this Section not more than once during the year of the contract. In the event that the meters tested by US are found to register inaccurately by more than two percent in the aggregate, the costs of such inspections and testing shall be reimbursed by the District and the defective meters repaired and/or replaced at the expense of the District, provided that US tests at least 25 meters. The first monthly payment shall be due and payable on the tenth day of that month following the execution of this Agreement for any metered users within Service Area No. 2, Service Area No. 3, and Service Area No. 4. Thereafter, monthly payments shall be made without demand on the tenth day of each and every month thereafter until the expiration or termination of this Agreement. The District shall use its authorities under MCA 7-13-2301 and/or MCA 7-13-2302 to collect those revenues that are required to promptly pay all the Operations Rate at the times it is due. Notwithstanding any other term in this subparagraph, whenever an interconnection is made to any of the water supply lines of US solely to provide a water supply for fire suppression, then and in that event that monthly rate for such service shall be one hundred dollars (\$100.00) per month.

Lots or properties within the District that the District agrees to provide sewer only service and not water service, shall be billed at \$47.30 per month per EDU.

D. **New Operations Rate As A Result of Adjustments.** In the event that adjustments are made to the Operations Rate in accordance with the terms of paragraph 4, all such adjustments then available to US shall be made to the then existing operations rate, and the adjusted operations rate shall thereafter be the Operations Rate for the purposes of the payments required herein from the District and all ensuing adjustments to that Operations Rate in subsequent years.

5. Section Intentionally Deleted

6. **District Obligations to Enforce Pretreatment Requirements.** As a limitation on the duty of US to provide that wastewater treatment set forth in Section 3C hereof, and as a covenant of the District to US, the District agrees to adopt and continually enforce all those pretreatment requirements set forth in 40 CFR Part 401 et Seq. and/or 17 ARM 30.1401 et seq., as these requirements may be amended from time to time throughout the term of this Agreement, and not otherwise allow, permit, or suffer the discharge of any materials deemed hazardous under any federal, state, or local law, or that otherwise cause an exceedence or violation of any discharge permits held by US. The District shall prohibit any landowner within Service Area No. 2, Service Area No. 3, and Service Area No. 4 from interconnecting with any part of the Water and Wastewater Treatment Facilities and Systems where such landowner is subject to the designated pretreatment requirements and the landowner lacks the equipment or facilities to comply with such pretreatment standards. The District shall otherwise immediately disconnect any landowner within Service Area No. 2, Service Area No. 3, and Service Area No. 4 from any part of the Water and Wastewater Treatment Facilities and Systems where such landowner fails to maintain the discharge, wastewater, or other effluent in accordance with the standards and requirements in this Section. No building shall be connected to the Wastewater Treatment Facilities that has a floor drain.

7. **Adoption of Ordinance and Duty to Enforce.** In order to induce US to make available to the District the Allocated Water and Wastewater Treatment Facilities and Systems as demand for such services unfold within Service Area No. 2, Service Area No. 3, and Service Area No. 4, and without limiting the authority of the District to adopt such ordinances as it may find necessary or prudent to fulfill its obligations under Section 3 or Section 6 hereof, the District shall adopt, and keep in full force and effect throughout the term of this Agreement by complete enforcement of all the terms thereof, an ordinance prohibiting each landowner of property located in Service Area No. 2, Service Area No. 3, and Service Area No. 4 from constructing or drilling a well, or constructing or installing a septic system, or otherwise securing a water supply or wastewater treatment other than through the District under the terms of this Agreement. The ordinance shall be adopted and maintained in substantially that form and substance set forth on Exhibit E hereto.

8. **Term of Agreement.** The term of this Agreement shall be one (1) year from the effective date of the Amended and Restated Water Supply and Wastewater Treatment Service Agreement.

9. **Additional Service Areas.** US and the District acknowledge that areas other than Service Area No. 2, Service Area No. 3, and Service Area No. 4 are likely to require water supplies and wastewater treatment as development of lands within the District proceeds. In addition, US and the District acknowledge that additional lands and territories may be annexed into the District at some future time, and that these annexations may require a water supply and wastewater treatment. US and the District agree to negotiate with each other at such time that such water supplies and wastewater treatment may be required in order to amend this Agreement or execute additional agreements that will provide for such services. Nothing in this section or any part or term hereof shall be construed to create any legally enforceable obligation or otherwise retard or impede the full expression of each party's respective rights and defenses. The District agrees to service properties adjacent to the District that may not be within the District boundary provided said service is agreed to by US. Monthly rates for services to properties not within the District will be charged at 1.5 times the operations rate provided for in Section 4(C).

10. **Standards for Duties of US.** US shall design, construct, install, or otherwise acquire the Water and Wastewater Treatment Facilities and Systems, and operate, maintain, and repair these facilities, in accordance with standards set forth in this section.

A. **Construction.** US shall design, construct, install, or otherwise acquire the Water and Wastewater Treatment Facilities and Systems in any method or manner that US may reasonably believe is adequate to create a Water Supply Capacity and a Wastewater Treatment Capacity for Service Area No. 2, Service Area No. 3, and Service Area No. 4, as set forth in Section 2 hereof, and applicable requirements in the Facility Plan and federal, state, and local law. Nothing herein shall require US to purchase or acquire facilities or systems, or warranties for any equipment associated with such facilities or systems, at costs in excess of those amounts that US may determine are reasonably adequate for the stated purpose, notwithstanding the fact that other equipment or other facilities and systems may be reasonably expected to reduce increases in the Base Rate arising from Allocated Capital Repairs and Replacements. The District acknowledges that the Allocated Water and Wastewater Treatment Facilities and Systems will be only a part of the Water and Wastewater Treatment Facilities and Systems. US may stage or otherwise phase the design, construction, and operation of the Water and Wastewater Treatment Facilities and Systems in any manner that US believes will result in the lowest cost for all such facilities and systems, commensurate with the requirements of the Facility Plan and applicable federal, state, and local law, provided that, subject to the terms of paragraph 10(C) hereof, US agrees to use its best efforts to provide the water supply and the wastewater treatment provided for by the terms of this Agreement.

B. **Operations and Maintenance; Capital Repair, Replacement and Improvements.** US shall operate and maintain the Water and Wastewater Treatment Facilities and Systems in a manner that supplies Service Area No. 2, Service Area No. 3, and Service Area No. 4 with water and wastewater treatment at rates that do not exceed the Water Supply Capacity and the Water Treatment Capacity set forth in Section 2 hereof, and with such quality of water as may be required by any federal, state, or local law, subject to all variances and exceedences authorized or allowed by the terms of such law, and in

manner that reasonably reduces the number and length of interruptions in the water supplies and wastewater treatment set forth in this Agreement. In all events, US shall be deemed to be adequately operating and maintaining the Water and Wastewater Treatment Facilities and Systems where the water supply and wastewater treatment set forth in this Agreement is reasonably adequate within the meaning of MCA 69-3-201.

US may make such repairs, replacements, and improvements to the Water and Wastewater Treatment Facilities and Systems that US may reasonably believe are required to adequately fulfill the water supply and wastewater treatment obligations set forth in this Agreement, or any other agreement it may have with persons or entities not party to this Agreement, or as may be required by public utilities to provide that service set forth in MCA 69-3-201, and applicable requirements in the Facility Plan and federal, state, and local law, or US may make such repairs, replacements, and improvements that US may reasonably believe will reduce the operation and maintenance costs and expenses associated with the Water and Wastewater Treatment Facilities and Systems in amounts commensurate with the costs of such repairs, replacements, and/or improvements.

C. No Liability for Events Not Reasonably in Control of US. US shall have no liability to the District except in those instances in which the asserted damage is caused solely by a substantial breach of the obligations of US as set forth in this Section 10. In no event shall US be liable to the District for interruptions in the water supply and/or wastewater treatment set forth in this Agreement in amounts in excess of those costs the District reasonably incurs to provide temporary water service, so long as US reasonably acts to restore such water service and/or water treatment service. Without limiting those events or circumstances, delays caused by governmental review of permits or authorizations required for such water supply or water treatment shall be deemed to be events or circumstances that are not reasonably in control of US.

11. Breach, Right to Cure, and Remedies. Any failure of the District to make those payments at the times and in the amounts set forth in Section 4 hereof; any failure of the District to perform all those obligations set forth in the management agreement provided for in Section 13C hereof; or any failure of US to fulfill those obligations set forth in Section 10 hereof; or any failure of either party to fulfill its representations and warranties as set forth herein, shall be deemed a material breach of this Agreement. In the event of such a breach, the parties shall have the rights to cure and remedies set forth in this Section.

A. Right to Cure. US shall not withhold or reduce the water supply and water treatment set forth in this Agreement prior to according the District a right to cure its breach of this Agreement, unless the District has breached this Agreement on two occasions in any twelve month period. In the event of right to cure, US shall notify the District of its breach and the amount due as of the specified payment date, and the District shall have thirty (30) days after said notice to pay the entire amount due, together with interest at the rate of 10% per annum.

The District shall accord US the right to cure any breach of its obligations under this Agreement by providing notice to US of the specific actions or failure to act of US that

creates any such breach. US shall have thirty (30) days thereafter to cure any such breach, or in the event that the breach is created by the failure of US to construct or install additional facilities or equipment after the completion of the Water and Wastewater Treatment Facilities and Systems, thirty days in which to commence such construction or installation. "Commencement of construction or installation" for this purpose shall be the retention of engineers to design such additional facilities or equipment or the ordering of such additional facilities or equipment. The election of US to install such additional facility or equipment, or to otherwise cure any asserted breach of its obligations hereunder, shall not be deemed a waiver of its right to seek arbitration of whether the actions or failure to act of US constitute a breach of this Agreement. In the event that an Arbitrator determines that such actions or failure to act do not constitute a breach of this Agreement, the Arbitrator shall include in his decision and award, and the District shall pay to US within thirty (30) days, the full cost of US in curing the asserted breach.

B. **Arbitration.** Except as set forth in Section 11(C) and subject to the limitation set forth in Section 15(E) hereof, the exclusive remedy of either party hereto shall be arbitration as set forth in this paragraph.

1. Any party may initiate an arbitration upon written notice to the other party and to the Seattle, Washington office of the American Arbitration Association ("AAA") requesting a prompt hearing to be held in Bozeman, Montana.

2. The arbitration shall be conducted before a single arbitrator selected by the consent of the parties or, if the parties cannot agree within thirty (30) business days after the notice initiating the arbitration, the arbitrator shall be appointed by the AAA in accordance with its rules. In either case, the single arbitrator shall have substantial professional experience in the subject matter of the dispute.

3. The parties shall cooperate with the AAA to permit the scheduling of a hearing so as to complete any such arbitration within 180 days of commencement, except if the arbitrator determines for good cause that a longer period is required. The Arbitrator shall allow and provide for discovery in accordance with the Montana Rules of Civil Procedure.

4. No adjournment of any hearing shall exceed thirty (30) business days in length, nor shall there be more than one (1) such adjournment without the written consent of the Parties.

5. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. 1-16, to the exclusion of any provision of the law of the State of Montana inconsistent therewith, and judgment upon the award rendered by the single arbitrator may be entered by any court having jurisdiction thereof.

6. The arbitrator shall apply the substantive law of the State of Montana exclusive of its conflict of law rules.

7. The award rendered by the single arbitrator shall contain specific findings of fact and conclusions of law on which the award is based and the Parties shall have the right to appeal all issues of law to any court having jurisdiction.

8. Subject to the limitations in Section 15(E), the arbitrator is specifically authorized to grant appropriate relief as may be requested, explicitly including specific performance or orders to any party to perform the Agreement, or orders to any party restraining that party from contracting or performing under any other contract for the provision of a water supply and water treatment for Service Area No. 2, Service Area No. 3 and Service Area No. 4. The parties explicitly agree that the arbitrator may award specific performance of any kind or character notwithstanding the fact that damages may accord complete relief, and the arbitrator may accord specific performance with damages in order to provide a party with complete relief.

9. The prevailing party in any dispute finally resolved by arbitration shall be awarded all its costs, including attorneys' fees, expert fees, other professional fees expenses incurred in the arbitration, and the costs of arbitrators and other charges of the AAA.

C. **Limited Judicial Remedies.** Notwithstanding the terms of Section 11(B) hereof, either party may file any action in any appropriate Court within the State of Montana seeking such preliminary relief in the form of a temporary restraining order or preliminary injunction as may be available under MCA 27-19-101 et seq. For the purposes of this subparagraph, the parties agree that in the event either party terminates this Agreement or otherwise refuses to perform hereunder, damages shall not be considered adequate relief and the Court should enter such injunctive relief as the circumstances require, including but not limited to injunctions that prohibit US from providing the Allocated Water and Wastewater Treatment and Facilities to any other person or entity or that prohibit the District from constructing facilities for or otherwise entering into any other agreement that provides for the provision of a water supply and wastewater treatment to Service Area No. 2, Service Area No. 3, and Service Area No. 4. Upon the issuance of such preliminary relief, neither party shall further pursue any additional judicial remedies, and the action shall be stayed pending the arbitrator's award.

12. **Indemnification.** The District shall indemnify, defend and hold harmless US from and against any and all claims, liabilities, obligations, demands, actions, arbitrations, proceedings, losses, costs, expenses, fines, penalties and fees (including attorneys' fees, expert fees and other professional fees) that US may incur or become subject to, directly or indirectly, as a result of the performance or non-performance of the duties and obligations assumed by the District under this Agreement. The indemnity, however, shall not extend to claims and liabilities for injury to or death of persons or loss of or damage to property to the extent that those claims and liabilities result from the sole negligence or willful misconduct of US.

Subject to those provisions of Section 10 hereof, US shall indemnify, defend and hold harmless the District from and against any and all claims, liabilities, obligations, demands, actions, arbitrations, proceedings, losses, costs, expenses, fines, penalties and fees (including attorneys' fees, expert fees and other professional fees) that it may incur or become subject to, directly or indirectly,

as a result of the performance of the duties and obligations assumed by US under this Agreement. The indemnity, however, shall not extend to claims and liabilities for injury to or death of persons or loss of or damage to property to the extent that those claims and liabilities result from the negligence or willful misconduct of the District.

13. Conditions Precedent to Obligations of US. Each and all of the events or authorities set forth in this Section is an express condition precedent to each and all of the obligations of US hereunder. US agrees to make good faith efforts to secure such authorities or arrange for such events. In the event that US has been unable to secure such authorities US may elect to treat this Agreement as void and of no further force or effect, or US may waive any such condition precedent set forth in this section.

A. The issuance of discharge permits by the DEQ pursuant to MCA 75-5-101 *et seq.* for the full amount of wastewater authorized or contemplated by the Facility Plan, and/or;

B. The issuance of water use permits by the Department of Natural Resources and Conservation of the State of Montana for the full amount of the water supply authorized or contemplated by the Facility Plan for the areas served pursuant to this Agreement, and/or;

C. The execution of an management Agreement by and between a manager and the District providing for the management of the District, and the accounting, collection, and disbursement of revenues from the District, in a form and substance acceptable to US, and/or;

D. The adoption and execution of a resolution by the Board of Directors of the District authorizing and directing the President of the District to execute this Agreement on behalf of the District.

14. Review of Financial Records and Metering Records. The District may, at any time during any year in which the Base Rate and/or Operation Rate is increased in accordance with the terms hereof, inspect or cause to be inspected the Financial Records of US, but not more often than once in any such year. "Financial Records" of US for the purposes of this section shall mean all those records of invoices, charges, billings and other records of cost and expenses of Capital Repairs and Replacements and the operation and maintenance expenses of the Water and Wastewater Treatment Facilities and Systems relating in any way to the increase in the Base Rate and/or Operation Rate, and that were incurred not more than two years prior to the inspection. US shall make such Financial Records available to the District and its accountants at a place designated by US and a time that is mutually convenient to both parties.

US shall maintain records of the dates upon which the meters for each lot within the boundaries of Service Area No. 2, Service Area No. 3, and Service Area No. 4 are read, and the amounts determined at each such reading, for a period of at least three (3) years. District may inspect such records, at intervals no more frequent than semi-annually, at a place designated by the US and a time that is mutually convenient to both parties.

15. **Option to Purchase.** The District shall have the option, before the expiration or termination of this Agreement, to purchase the Wastewater Facilities and Systems, all according to the terms and conditions of this Section.

A. **Definition of Water and Wastewater Facilities and Systems.** For the purposes of this section, Water and Wastewater Facilities and Systems shall mean:

1. all those wells, pumps, storage tanks, treatment plants, pipelines, and wastewater treatment plants that are owned by US and used to provide a water supply and/or wastewater treatment and disposal to lands and/or properties in and about the area of Four Corners, Montana at the time of the notice of election to exercise the option in accordance with this section, together with the water rights used in connection therewith, and the lands upon which such facilities and systems are located, and all easements that are appurtenant to those lands; together with

a. all expansions, additions, or improvements to such facilities and systems, or any part thereof, according to the design for such expansions, additions, or improvements that exists at the time of the notice of the election of the option, where any cost for such an expansion, improvement, and or addition has been incurred at time of such notice, together with

b. all Capital Repairs and Replacements that are reasonably required up to the time of the closing of the option, and;

c. all equipment or other personal property used in connection with facilities and systems described in subparagraph 1 hereof that exists at the date of the notice of election of the option provided for herein, and all other such equipment and personal property acquired in the ordinary course of business until the date of closing, less such equipment or personal property that has been used or otherwise consumed in the ordinary course of business until the date of closing; and less such equipment or personal property that has been destroyed or otherwise damaged beyond repair before closing, but in that event, including any and all insurance proceeds for such damage; and

d. such discharge permits and other governmental authorities required to operate the facilities and systems described in subparagraph 1 hereof, all other warranties, designs, and other intangible or intellectual property that may exist at the closing.

B. **Manner of Exercise of Option.** At any time before the expiration or termination of this Agreement, the District may elect to exercise the option set forth in this section by giving notice to US of such election. It is recognized hereunder that any form of notice executed prior to the date of this Agreement shall be automatically modified to have been issued and delivered effective as of October 6, 2008.

C. **District's Right to Inspect.** From and after the notice of the District's election to exercise the option, the District shall have six (6) months to perform or conduct such reviews, tests, inspections, or evaluations that it may deem appropriate. US shall cooperate with the District in making the Water and Wastewater Treatment Facilities and Systems available to the District and its agents for the purposes set forth in this paragraph. If the District elects to abandon its option to purchase as a result of the tests, inspections, or evaluations the District has conducted, the District shall so notify US no later than two weeks after the close of the six month period provided for in this subparagraph. In the event that the District abandons its option as provided for in this paragraph, all the options to purchase set forth in this Agreement shall terminate and be deemed of no further force or effect.

D. **Purchase Price of Water and Wastewater Treatment Facilities and Systems.** The District and Utility Solutions, LLC agree the purchase price for the Water and Wastewater Treatment Facilities and Systems shall be negotiated.

E. **Time for Determining Purchase Price.** The purchase price shall be agreed to by US and the District by the expiration of the District's right to inspect pursuant to Section 15(C) hereof. If the parties are unable to agree, they shall arbitrate any unresolved issues in accordance with Section 11(B) hereof, provided however, in no event shall the arbitrator be authorized to find or authorize valuation or purchase price. In no event shall the purchase price as set forth herein be reduced for any functional obsolescence of all or any part of the Water and Wastewater Treatment Facilities and Systems.

F. **Time of Closing.** The time of closing shall be no more than six months after the expiration of the District's right to inspect pursuant to paragraph 15(C) hereof. In the event that the purchase price and the inventory of the Four Corners Allocated Water and Wastewater Treatment Facilities and Systems has not been completed by such time as contemplated in paragraph 15(E) hereof, the closing date may be extended by mutual agreement. The District shall pay the entire purchase price in cash.

G. **Purchase Agreement.** In the event the District exercises its option, as discussed in this Section 15, the parties shall enter into a separate purchase agreement that sets forth the terms and conditions of the sale/purchase, including the terms set forth in this Section 15.

Section 15 H. intentionally left blank

I. **Manner of Conveyance.** US shall convey the Water and Wastewater Treatment Facilities and Systems by quitclaim deed or other appropriate bill of sale without warranty of any kind or character, subject to all claims, encumbrances, and liens, other than mortgages or liens created or suffered to be created by US. The District acknowledges that said conveyance will be made without warranty or representation of US of any kind or character associated with any facility, system, or right or obligation secured by the District under this Section or any document prepared or executed hereunder.

J. **Assignment of Agreements.** At closing, US shall assign, and the District shall assume, all the rights and obligations of US under and through any of the then existing agreements US may have with parties or entities not party to this Agreement, in the event that the District elects to exercise its option as to the Water and Wastewater Treatment Facilities and Systems Without in any way limiting the foregoing sentence the existing agreements shall include all those agreements, implied in law or as expressly set forth in any contract, between US and any person or entity other than the District for the provision of a water or a water supply, or the provision of sewage and other wastewater collection, treatment, and discharge, for or to property outside the boundaries of the District. In that event, the District shall assume at closing all the responsibilities and duties of US to such persons or entities that US may otherwise have pursuant to MCA 69-3-101 et seq.

K. **Indemnification.** The District shall indemnify, defend and hold harmless US from and against any and all claims, liabilities, obligations, demands, actions, arbitrations, proceedings, losses, costs, expenses, fines, penalties and fees (including attorneys' fees, expert fees and other professional fees) that US may incur or become subject to, directly or indirectly, as a result of the failure of the District to timely perform under any agreements or otherwise fulfill any of the responsibilities or obligations assigned to the District or assumed by the District in accordance with paragraph J hereof. US shall indemnify, defend and hold harmless the District from and against any and all claims, liabilities, obligations, demands, actions, arbitrations, proceedings, losses, costs, expenses, fines, penalties and fees (including attorneys' fees, expert fees and other professional fees) that the District may incur or become subject to, directly or indirectly, as a result of the filing of any construction liens upon any part of the premises conveyed hereunder, where the basis of such lien is a claim for amounts due prior to the closing as set forth herein. Nothing herein shall require US to satisfy said lien or otherwise remove said lien so long as US is in good faith litigating the validity of such lien or its amounts.

L. **No Remission of Amount Due.** From and after the notice of election of the exercise of the option as set forth in this section, the District shall continue to pay the Base Rate and Operations Rate as set forth in this Agreement until closing, and the last payment of the Base Rate and Operations Rate shall be prorated to the closing date. The term of this Agreement shall be extended insofar as such an extension is required to close on any option the notice of election for which is given by the District prior to the expiration of the term of this Agreement as set forth in Section 8 hereof.

16. **Preservation of Rights.** Notwithstanding any other term herein, this Agreement shall not be construed to waive, abridge, or otherwise affect the entitlements of US that have accrued up to the effective date of this Agreement under any former agreements between US and the District, and all such accrued entitlements shall be determined in accordance with the terms of such former agreements. Such entitlements to payments under such former agreements shall be prorated to the effective date of this Agreement.

17. **No Waiver of Right to Assess Other Charges.** Nothing in this Agreement or any part thereof shall waive or otherwise affect any right of US to assess, charge, or collect hook-up, interconnection fees, or other capital contributions from and under any agreement US may have with persons or entities not party to this Agreement.

18. Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (1) hand-delivery, or (2) one business day after being deposited prepaid with Federal Express, United States Postal Service, Express Mail, UPS, or any other reliable overnight courier service or transmitted by facsimile telecopy with confirmation of receipt, and addressed as follows:

If to US:

Utility Solutions, LLC
Attn: Barbara Campbell
224 Zoot Way.
Bozeman, Montana 59718

With a copy to:

John M Kauffman, Esq.
Kasting, Kauffman & Mersen, P.C.
716 S. 20th Ave., Suite 101
Bozeman, Montana 58718

If to the District:

Four Corners County Water and Sewer District
P.O. Box 479
Gallatin Gateway, Montana 59730

With a copy to:

Susan Swimley
Attorney and Counselor at Law
1807 West Dickerson, Suite B
Bozeman, Montana 59715

Either party may change its address by giving notice to the other in the manner provided for in this section.

19. Representations and Warranties by US. US represents and warrants:

A. **Existence; Authority.** US is duly organized, qualified and in good standing, and has the requisite power and authority to enter into this Agreement and the same is be a valid and binding obligation of US and is enforceable in accordance with its terms.

B. **Construction of System.** US will design, construct, install, or otherwise acquire the Water and Wastewater Treatment Facilities and Systems with a Water Supply

Capacity and Wastewater Treatment Capacity as set forth herein, in accordance with the duties of US as set forth in Section 10 hereof.

C. **Operation of System.** US will operate and maintain the Water and Wastewater Treatment Facilities and Systems so as to provide the Water Supply Capacity and Wastewater Treatment Capacity as set forth herein, in accordance with the duties of US as set forth in Section 10 hereof.

20. **Representations and Warranties of the District.** The District represents and warrants:

A. **Existence; Authority.** The District is duly organized, qualified and in good standing, and has the requisite power and authority to enter into this Agreement and the same is a valid and binding obligation of the District and is enforceable in accordance with its terms.

B. **Ordinances.** The District has enacted that ordinance set forth as Exhibit F hereto, and said ordinance is enforceable in accordance with its terms. The District will enforce the ordinance throughout the term of this Agreement.

C. **Exercise of Authorities to Assess and Collect Revenue.** The District shall use its powers under MCA 7-13-2201 *et seq.* to assess, tax, and otherwise collect revenues for the landowners and property within its territorial boundaries that are sufficient to pay the Base Rate and Operations Rate, and all increases to the Base Rate and Operations Rate, in the amounts and at the times that said amounts are due in accordance with the terms of this Agreement.

D. **Meters.** The District shall require that metering equipment provided for in Section 3C hereof to be installed at the time of the commencement of water deliveries to each and every lot with Service Area No. 2, Service Area No. 3, and Service Area No. 4, and the District shall thereafter maintain those meters in good working order. The District US shall further read each such meter on a monthly basis, and shall maintain records of those readings for at least three (3) years.

21. **Choice of Law.** This Agreement is made in, and shall be construed in accordance with, the laws of the State of Montana.

22. **Modifications and Waivers.** This Agreement may only be modified in a writing signed by each of the parties. Except as expressly set forth in Section 10 hereof, no covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of any covenant, term, or condition shall not be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Acceptance by one party of any performance by the other after the time the same shall have become due shall not constitute a waiver by the former of the breach or default of any covenant, term or condition unless otherwise expressly agreed by the non-breaching party in writing.

23. **Assignment and Successors and Assigns.** This Agreement may be assigned and shall be binding upon the successors and assigns of US (merged, acquired or otherwise). This Agreement shall not be assigned by the District.

24. **Relationship of Parties.** This Agreement shall not be construed to create, either expressly or by implication, the relationship of agency or partnership between the parties. No party (including the party's agent, employees or contractors) is authorized to act on behalf of another party in any manner relating to the subject matter of this Agreement. No party shall be liable for the acts, errors or omissions of the officers, agents, employees or contractors of the other party entered into, committed or performed with respect to or in performance of this Agreement.

25. **No Third Party Beneficiary.** Each of the provisions of this Agreement is for the sole and exclusive benefit of the parties and none of the provisions of this Agreement shall be deemed to be for the benefit of any other person or entity. Without limiting this section, no landowner or other property owner within the jurisdictional boundaries of the District shall be a third beneficiary of this Agreement.

26. **Captions.** The titles or captions of the provisions of this Agreement are merely for convenience or reference and are not representations of matters included or excluded from such provisions.

27. **Entire Agreement.** This Agreement and all exhibits hereto shall constitute the entire agreement and understanding between and among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. The parties expressly acknowledge and agree that, with regard to the subject matter of this Agreement and the transactions contemplated herein, (a) there are no oral agreements between the parties and (b) this Agreement, including the exhibits attached hereto, (i) embodies the final and complete agreement between the parties, (ii) supersedes all prior and contemporaneous negotiations, offers, proposals, agreements, commitments, promises, acts, conduct, course of dealing, representations, statements, assurances and understandings, whether oral or written, and (iii) may not be varied or contradicted by evidence of any such prior or contemporaneous matter or by evidence of any subsequent oral agreement of the parties.

28. **No Construction Against Drafter.** This Agreement and each of the parts hereof shall not be construed against the party drafting the Agreement or that part, and in every event, this Agreement and all of its parts shall be construed as if both parties drafted all its provisions.

29. **Construction as Lease.** In the event and to the extent necessary to give effect to each and all of the provisions hereof, this Agreement shall be interpreted as lease of the Allocated Water and Wastewater Treatment and Facilities, as these facilities and systems shall exist from time to time through the term of this Agreement, and the Base Rate and Operations Rate as the rent for such leased premises.

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



Utility Solutions, LLC

By: Double Tree, Inc.

Barbara Campbell, Its President



Four Corners County Water and Sewer District

By Its President, Mike Pearson

Exhibit A

Four Corners Water & Sewer District Service Area 2

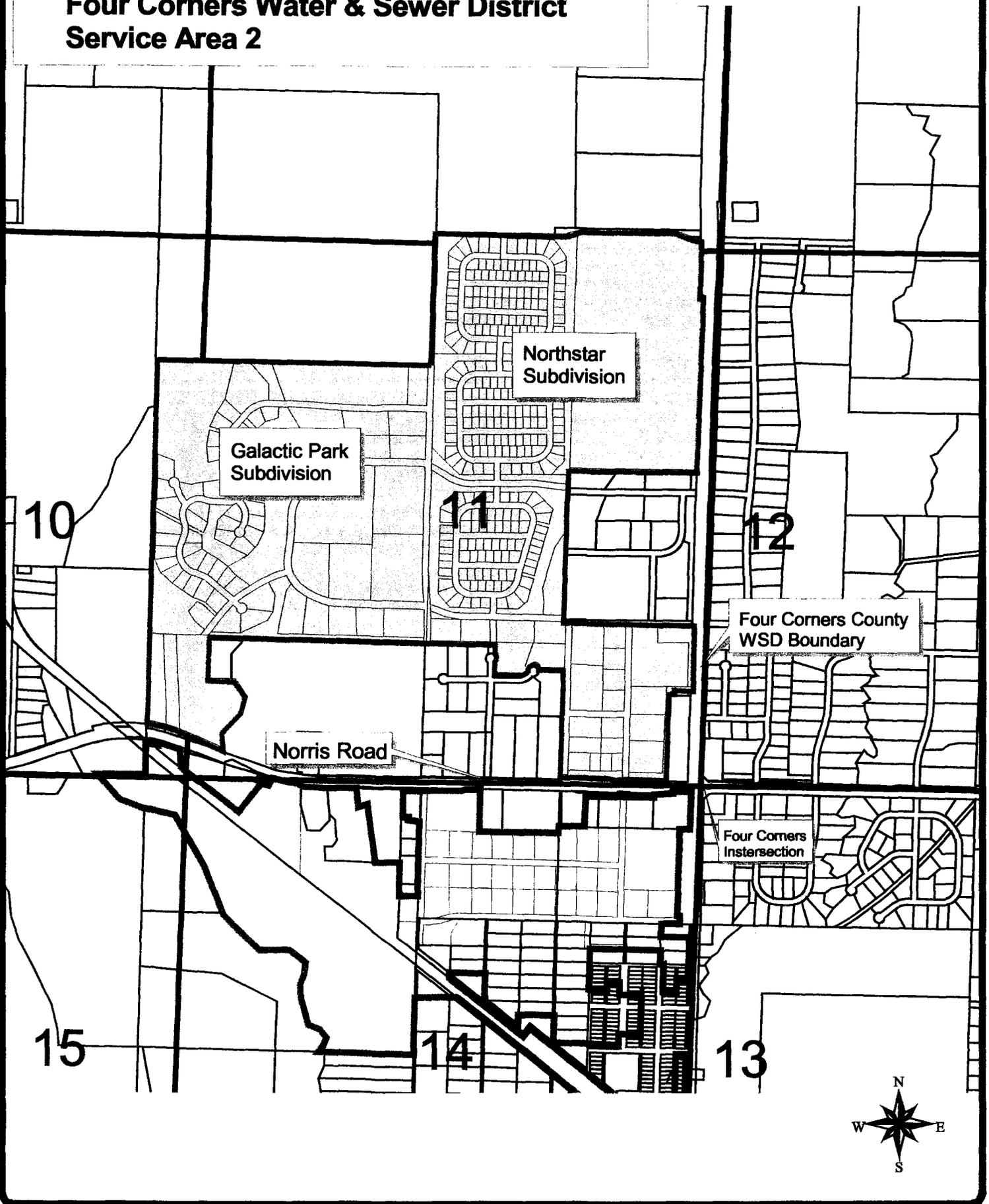
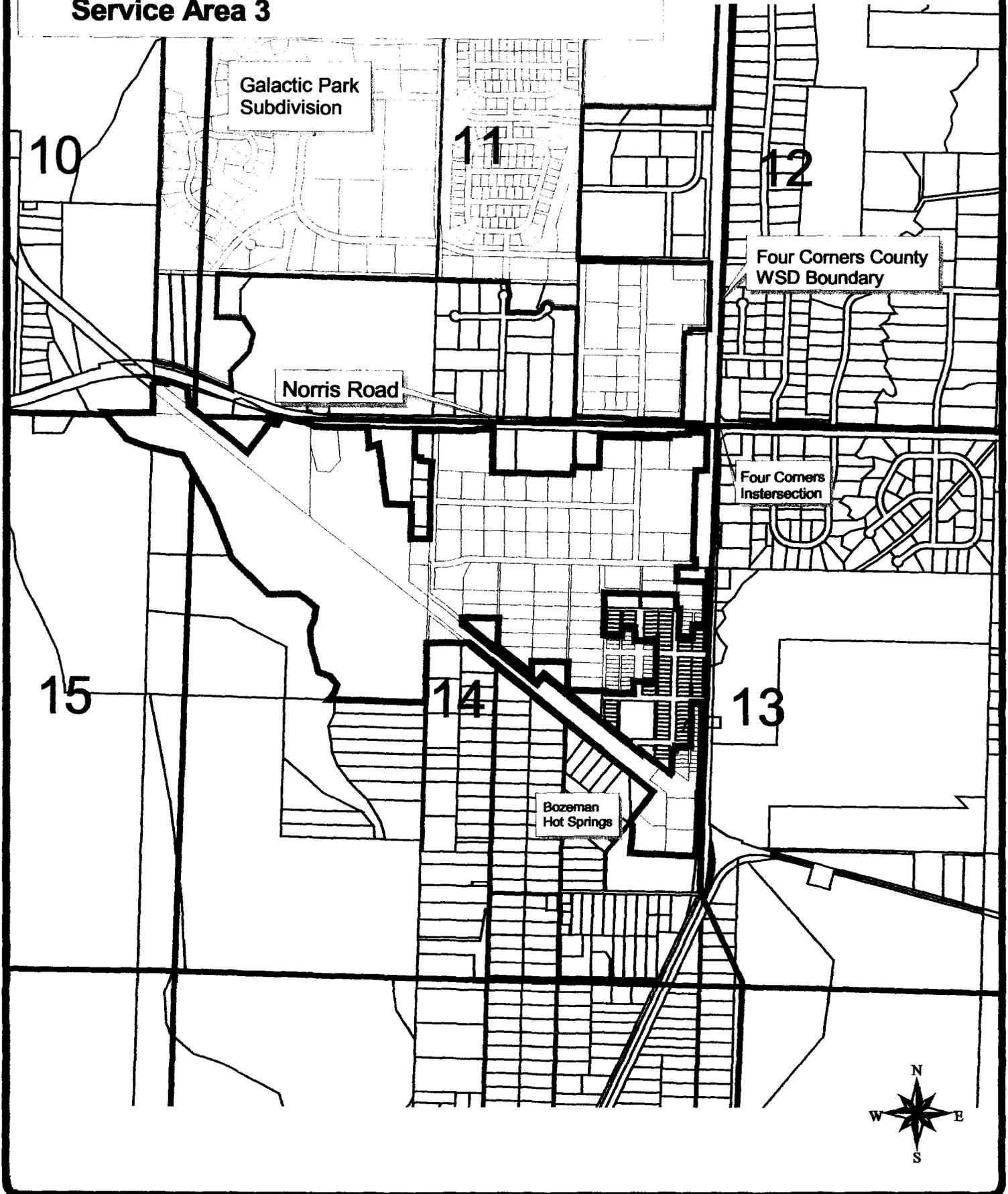


Exhibit B

Four Corners Water & Sewer District Service Area 3



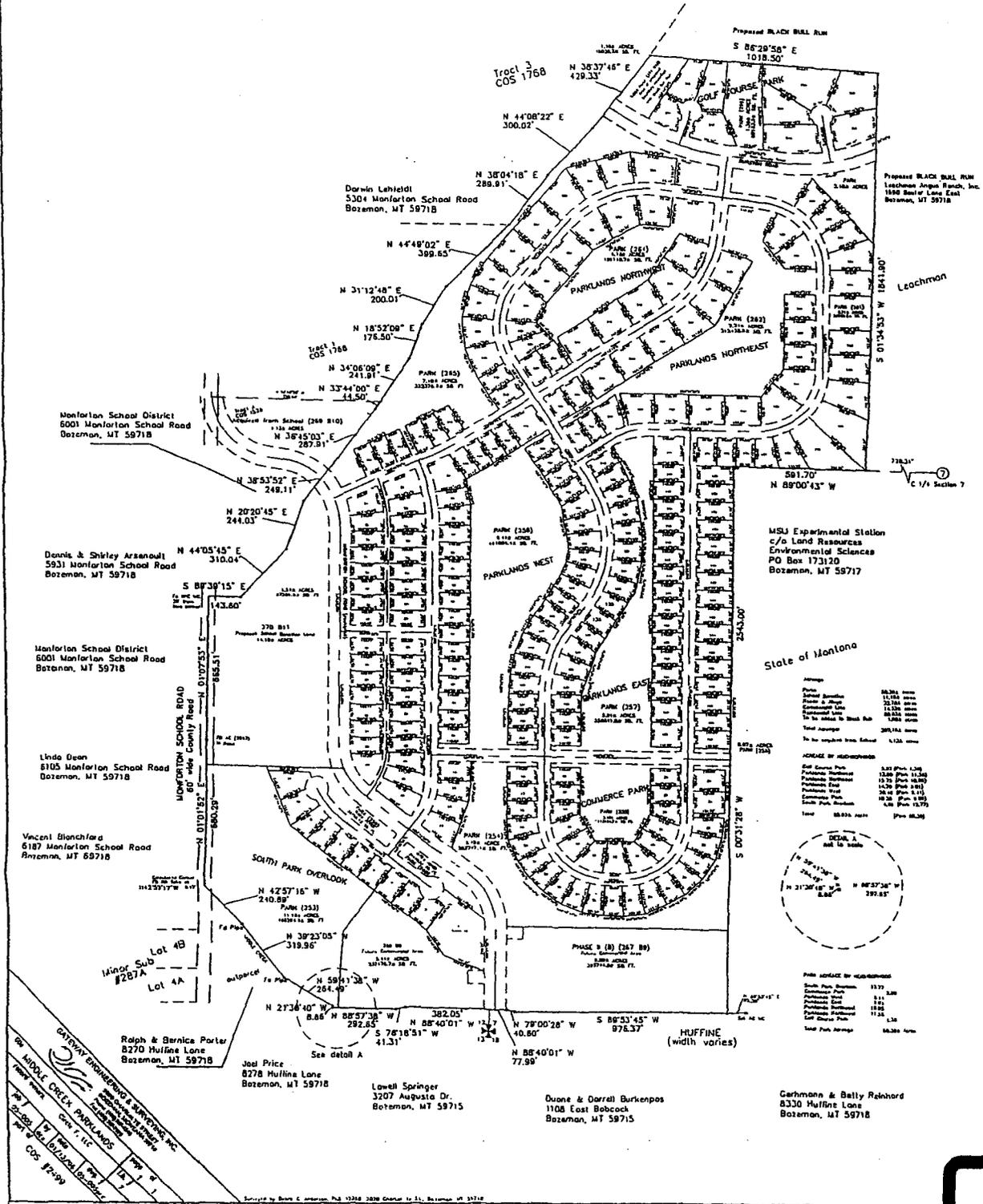
MIDDLE CREEK PARKLANDS

A 207.16 acre tract of land as shown on Certificate of Survey No. 2499 located in the Northeast & Southeast Quarter of Section 12, Township 2 South, Range 4 East, and in the Northwest and Southwest Quarters of Section 7, Township 2 South, Range 5 East, Principal Meridian Montana, Gallatin County, Montana

Purpose of Survey: To create Lot for sale
Commissioners of this survey: Ken & Nancy Flakemo
No existing zoning



- LEGEND**
- BP BLUE PLASTIC CAP
 - AC ALUMINUM CAP
 - FB FOUND
 - RB REBAR
 - W SET 3/8" FB WITH BPC
 - O FD 1/8" REBAR
 - S FD 3/8" FB WITH AC
 - WC WITNESS CORNER
 - h/pc BOOK/PAGE
 - CSM CERTIFICATE OF SURVEY
 - POC POINT OF COMMENCEMENT
 - POS POINT OF BEGINNING
 - PA PARK AREA



State of Montana

Category	Area (Acres)
Planned	24.34
Planned & Open	12.76
Commercial	12.26
Residential	26.23
To be added to State Sub	1.00
Total Average	76.59
To be complete from School	1.33

PHASE 1 (231)

Category	Area (Acres)	Price
Soft Course Park	3.21	\$1.26
Parkland	22.88	\$12.26
Parkland	15.79	\$8.29
Parkland	14.29	\$7.61
Parkland	26.48	\$14.11
Parkland	10.28	\$5.65
Soft Course Park	4.16	\$1.79
Total	88.99	\$48.86

PHASE 2 (232)

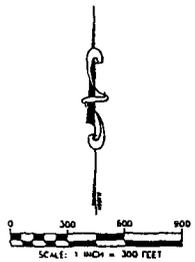
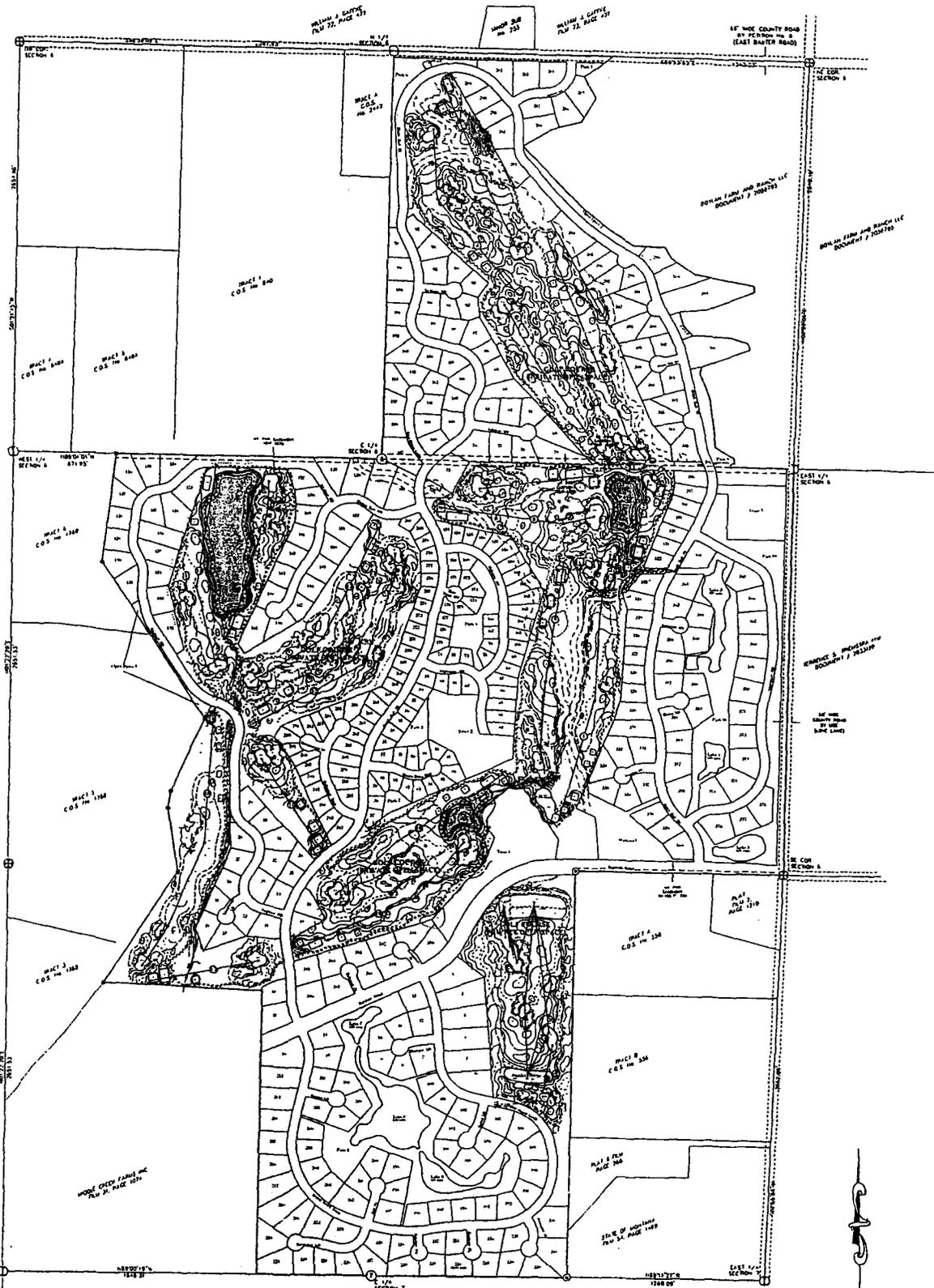
Category	Area (Acres)	Price
Soft Course Park	3.21	\$1.26
Parkland	22.88	\$12.26
Parkland	15.79	\$8.29
Parkland	14.29	\$7.61
Parkland	26.48	\$14.11
Parkland	10.28	\$5.65
Soft Course Park	4.16	\$1.79
Total	88.99	\$48.86

EXHIBIT

C

tabbles

**PRELIMINARY PLAT OF
 BLACK BULL SUBDIVISION**
 LOCATED IN THE NORTHEAST ONE-QUARTER, SOUTHEAST ONE-QUARTER AND SOUTHWEST ONE-QUARTER OF SECTION 6,
 AND THE NORTHEAST ONE-QUARTER AND NORTHWEST ONE-QUARTER OF SECTION 7,
 TOWNSHIP 1 SOUTH, RANGE 3 EAST, PRINCIPAL MERIDIAN MONTANA,
 GALLATIN COUNTY, MONTANA
 DIVYER BLACK BULL RUN DEVELOPMENT, LLC
 DEVELOPER: BLACK BULL RUN DEVELOPMENT, LLC
 PURPOSE: TO CREATE A RESIDENTIAL SUBDIVISION



Utility Solutions, LLC - base rate calculation

2008 Four Corners County Water and Sewer District

Service Area #2 rate/EDU: \$ 510.84

area	# lots	# EDUs/lot	# EDUs	annual rate/lot	total base rate
Northstar Subdivision					
Block 2 - retail corner	18	3.5	63	\$ 1,787.95	\$ 32,183.13
Block 3 - single family	80	1	80	\$ 510.84	\$ 40,867.47
Block 4 - single family	102	1	102	\$ 510.84	\$ 52,106.02
Block 5 - single family	102	1	102	\$ 510.84	\$ 52,106.02
Block 6 - multifamily	25	4	100	\$ 2,043.37	\$ 51,084.33
Block 7 - multifamily	25	4	100	\$ 2,043.37	\$ 51,084.33
Four Corners Minor Sub.	4	3.5	14	\$ 1,787.95	\$ 7,151.81
Other Annexed Property	2	3.5	7	\$ 1,787.95	\$ 3,575.90
Galactic Park					
Single Family	42	1.5	63	\$ 766.26	\$ 32,183.13
Residential Condos	1	64	64	\$ 32,693.97	\$ 32,693.97
Commercial	23	3.5	80.5	\$ 1,787.95	\$ 41,122.89
Total			775.5		\$ 396,159.00

Service Area #3 rate/EDU: \$ 328.90

area	# lots	# EDUs/lot	# EDUs	annual rate/lot	total base rate
Northstar Subdivision					
Block 1 - commercial (w/o condos)	37	3.5	129.5	\$ 1,151.17	\$ 42,593.18
Block 1 lot 7 (14 condos)	1	14	14	\$ 4,604.67	\$ 4,604.67
Block 1 lot 8 (20 condos)	1	20	20	\$ 6,578.10	\$ 6,578.10
Block 1 lot 9 (18 condos)	1	18	18	\$ 5,920.29	\$ 5,920.29
Block 1 lot 10 (8 condos)	1	14	14	\$ 4,604.67	\$ 4,604.67
Block 1 lot 26 (15 condos)	1	15	15	\$ 4,933.57	\$ 4,933.57
Rainbow Subdivision (per DEQ approval)					\$ -
Lot A-1	1	10	10	\$ 3,289.05	\$ 3,289.05
Lot A-2	1	35	35	\$ 11,511.67	\$ 11,511.67
Lot B-1	1	10	10	\$ 3,289.05	\$ 3,289.05
Lot C-2	1	5	5	\$ 1,644.52	\$ 1,644.52
Lot 98A	1	5	5	\$ 1,644.52	\$ 1,644.52
Lot 99A	1	30	30	\$ 9,867.14	\$ 9,867.14
Lot 100A	1	5	5	\$ 1,644.52	\$ 1,644.52
Others					
Rosa/Johnson (Rainbow - 5 blgs, 15 condos)	1	15	15	\$ 4,933.57	\$ 4,933.57
Walker	1	3.5	3.5	\$ 1,151.17	\$ 1,151.17
Exxon/Mamma Mac	1	3.5	3.5	\$ 1,151.17	\$ 1,151.17
Pearson	2	3.5	7	\$ 1,151.17	\$ 2,302.33
Cain	2	1	2	\$ 328.90	\$ 657.81
Total			341.5		\$ 112,321.00



Ordinance 2008 -3

ORDINANCE ADOPTING REVISED RULES AND REGULATIONS FOR THE
FOUR CORNERS WATER AND SEWER DISTRICT

WHEREAS, on June 4, 2008, the Board of Directors of the Four Corners County Water and Sewer District considered the Rules and Regulations, with revisions, as presented by Ron Edwards, consultant for the District. Mr. Edwards explained the revisions to the rules and regulations as the same apply to the agenda items having been discussed over the past year;

WHEREAS, on July 2, 2008, the Board conducted its first reading of the Rules and Regulations, dated August 2008. No changes to the rates, fees or charges are included in the August 2008 Rules and; and

WHEREAS, on August 5, 2008, at a regularly scheduled and notice meeting of the Board of Directors, the Board will consider the 2nd reading of the Ordinance adopting the August 2008 Rules and Regulations for the District..

NOW THEREFORE, be it ordained by the Board of Directors of the Four Corners County Water and Sewer District that upon 2nd reading and passage of the August 2008 Rules and Regulations, the August 2008 Rules and Regulations shall be the duly adopted Rules and Regulations for the District.

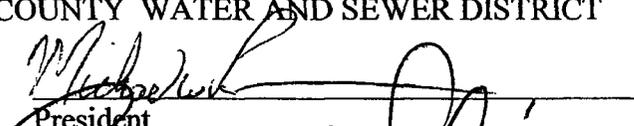
First reading: July 2, 2008

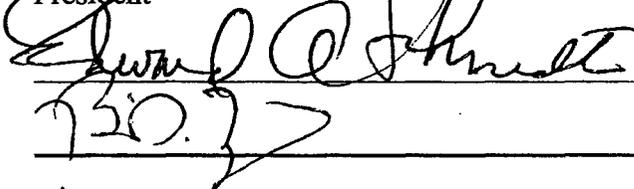
Second reading: August 5, 2008.

This Ordinance shall be in effect 30 days after the date of the second reading.

1st Reading July 2, 2008

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT



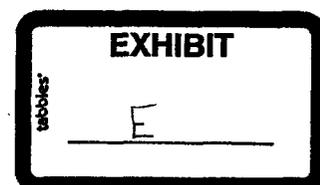
President


730.77

Attested:

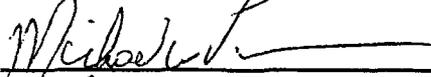


Secretary

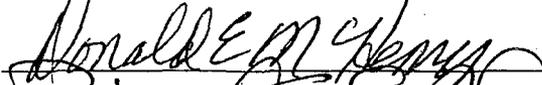


2nd Reading August 5, 2008

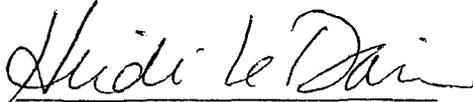
FOUR CORNERS COUNTY
WATER AND SEWER DISTRICT



President




Attested:



Secretary

Utility Solutions
Expense Distribution Methodology
2008

Regulated/Non-Regulated By Accounts

Month	Regulated		Non-Regulated	
	Water	Sewer	Water	Sewer
January	258	258	78	88
February	261	261	82	92
March	259	259	90	100
April	261	261	97	107
May	263	263	98	106
June	264	264	107	115
July	277	266	119	125
August	277	266	129	135
September	278	267	159	165
October	278	267	160	166
November	268	268	167	173
December	261	261	180	186

	Management Methodology			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
FTEs				
E1	25.00%	25.00%	25.00%	25.00%
E2	25.00%	25.00%	25.00%	25.00%
E3	30.00%	30.00%	20.00%	20.00%
E4	10.00%	40.00%	10.00%	40.00%
Misc.	25.00%	25.00%	25.00%	25.00%
Health Ins.	25.00%	25.00%	25.00%	25.00%
Auto Ins.	25.00%	25.00%	25.00%	25.00%

	Method a-wtr: Water by Account			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
January	76.786%	0.000%	23.214%	0.000%
February	76.093%	0.000%	23.907%	0.000%
March	74.212%	0.000%	25.788%	0.000%
April	72.905%	0.000%	27.095%	0.000%
May	72.853%	0.000%	27.147%	0.000%
June	71.159%	0.000%	28.841%	0.000%
July	69.949%	0.000%	30.051%	0.000%
August	68.227%	0.000%	31.773%	0.000%
September	63.616%	0.000%	36.384%	0.000%
October	63.470%	0.000%	36.530%	0.000%
November	61.609%	0.000%	38.391%	0.000%
December	59.184%	0.000%	40.816%	0.000%

	Method mngt: Water & Sewer Distribution			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
FTEs	\$ 43,829.99	\$ 67,004.99	\$ 38,429.99	\$ 61,605.00
E1				
E2				
E3				
E4				
Misc.	\$ 7,536.80	\$ 7,536.80	\$ 7,536.80	\$ 7,536.78
Health Ins.	\$ 7,292.25	\$ 7,292.25	\$ 7,292.25	\$ 7,292.25
Auto Ins.	\$ 2,455.88	\$ 2,455.88	\$ 2,455.88	\$ 2,455.86
\$ 280,009.65	\$ 61,114.92	\$ 84,289.92	\$ 55,714.92	\$ 78,889.89
	21.826005%	30.102505%	19.897500%	28.173990%

	Method a-swr: Sewer by Account			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
January	0.000%	74.566%	0.000%	25.434%
February	0.000%	73.938%	0.000%	26.062%
March	0.000%	72.145%	0.000%	27.855%
April	0.000%	70.924%	0.000%	29.076%
May	0.000%	71.274%	0.000%	28.726%
June	0.000%	69.657%	0.000%	30.343%
July	0.000%	68.031%	0.000%	31.969%
August	0.000%	66.334%	0.000%	33.666%
September	0.000%	61.806%	0.000%	38.194%
October	0.000%	61.663%	0.000%	38.337%
November	0.000%	60.771%	0.000%	39.229%
December	0.000%	58.389%	0.000%	41.611%

	Method v-swr: Sewer by Volume			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
January	0.000%	64.000%	0.000%	36.000%
February	0.000%	67.400%	0.000%	32.600%
March	0.000%	71.700%	0.000%	28.300%
April	0.000%	68.000%	0.000%	32.000%
May	0.000%	67.300%	0.000%	32.700%
June	0.000%	62.600%	0.000%	37.400%
July	0.000%	59.100%	0.000%	40.900%
August	0.000%	62.400%	0.000%	37.600%
September	0.000%	64.900%	0.000%	35.100%
October	0.000%	67.800%	0.000%	32.200%
November	0.000%	66.400%	0.000%	33.600%
December	0.000%	59.300%	0.000%	40.700%

	Method a-all: Water & Sewer by Account			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
January	37.830%	37.830%	11.437%	12.903%
February	37.500%	37.500%	11.782%	13.218%
March	36.582%	36.582%	12.712%	14.124%
April	35.950%	35.950%	13.361%	14.738%
May	36.027%	36.027%	13.425%	14.521%
June	35.200%	35.200%	14.267%	15.333%
July	35.197%	33.799%	15.121%	15.883%
August	34.325%	32.962%	15.985%	16.729%
September	31.991%	30.725%	18.297%	18.987%
October	31.917%	30.654%	18.370%	19.059%
November	30.594%	30.594%	19.064%	19.749%
December	29.392%	29.392%	20.270%	20.946%

	Method c-all: Water & Sewer by System Value			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
(%)	4.066%	3.671%	40.764%	51.498%

	Method f-all: Split by Insurance Coverage			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
(%)	5.167%	27.824%	41.509%	25.500%

	Method b-all: Water & Sewer by System Basis			
	Reg-Wtr	Reg-Swr	N.Reg-Wtr	N.Reg-Swr
(%)	10.582%	9.554%	37.699%	42.164%

AMENDED AND RESTATED
COMMERCIAL NOTE NO. 1

January 1, 2008

\$9,282,618.18
Bozeman, Montana

THIS AMENDED AND RESTATED COMMERCIAL NOTE ("Note") is executed and delivered in full replacement and substitution of certain prior promissory note(s) executed and delivered by the undersigned Borrower to the Lender named herein, and this Note shall be in all respects the only instrument evidencing certain loans (principal advances) made by Lender to Borrower as hereinafter set forth. A loan reconciliation is attached hereto as **EXHIBIT A** showing all principal advances evidenced by this Note, and interest accruals, and loan repayments thereon as of the date hereof.

THEREFORE, FOR VALUE RECEIVED, ON DEMAND of the holder hereof made at any time, UTILITY SOLUTIONS, LLC of 224 Zoot Way, Bozeman, Montana 59718 (the "Borrower"), promises and agrees to pay to the order of **JH GRAVES TRUST** ("Lender"), c/o Guy M. Graves, 201 West Short Street, Lexington, Kentucky 40507, the principal sum of Seven Million Seven Hundred Twenty Five Thousand One Hundred Forty Seven Dollars and Nine Cents (\$7,725,147.09) plus past accrued interest through December 31, 2007 in the amount of One Million Five Hundred Fifty Seven Thousand Four Hundred Seventy One Dollars and Nine Cents (\$1,557,471.09) for an amended principal loan amount of Nine Million Two Hundred Eighty Two Thousand Six Hundred Eighteen Dollars and Eighteen Cents (\$9,282,618.18), plus direct interest expense paid by Lender to National City Bank from January 1, 2008 for the underlying debt obligation of Lender that provided funds for this Borrower's indebtedness.

Interest shall be documented by Lender by actual payments Lender made to National City Bank. The principal indebtedness and all unpaid interest thereon shall be payable on demand of the holder hereof made at any time.

This Note is secured by capital assets of Borrower shown on Exhibit B herewith specifically allocated to water system assets a principal amount of Four Million Four Hundred Eighty-One Thousand Seven Hundred Eight-Nine Dollars and Seven Cents (\$4,481,789.07), and to sewer system assets a principal amount of Four Million Eight Hundred Thousand Eight Hundred Twenty-Nine Dollars and Eleven Cents (\$4,800,829.11).

The indebtedness evidenced by this Note may be paid in whole or in part at any time without penalty. Unless otherwise agreed to by Lender, interest shall be deducted first from all payments, with the balance applied to reduce the principal indebtedness.

Time shall be of the essence in the payment of all installments of interest, and of principal on this Note. An "Event of Default" shall be deemed to have occurred under this Note if any principal, interest or other monetary sum due under this Note is not paid within thirty (30) days after the date when due; provided, however, notwithstanding the occurrence of such any event of default,

Lender shall not be entitled to exercise its rights and remedies under the Note unless and until Lender shall have given Borrower notice thereof and a period of thirty (30) days from the deliver of such notice shall have elapsed without such past due sum being paid.

Failure of the holder of this Note to exercise any of its rights and remedies shall not constitute a waiver of the right to exercise the same at any time or any other time. All rights and remedies of the holder hereof for the default hereunder shall be cumulative to the greatest extent permitted by law.

Borrower promises and contracts to pay, in addition to the principal and interest, all costs and expenses of collection, including reasonable attorneys' fees.

Borrower will waive presentment of payment, notice of nonpayment, diligence in bringing suit against any party hereto, protest, and notice of protest, and they consent that time of payment may be extended without notice, and further agree that the holder hereof shall have the right without prejudice to deal in any way, at any time, with Borrower hereof and to grant Borrower hereof any extension of time for payment of this Note or any other indulgence of forbearance whatsoever, without in any way affecting the liability of Borrower hereunder and without waiving any rights which the holder of this Note may have hereunder or by virtue of the laws of this or any other state or of the United States.

The Note is delivered and to be performed in Bozeman, Gallatin County, Montana, and the terms and provisions hereof shall be construed in accordance with and governed by the laws of Montana.

BORROWER:

UTILITY SOLUTIONS, LLC, a Montana limited liability company

By: Its Manager
DOUBLE TREE, INC., a Montana corporation

By: Barbara Campbell
Barbara Campbell, President

Exhibit A

James Graves Trust
 "Montana" Loan Reconciliation Schedule
 12/31/2007

Date	Item	Balance	Principal	Interest	APR	Days
8/8/2003	Principal Advance	\$ 1,500,000.00	\$ 1,500,000.00			
9/8/2003	Interest from 8/8/2003 through 9/8/2003	1,506,557.38		\$ 6,557.38	5.00%	32
9/8/2003	Principal Advance	3,006,557.38	\$ 1,500,000.00			
2/26/2004	Interest from 9/9/2003 through 3/10/2004	3,081,967.21		75,409.84	5.00%	184
3/10/2004	Principal Advance	3,085,467.21	3,500.00			
4/19/2004	Interest from 3/11/2004 through 4/19/2004	3,101,879.78		16,412.57	5.00%	40
4/19/2004	Principal Advance	3,528,879.78	427,000.00			
6/3/2004	Interest from 4/20/2004 through 6/3/2004	3,549,968.92		21,089.14	5.00%	45
6/3/2004	Principal Advance	3,926,330.55	376,361.63			
6/30/2004	Interest from 6/4/2004 through 6/30/2004	3,940,372.25		14,041.70	5.00%	27
7/9/2004	Interest from 7/1/2004 through 7/9/2004	3,945,286.85		4,914.60	5.25%	9
7/9/2004	Principal Advance	4,142,627.41	197,340.56			
8/2/2004	Interest from 7/9/2004 through 8/2/2004	4,156,412.37		13,784.96	5.25%	24
8/2/2004	Principal Advance	4,157,617.37	1,205.00			
8/6/2004	Interest from 8/3/2004 through 8/6/2004	4,159,915.55		2,298.18	5.25%	4
8/6/2004	Principal Advance	4,373,915.66	214,000.11			
8/11/2004	Interest from 8/7/2004 through 8/11/2004	4,376,941.88		3,026.21	5.25%	5
9/14/2004	Interest from 8/12/2004 through 9/14/2004	4,398,500.05		21,558.17	5.50%	34
9/14/2004	Principal Advance	4,600,956.86	202,456.81			
9/21/2004	Interest from 9/15/2004 through 9/21/2004	4,605,608.27		4,651.41	5.50%	7
11/4/2004	Interest from 9/22/2004 through 11/4/2004	4,636,174.71		30,566.44	5.75%	44
11/4/2004	Principal Advance	4,828,171.15	191,996.44			
11/11/2004	Interest from 11/5/2004 through 11/11/2004	4,833,245.14		5,073.99	5.75%	7
11/23/2004	Interest from 11/12/2004 through 11/23/2004	4,842,321.59		9,076.45	6.00%	12
11/23/2004	Principal Advance	4,902,321.59	60,000.00			
12/1/2004	Interest from 11/24/2004 through 12/1/2004	4,908,451.24		6,129.65	6.00%	8
12/1/2004	Principal Advance	5,036,698.24	128,247.00			
12/15/2004	Interest from 12/2/2004 through 12/15/2004	5,047,719.47		11,021.23	6.00%	14
1/5/2005	Interest from 12/16/2004 through 1/5/2005	5,064,940.14		17,220.67	6.25%	21
1/5/2005	Principal Advance	5,288,958.32	224,018.18			
1/25/2005	Interest from 1/6/2005 through 1/25/2005	5,306,124.05		17,165.73	6.25%	20
1/25/2005	Principal Advance	7,006,124.05	1,700,000.00			
2/3/2005	Interest from 1/26/2005 through 2/3/2005	7,016,489.66		10,365.60	6.25%	9
2/23/2004	Interest from 2/4/2005 through 2/23/2005	7,040,380.27		23,890.61	6.50%	20
2/23/2004	Principal Advance	7,588,119.62	547,739.35			
3/14/2005	Interest from 2/24/2005 through 3/14/2005	7,612,731.19		24,611.57	6.50%	19
3/14/2005	Principal Advance	7,807,947.30	195,216.11			
3/22/2005	Interest from 3/15/2005 through 3/22/2005	7,818,588.18		10,640.88	6.50%	8
5/3/2005	Interest from 3/23/2005 through 5/3/2005	7,876,601.46		58,013.27	6.75%	42
5/23/2005	Interest from 5/4/2005 through 5/23/2005	7,905,171.71		28,570.26	7.00%	20
5/23/2005	Principal Advance	9,155,171.71	1,250,000.00			
6/30/2005	Interest from 5/24/2005 through 6/30/2005	9,218,713.51		63,541.80	7.00%	38
8/2/2005	Interest from 7/1/2005 through 8/2/2005	9,275,865.29		57,151.79	7.25%	33
8/2/2005	Principal Advance	10,125,865.29	850,000.00			
8/9/2005	Interest from 8/3/2005 through 8/9/2005	9,232,018.46		13,304.96	7.25%	7
9/1/2005	Interest from 8/9/2005 through 9/1/2005	9,279,079.52		47,061.06	7.50%	24
9/1/2005	Principal Advance	9,767,738.82	488,659.30			
9/20/2005	Interest from 9/2/2005 through 9/20/2005	9,807,005.34		39,266.52	7.50%	19
9/28/2005	Interest from 9/21/2005 through 9/28/2005	9,824,043.04		17,037.70	7.75%	8
9/28/2005	Principal Advance	10,237,375.29	413,332.25			
11/1/2005	Interest from 9/29/2005 through 11/1/2005	10,312,967.83		75,592.54	7.75%	34
11/7/2005	Interest from 11/2/2005 through 11/7/2005	10,326,700.39		13,732.55	8.00%	6
11/7/2005	Principal Advance	10,512,530.31	185,829.92			
12/12/2005	Interest from 11/8/2005 through 12/12/2005	10,594,058.52		81,528.22	8.00%	35
12/12/2005	Principal Advance	10,764,802.95	170,744.43			
1/31/2006	Interest from 12/13/2005 through 1/31/2006	10,887,170.20		122,367.24	8.25%	50
2/25/2006	Interest from 2/1/2006 through 2/25/2006	10,950,035.63		62,865.44	8.50%	25
2/25/2006	Principal Advance	11,047,535.63	97,500.00			
3/28/2006	Interest from 2/26/2006 through 3/28/2006	11,126,406.22		78,870.58	8.50%	31
5/11/2006	Interest from 3/29/2006 through 5/11/2006	11,241,644.07		115,237.85	8.75%	44
6/29/2006	Interest from 5/12/2006 through 6/29/2006	11,373,643.79		131,999.72	9.00%	49
8/14/2006	Interest from 6/30/2006 through 8/14/2006	11,501,004.07		127,360.28	9.25%	46
8/14/2006	Payment Received	11,377,616.66		(123,387.41)		
10/13/2006	Interest from 8/15/2006 through 10/13/2006	11,540,970.06		163,353.40	9.25%	59
10/13/2006	Payment Received	11,136,086.72		(404,883.34)		

→ New Wa

→ Valkey

11/20/2006	Interest from 10/14/2006 through 11/20/2006	11,241,297.38	105,210.66	9.25%	38
11/20/2006	Payment Received	11,050,249.89	(191,047.49)		
2/21/2007	Interest from 11/21/2006 through 2/21/2007	11,307,739.14	257,489.25	9.25%	93
2/21/2007	Payment Received	11,116,493.02	(191,246.12)		
6/5/2007	Interest from 2/22/2007 through 6/5/2007	11,404,438.00	287,944.97	9.25%	104
6/5/2007	Payment Received	11,219,712.90	(184,725.10)		
8/23/2007	Interest from 6/6/2007 through 8/23/2007	11,438,440.33	218,727.43	9.25%	79
8/23/2007	Payment Received	11,237,160.99	(201,279.34)		
9/18/2007	Interest from 8/24/2007 through 9/18/2007	11,309,147.23	71,986.24	9.25%	26
10/31/2007	Interest from 9/19/2007 through 10/31/2007	11,421,766.04	112,618.81	8.75%	43
12/11/2007	Interest from 11/1/2007 through 12/11/2007	11,528,078.75	104,312.71	8.50%	41
12/31/2007	Interest from 12/12/2007 through 12/31/2007	11,575,466.40	49,387.65	8.25%	20
12/31/2007	Ending Balance	11,575,466.40	-		

<u>\$ 12,482,618.18</u>	<u>\$ 10,925,147.09</u>	<u>\$ 1,557,471.09</u>	<u>1,607</u>
Balance	Principal	Interest	

NewWest - 1,500,000

Valkyrie - 1,700,000

US = 9,282,618.18



7,125,147.09 principal

+ 1,557,471.09 cap. accrued interest

\$ 9,282,618.18 Amended note value

146	2003
366	2004
365	2005
365	2006
365	2007
<u>1,607</u>	

Exhibit B

Utility Solutions - Water & Sewer Basis Year End 2007

10/20/2008

Area	Date		Total		Basis	
	start	finish	wtr	swr	wtr	swr
100 - Wastewater Treatment						
EG Wastewater Treatment Plant	2003	2003	\$	1,645,437.96	\$	1,645,437.96
IP Beds Disposal	2004	2005	\$	209,191.74	\$	209,191.74
Rapid Infiltration System	2004	2007	\$	1,136,832.78	\$	925,990.51
Telemetry	2005	2007	\$	349,473.44	\$	349,473.44
200 - Water Distribution						
EG Water Distribution Facility	2003	2003	\$	675,507.82	\$	675,507.82
NS Booster & Wells	2004	2007	\$	3,037,817.37	\$	3,014,424.37
GP Pump Station & Wells	2005	2007	\$	779,250.11	\$	779,250.11
MCP Booster	2007	2007	\$	1,272,644.40	\$	-
Recharge Basin	2006	2007	\$	125,070.08	\$	125,070.08
Telemetry	2005	2007	\$	320,485.53	\$	320,485.53
300 - Sewer System						
Main Extensions						
Trunk Sewer	2005	2006	\$	4,037,318.77	\$	1,498,951.80
Service Area 4, Phase I	2007	2007	\$	1,521,824.83	\$	-
Service Area 4, Phase II	2007	2008	\$	382,151.72	\$	-
Service Area 5, Phase I	2008	2008	\$	-	\$	-
Northstar Phase 1 & Block 2	2005	2005	\$	1,817,072.85	\$	-
Northstar Block 1	2006	2006	\$	1,049,617.89	\$	-
Northstar Phase 2 & 3	2006	2006	\$	297,075.49	\$	-
Northstar Block 6 & 7	2006	2006	\$	171,957.97	\$	-
Galactic Park	2005	2005	\$	502,239.20	\$	-
Elk Grove	2003	2003	\$	535,498.18	\$	535,498.18
Black Bull Run	2007	2007	\$	2,561,777.95	\$	-
Middle Creek Parklands	2008	2008	\$	-	\$	-
Gallatin Heights			\$	-	\$	-
400 - Water System						
Main Extensions						
Trunk Sewer	2005	2006	\$	26,390.43	\$	26,390.43
Service Area 4, Phase I	2007	2007	\$	907,745.76	\$	-
Service Area 4, Phase II	2007	2008	\$	404,400.45	\$	-
Service Area 5, Phase I	2008	2008	\$	-	\$	-
Northstar Phase 1 & Block 2	2005	2005	\$	1,033,191.28	\$	-
Northstar Block 1	2006	2006	\$	810,084.99	\$	-
Northstar Phase 2 & 3	2006	2006	\$	569,395.48	\$	-
Northstar Block 6 & 7	2006	2006	\$	298,519.76	\$	-
Galactic Park	2005	2005	\$	727,300.11	\$	-
Elk Grove	2003	2003	\$	756,474.42	\$	756,474.42
Black Bull Run	2007	2007	\$	2,211,999.13	\$	-
Middle Creek Parklands	2008	2008	\$	-	\$	-
Gallatin Heights			\$	-	\$	-
500 - Land						
EG Land	2003	2003	\$	23,744.08	\$	23,744.08
Lot C-1 Disposal Site	2003	2004	\$	-	\$	200,000.00
UL 1 Outfall 3			\$	-	\$	1,558,043.98
UL 1 Blk 3			\$	261,360.00	\$	261,360.00
Easement - Bozeman Hot springs	2003	2004	\$	-	\$	300,000.00
Easement - Cok	2003	2003	\$	-	\$	40,000.00
Easement - Davis	2003	2003	\$	-	\$	2,000.00
xxx - Permits & Fees						
Permits & Fees	2004	2007	\$	988,487.60	\$	464,726.29
xxx - Miscellaneous						
Miscellaneous	2004	2007	\$	112,372.39	\$	63,762.30
EG Unallocated Purchase Price	2003	2003	\$	168,026.50	\$	168,026.50
Total			\$	15,510,267.67	\$	19,037,774.11
			\$	7,251,593.32	\$	7,984,846.97

* Asset Values are adjusted to include engineering, inspection & administration, and capitalized interest.

**COLLATERAL ASSIGNMENT OF PROMISSORY NOTE
AND SECURITY AGREEMENT**

THIS COLLATERAL ASSIGNMENT OF PROMISSORY NOTE AND SECURITY AGREEMENT ("Assignment") is made and entered into by and between JEFFREY R. WALKER, successor trustee under the will of J.H. Graves dated February 19, 1942, for the benefit of James B. Graves, whose mailing address is 230 Holiday Road, Lexington, Kentucky 40502 ("Assignor"), and NATIONAL CITY BANK OF KENTUCKY, whose mailing address is 301 East Main Street, Lexington, Kentucky 40507 ("Assignee") and UTILITY SOLUTIONS, LLC, a Montana limited liability company, whose mailing address is 224 Zoot Way, Bozeman, Montana 59718 ("Borrower").

RECITALS:

WHEREAS, Assignee has loaned to Assignor the sum of Twelve Million and 00/100 (\$12,000,000.00) Dollars, as evidenced by Promissory Note dated August 25, 2005 ("Original JH Trust Note"), as amended and modified by Note Modification Agreement dated September 24, 2007 ("Amended JH Trust Note"), with the Original JH Trust Note and the Amended JH Trust Note sometimes collectively referred to herein as ("JH Trust Note");

WHEREAS, under the terms and conditions of the Security Agreement dated January 9, 2008 ("Security Agreement"), the JH Trust Note was secured by the pledge of certain marketable securities as set forth therein ("Pledged Securities");

WHEREAS, the market value of the Pledged Securities has declined;

WHEREAS, pursuant to the provisions of Section 3.11 of the Security Agreement, Assignee has requested Assignor to provide additional security for the JH Trust Note;

WHEREAS, as additional collateral for the JH Trust Note, Assignor has agreed to pledge, transfer, assign, hypothecate and set over unto the Assignee all of Assignor's right, title and interest in and to (i) that certain Amended and Restated Commercial Note No. 1 dated January 1, 2008, by and between Borrower and Assignor, in the original principal amount of Nine Million Two Hundred Eighty-two Thousand Six Hundred Eighteen and 18/100 (\$9,282,618.18) Dollars ("Utility Solutions Note"), (ii) that certain Security Agreement dated January 1, 2008, by and between Borrower and Assignor, in the original principal amount of Nine Million Two Hundred Eighty-two Thousand Six Hundred Eighteen and 18/100 (\$9,282,618.18) Dollars ("Utility Solutions Security Agreement") and (iii) that certain UCC-1 Financing Statement by and between Borrower and Assignor of record in the Montana Secretary of State's Office, reference no. 987714847 ("Utility Solutions UCC-1);

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, Assignor does hereby assign, transfer and set over unto the Assignee, with recourse, as additional collateral for the JH Trust Note, all of Assignor's right, title and interest in and to (i) the Utility Solutions Note, (ii) the Utility Solutions Security Agreement and (iii) the Utility Solutions UCC-1.

Further, the Assignor does hereby transfer, pledge, assign, hypothecate and set over to Assignee, with recourse, all of Assignor's right, title and interest in and to the capital assets of Borrower as shown on Exhibit "B" of the Utility Solutions Note (the "Utility Solutions Note Security").

Assignor represents and warrants to and covenants with Assignee that Assignor is the legal and equitable owner of the Utility Solutions Note and Utility Solutions Note Security, with full power to sell and assign same; that Assignor has executed no prior assignment or pledge thereof and has executed no release, discharge, satisfaction, modification or cancellation of such instrument; and that it has executed no instrument of any kind affecting the liability of the maker thereof and has taken no action which adversely affects the obligation of the maker to comply with the terms thereof; and has not failed to take appropriate action which would adversely affect the obligation of the maker to comply with the terms of the Utility Solutions Note.

Upon the occurrence of an event of default under the Utility Solutions Note or the Utility Solutions Security Agreement, the Assignee may take any and all of the following actions:

- 1. Notify the Assignor and Borrower of such default and direct that all payments otherwise payable to or for the benefit of Assignor shall thereafter be made direct to Assignee;**
- 2. Receive and retain all payments and all other distributions of any kind made in respect to the assigned interest;**
- 3. In the event of Borrower's default under the terms and conditions of the Utility Solutions Note or the Utility Solutions Security Agreement, then the Assignee would take such actions as Assignee may deem appropriate with respect to the foreclosure, sale or assignment or other disposition of the Utility Solutions Note, the Utility Solutions Security Agreement or the Utility Solutions UCC-1, with the proceeds of any such disposition to be applied to the Utility Solutions Note.**

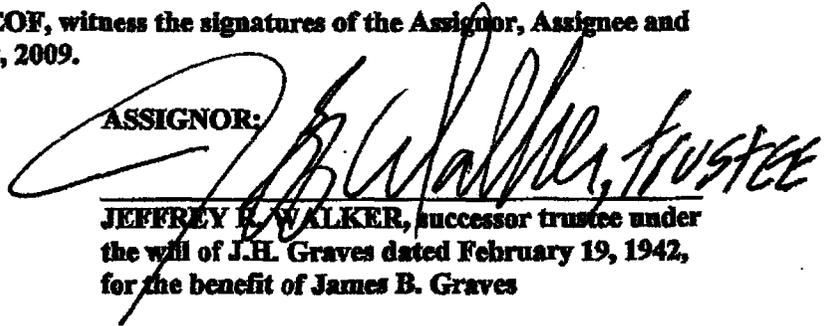
The Borrower joins into this Assignment for the purpose of acknowledging to the Assignor and Assignee its consent to the assignment made herein and all remedies, terms and conditions contained in the assignment, and further, affirming its obligation under the

Utility Solutions Note, the Utility Solutions Security Agreement and the Utility Solutions UCC-1 as if each instrument was set out in length herein.

This Assignment shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns, and shall be governed by the laws of the State of Montana.

IN TESTIMONY WHEREOF, witness the signatures of the Assignor, Assignee and Borrower this ___ day of January, 2009.

ASSIGNOR:


JEFFREY H. WALKER, successor trustee under the will of J.H. Graves dated February 19, 1942, for the benefit of James B. Graves

ASSIGNEE:

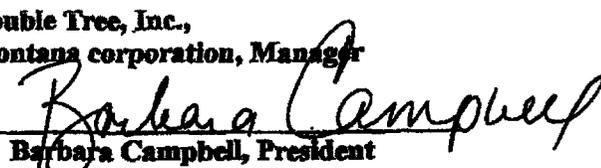
NATIONAL CITY BANK OF KENTUCKY,
a Kentucky banking corporation

By: _____
Bonnie Linnemeier, Vice-President

BORROWER:

UTILITY SOLUTIONS, LLC,
a Montana limited liability company

By: Double Tree, Inc.,
a Montana corporation, Manager

By: 
Barbara Campbell, President

STATE OF KENTUCKY
COUNTY OF FAYETTE

The foregoing instrument was acknowledged before me this 30th day of January, 2009, by Jeffrey R. Walker, successor trustee under the will of J.H. Graves dated February 19, 1942, for the benefit of James B. Graves.

My Commission Expires: 2/22/2010

[Signature]
Notary Public

STATE OF KENTUCKY
COUNTY OF FAYETTE

The foregoing instrument was acknowledged before me this ___ day of January, 2009, by Bonnie Linnemeier, as Vice-President of National City Bank of Kentucky, a Kentucky banking corporation, on behalf of said corporation.

My Commission Expires: _____

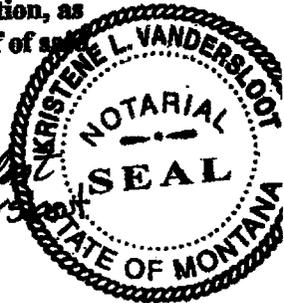
Notary Public

STATE OF MONTANA
COUNTY OF Gallatin

The foregoing instrument was acknowledged before me this 30 day of January, 2009, by Barbara Campbell, as President of Double Tree, Inc., a Montana corporation, as Manager of Utility Solutions, LLC, a Montana limited liability company, on behalf of said company.

My Commission Expires: August 31, 2012

[Signature]
Notary Public Kristene L. Vanderslot
Residing at: Bozeman



Prepared By:

Woodward, Hobson & Fulton, LLP
200 West Vine Street, Fifth Floor
Lexington, Kentucky 40507

By: _____
Kermin E. Fleming

Allocated purchase price and depreciable lives

Reference

			Asset Class	MACRS life
Wastewater Treatment Plant	1,189,590.45	A	50	15 years
Water Distribution Facility	307,107.88	A	49.3	25 years
Land	47,488.15	A		
Sewer System	437,409.17	a	51	25 years
Water System	582,351.36	b	49.3	25 years
Unallocated purchase price	<u>336,052.99</u>			
Utility Solutions purchase price	<u>2,900,000.00</u>			

Wastewater Treatment Plant (WwTP)

Total invoices allocated to WwTP	578,149.79	B1	578,149.79	
Less WwTP invoices not billed through Fluidyne			<u>(357,057.83)</u>	F1
WwTP invoices billed through Fluidyne			<u>221,091.96</u>	c
Total Fluidyne WwTP Invoices			814,155.94	G1
Fluidyne labor allocated to WwTP	510,321.71	B1	<u>(510,321.71)</u>	G1
Markup allocated to WwTP	8,119.50	B1	<u>(8,119.50)</u>	
WwTP invoices billed through Fluidyne			<u>(221,091.96)</u>	c
Unallocated Fluidyne invoices			<u>74,622.77</u>	f
Dick Anderson Construction WwTP invoices	<u>92,999.45</u>	B1		
Total Wastewater Treatment Plant	<u>1,189,590.45</u>	A		

Water Distribution Facility (WDF)

Total invoices allocated to WDF	164,645.42	B2	164,645.42	
Less WDF invoices not billed through Fluidyne			<u>(162,552.07)</u>	F2
WDF invoices billed through Fluidyne			<u>2,093.35</u>	d
Total Fluidyne WDF invoices			78,054.59	G2
Fluidyne labor allocated to WDF	36,190.70	B2	<u>(36,190.70)</u>	G2
Markup allocated to WDF	395.59	B2	<u>(395.59)</u>	
WDF invoices billed through Fluidyne			<u>(2,093.35)</u>	d
Unallocated Fluidyne invoices			<u>39,374.95</u>	g
Dick Anderson Construction WDF invoices	<u>105,876.17</u>	B2		
Total Water Distribution Facility	<u>307,107.88</u>	A		

Sewer System (SS)

Unallocated Fluidyne invoices	74,622.77	f		
Dick Anderson Construction sewer line invoices	<u>362,786.40</u>	C1		
Total Sewer System	<u>437,409.17</u>	a		

Water System (WS)

Unallocated Fluidyne invoices	39,374.95	g		
Dick Anderson Construction water line invoices	<u>542,976.41</u>	C1		
Total Water System	<u>582,351.36</u>	b		

EG Sewer

EG Water

Fluidyne Engineering, Inc

WwTP

Date	Invoice #	Project	Amount	Labor	Balance
05/31/00	2271	Sewer System	143,512.35	91,260.00	52,252.35
02/28/01	2550	Sewer System	15,504.51	7,433.50	8,071.01
03/31/01	2574	Sewer System	5,784.75	4,146.00	1,638.75
12/20/01	3072	Sewer System	7,364.66	4,662.00	2,702.66
12/31/01	3097	Sewer System	22,304.80	2,580.00	19,724.80
12/31/01	3106	Sewer System	2,860.80	1,200.00	1,660.80
12/31/01	3124	Sewer System	14,218.75	14,218.75	0.00
12/31/01	3126	Sewer System	1,807.50	1,307.00	500.50
12/31/01	3134	Sewer System	167,887.50	167,887.50	0.00
03/31/02	3198	Sewer System	2,189.98		2,189.98
03/31/02	3199	Sewer System	2,915.00	1,617.50	1,297.50
03/31/02	3206	Sewer System	32,382.70	21,401.25	10,981.45
03/31/02	3209	Sewer System	400.00	400.00	0.00
06/20/02	3340	Sewer System	850.50	832.50	18.00
07/31/02	3405	Sewer System	300.00	300.00	0.00
07/31/02	3409	Sewer System	781.05	400.00	381.05
12/31/02	4138	Sewer System	4,235.51	4,235.51	0.00
12/31/02	4141	Sewer System	93.08	84.00	9.08
01/31/01	2530	Dose Tank/Digester	1,542.03	550.00	992.03
02/28/01	2567	Dose Tank/Digester	21,343.82	2,888.50	18,455.32
03/31/01	2576	Dose Tank/Digester	4,916.24	2,353.00	2,563.24
04/30/01	2643	Dose Tank/Digester	665.19		665.19
12/31/01	3105	Dose Tank/Digester	194.34	130.00	64.34
12/31/01	3128	Dose Tank/Digester	3,591.25	3,591.25	0.00
03/31/02	3205	Dose Tank/Digester	448.90	432.00	16.90
07/31/02	3408	Dose Tank/Digester	311.36	277.50	33.86
12/31/02	4137	Dose Tank/Digester	1,896.00	1,896.00	0.00
03/31/01	2573	Excavation	1,975.00	1,975.00	0.00
04/30/01	2641	Excavation	10,792.65	1,300.00	9,492.65
04/30/01	2646	Excavation	17,333.22	2,800.00	14,533.22
12/31/01	3109	Excavation	5,112.00		5,112.00
06/20/02	3350	Excavation	4,162.90		4,162.90
12/31/02	4140	Excavation	148.35	133.40	14.95
04/30/01	2645	Clarifier	18,982.97	4,264.00	14,718.97
10/09/01	2949	Clarifier	10,022.57		10,022.57
12/31/01	3108	Clarifier	283.81		283.81
12/31/01	3129	Clarifier	2,406.25	2,406.25	0.00
12/31/02	4139	Clarifier	682.50	682.50	0.00
04/30/01	2644	Oxidation Ditch	1,200.16	378.00	822.16
04/30/01	2647	Oxidation Ditch	13,530.76	6,452.25	7,078.51
05/31/01	2692	Oxidation Ditch	54,598.02	11,536.00	43,062.02
12/31/01	3110	Oxidation Ditch	59,680.31	43,535.00	16,145.31
12/31/01	3130	Oxidation Ditch	1,635.00	1,635.00	0.00
03/31/02	3215	Oxidation Ditch	3,187.50	3,187.50	0.00
06/20/02	3349	Oxidation Ditch	18,617.92	16,107.10	2,510.82
06/20/02	3351	Oxidation Ditch	2,706.72	2,662.50	44.22
07/31/02	3410	Oxidation Ditch	14,430.23	10,530.00	3,900.23
08/31/02	3528	Oxidation Ditch	10,356.00	10,338.00	18.00
12/31/02	4133	Oxidation Ditch	25,018.83	25,006.83	12.00
10/09/01	2948	Oxidation Tanks	10,187.80	552.00	9,635.80
12/31/01	3107	Oxidation Tanks	2,938.54		2,938.54
12/31/01	3135	Oxidation Tanks	150.00	150.00	0.00
03/31/02	3207	Oxidation Tanks	396.00		396.00
12/31/01	3100	Disp. Sludge/Digest Beds	1,832.08	1,760.00	72.08
03/31/02	3200	Disp. Sludge/Digest Beds	145.20	96.00	49.20
12/31/01	3103	IP (Infiltration & Percolation) Cells	985.12		985.12
03/31/02	3203	IP Cells	3,029.43	716.25	2,313.18
06/20/02	3347	IP Cells	450.84		450.84

12/31/02	4135	IP Cells	3,258.60	3,250.15	8.45
12/31/01	3104	Lift Station	22,016.28	11,200.00	10,816.28
03/31/02	3204	Lift Station	519.00	519.00	0.00
06/20/02	3348	Lift Station	750.00	750.00	0.00
07/31/02	3407	Lift Station	5,103.45	4,218.75	884.70
12/31/02	4136	Lift Station	30.00	30.00	0.00
12/31/01	3101	Sewer Treatment - Electrical	300.00	300.00	0.00
12/31/01	3127	Sewer Treatment - Electrical	437.50	437.50	0.00
03/31/02	3201	Sewer Treatment - Electrical	252.00	252.00	0.00
06/20/02	3345	Sewer Treatment - Electrical	1,341.90		1,341.90
03/31/02	3202	Fence	382.50	382.50	0.00
06/20/02	3346	Fence	3,328.75	1,503.75	1,825.00
07/31/02	3406	Fence	78.00		78.00
08/31/02	3530	Fence	600.00	600.00	0.00
12/31/02	4134	Fence	2,599.17	2,590.72	8.45
06/20/02	3343	Cost Allocation	11,902.33		11,902.33
07/31/02	3404	Reimbursables	1,683.06		1,683.06
08/31/02	3527	Reimbursables	108.35		108.35
12/31/02	3642	Reimbursables	1,572.61		1,572.61
12/31/02	4132	Reimbursables	611.19		611.19
		Total Fluidyne WwTP Invoices	<u>814,155.94</u>	<u>510,321.71</u>	<u>303,834.23</u>

WDF

06/20/02	3341	Fire Hydrants	352.50	255.00	97.50
07/31/02	3402	Fire Hydrants	70.38		70.38
01/31/01	2528	Treatment House	22,397.00	11,287.50	11,109.50
04/30/01	2648	Treatment House	3,808.40		3,808.40
12/31/01	3111	Treatment House	16,132.22	11,100.00	5,032.22
03/31/02	3208	Treatment House	1,110.37	867.00	243.37
06/20/02	3352	Treatment House	345.00	345.00	0.00
07/31/02	3411	Treatment House	291.25		291.25
02/28/01	2549	Water System	7,358.17	6,115.00	1,243.17
02/28/01	2568	Water System	2,782.18		2,782.18
03/31/01	2572	Water System	2,836.41	2,185.00	651.41
04/30/01	2639	Water System	3,561.80	208.00	3,353.80
12/31/01	3113	Water System	14,211.43	1,360.00	12,851.43
12/31/01	3114	Water System	130.26	112.50	17.76
12/31/01	3125	Water System	1,750.00	1,750.00	0.00
03/31/02	3210	Water System	105.00	105.00	0.00
03/31/02	3211	Water System	532.02	220.50	311.52
06/20/02	3344	Water System	15.00	15.00	0.00
06/20/02	3353	Water System	22.50	22.50	0.00
08/31/02	3529	Water System	22.50	22.50	0.00
12/31/02	4143	Water System	22.50	22.50	0.00
12/31/02	4144	Water System	197.70	197.70	0.00
Total Fluidyne WDF Invoices			<u>78,054.59</u>	<u>36,190.70</u>	<u>41,863.89</u>

Allocated invoices not billed through Fluidyne

WwTP

ABC Rental	1,144.68
A-Core of MT	2,425.00
Anderson Precast & Supply	29,750.94
Armitage Electric, Inc	8,420.35
Belgrade Sales & Service	1,544.00
Big X, Inc	12,000.00
Bill Martel	1,116.00
Cal Builders	2,790.00
CK May Excavating, Inc	2,990.00
Concrete Accessories & Equipment	552.40
Concrete Materials	1,006.50
Fastenal	202.93
Figgins Sand and Gravel	3,201.32
Four Corners Hardware	806.26
Grainger, WW, Inc	224.34
Hughes Supply, Inc	5,651.12
JMI Inc	4,430.00
Kenyon Noble	8,144.70
Kenyon Noble Ready Mix	1,177.26
Kredt Electric	1,268.29
Lakeside	215,850.00
LLG Construction	10,101.30
Machinery Power & Equipment	18,101.57
Matt Hoskins	30.24
Midwest Industries	1,302.76
Montana Crane Service	1,251.60
Montana Power Company	11,774.00
Northwest Pipe	1,736.64
Owenhouse	72.02
Performance Machinery Co	1,036.50
Townsend Backhoe Service	488.75
Uhaul	75.52
USPS	18.90
UI Analytical Service	106.00
Waterworks Industries	42.12
Welding & Machine	427.50
West Tech	99.05
Western Utilities Supply Co	3,937.11
World Project Services, Int'l	679.16
WP Rentals	1,081.00
	<u>357,057.83</u>

WDF

Bridger Drilling	26,774.00
Cal Builders	1,220.00
Dana Kepner	13,194.17
Dumar Construction	43,112.50
Eric Campbell	145.00
Inter-Mountain Laboratories, Inc	136.00
Mountain Locksmith	124.80
Northwest Pipe	60,774.00
USA Bluebook	38.47
Western Utilities Supply Co	17,033.13
	<u>162,552.07</u>

WASTE WATER TREATMENT PLANT - Labor from Fluidyne Bills

5/31/03
1/2/03
2/22/03
2/27/03
2/27/03

SEWER SYSTEM
WASTEWATER
SEWER SYSTEM
WASTEWATER / Effluent
Treatment

Invoice	Principal P	Engineer E	Technician T	CADD C	Surveyor SC	3.Waste W	Labor 1 L1	Labor 12 L12	Labor 15 L15	Labor 25 L25	TOTAL
2271	34,150.00	30,442.50	1,740.00	24,277.50	650.00						91,260.00
2530							550.00				550.00
2550								276.00	1,620.00	5,537.50	7,433.50
2567								1,026.00		1,862.50	2,888.50
2573										1,975.00	1,975.00
2574								2,136.00	210.00	1,800.00	4,146.00
2576								768.00	735.00	850.00	2,353.00
2641										1,300.00	1,300.00
2644								378.00			378.00
2645								12.00	3,252.00	1,000.00	4,264.00
2646										2,800.00	2,800.00
2647								2,208.00	247.50	3,996.75	6,452.25
2692								7,236.00		4,300.00	11,536.00
2948								552.00			552.00
3072								4,662.00			4,662.00
3097								2,580.00			2,580.00
3100								1,280.00		480.00	1,760.00
3101										300.00	300.00
3104								9,520.00	1,680.00		11,200.00
3105						130.00					130.00
3106		1,200.00									1,200.00
3110				325.00				38,560.00		4,650.00	43,535.00
3124	14,218.75										14,218.75
3126	593.75		131.25					582.00			1,307.00
3127	437.50										437.50
3128	3,591.25										3,591.25
3129	2,406.25										2,406.25
3130	1,635.00										1,635.00
3134	132,850.00	7,425.00	4,171.25	13,991.25	9,450.00						167,887.50
3135								150.00			150.00
3199		1,000.00		617.50							1,617.50
3200								96.00			96.00
3201										252.00	252.00
3202									382.50		382.50
3203									716.25		716.25

WASTE WATER TREATMENT PLANT - Labor from Fluidyne Bills

Invoice	Principal P	Engineer E'	Technician T	CADD C	Surveyor SC	3.Waste W	Labor 1 L1	Labor 12 L12	Labor 15 L15	Labor 25 L25	TOTAL
3204								192.00	75.00	252.00	519.00
3205									90.00	342.00	432.00
3206	11,625.00	2,250.00	161.25		420.00			36.00	2,760.00	4,149.00	21,401.25
3209			400.00								400.00
3215	3,187.50										3,187.50
3340			832.50								832.50
3346									1,503.75		1,503.75
3348									390.00	360.00	750.00
3349	11,000.00	1,600.00				70.00			1,777.50	1,659.60	16,107.10
3351									2,662.50		2,662.50
3405		300.00									300.00
3407									4,218.75		4,218.75
3408									277.50		277.50
3409		400.00									400.00
3410		600.00							9,930.00		10,530.00
3528		2,100.00						768.00	7,470.00		10,338.00
3530									600.00		600.00
4133		2,767.83						5,304.00	16,935.00		25,006.83
4134				75.40				2,515.32			2,590.72
4135				75.40	318.75			2,856.00			3,250.15
4136									30.00		30.00
4137								1,896.00			1,896.00
4138		1,318.01			2,857.50			60.00			4,235.51
4139									682.50		682.50
4140				133.40							133.40
4141								84.00			84.00
	215,695.00	51,403.34	7,436.25	39,495.45	13,826.25	70.00	550.00	85,733.32	58,245.75	37,866.35	510,321.71

510,321.71

B1

Water Plant - Labor from Fluidyne Bills

1/31/01
2/28/01
2/28/01
3/31/01

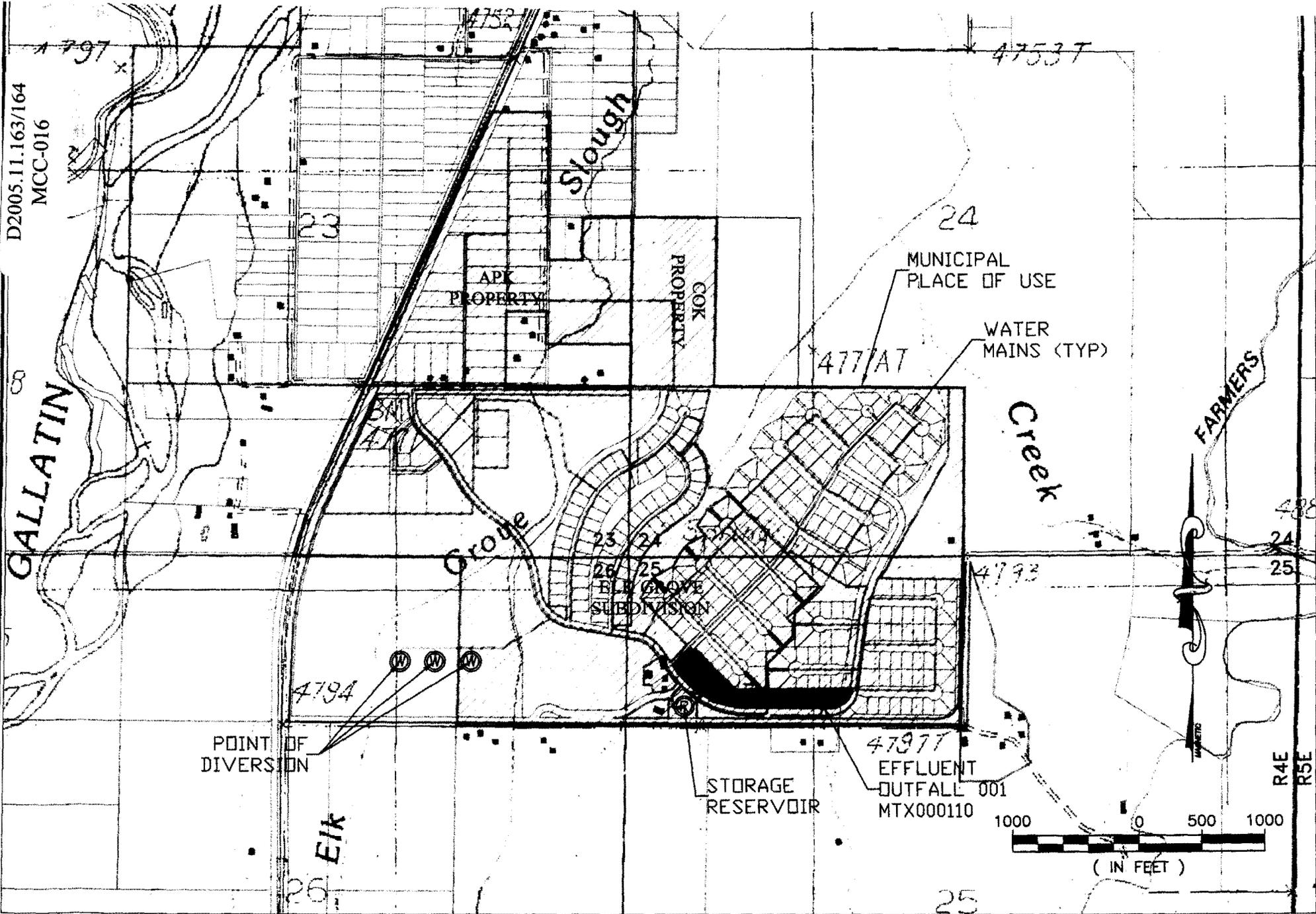
Invoice	Principal P	Engineer E	Technician T	CADD CADD	Surveyor SC	3.Waste W	Labor 1 L1	Labor 12 L12	Labor 15 L15	Labor 25 L25	TOTAL
2528							11,287.50				11,287.50
2549								390.00	150.00	5,575.00	6,115.00
2568											0.00
2572								960.00		1,225.00	2,185.00
2639								108.00		100.00	208.00
3111								11,100.00			11,100.00
3113								1,360.00			1,360.00
3114			112.50								112.50
3125	1,750.00										1,750.00
3208								132.00	105.00	630.00	867.00
3210									15.00	90.00	105.00
3211			112.50							108.00	220.50
3341									255.00		255.00
3344									15.00		15.00
3352									345.00		345.00
3353									22.50		22.50
3529									22.50		22.50
4143									22.50		22.50
4144		197.70									197.70
	1,750.00	197.70	225.00	0.00	0.00	0.00	11,287.50	14,050.00	952.50	7,728.00	36,190.70

W/NTCC 3/1/01
W/NTCC 3/1/01
W/NTCC 3/1/01
W/NTCC 3/1/01

36,190.70
B2

D2005.11.163/164
MCC-016

GALLATIN



POINT OF DIVERSION

EIK

STORAGE RESERVOIR

EFFLUENT OUTFALL 001
MTX000110

MUNICIPAL PLACE OF USE

WATER MAINS (TYP)

Creek

FARMERS



Engineers
Surveyors
Scientists
Planners

901 Technology Blvd.
Bozeman MT 59718

Phone: (406) 587-0721
Fax: (406) 587-1178

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DATE: 10/2006

BOZEMAN

UTILITY SOLUTIONS, LLC
PERMIT 41H-110168-00

MONTANA

PROJECT NO.
3709.018

MUNICIPAL PLACE OF USE

FIGURE NUMBER
FIG. 1



Utility Solutions
Summary of Allocated Plant (Less Capitalized Interest)

Area	Total	Regulated Area (Elk Grove)		Non-Regulated Area (District)	
		Water	Sewer	Water	Sewer
Sewer Treatment Plant					
EG Wastewater Treatment Plant	\$ 1,196,495.63	\$ -	\$ 398,831.88	\$ -	\$ 797,663.75
Disposal Beds					
IP Beds Disposal	\$ 173,596.32	\$ -	\$ 173,596.32	\$ -	\$ -
Water Distribution Facility & Wells					
EG Water Distribution Facility	\$ 501,270.15	\$ 501,270.15	\$ -	\$ -	\$ -
Sewer Transmission & Distribution Mains					
Elk Grove	\$ 437,409.17	\$ -	\$ 437,409.17	\$ -	\$ -
Water Transmission & Distribution Mains					
Elk Grove	\$ 582,351.36	\$ 582,351.36	\$ -	\$ -	\$ -
Land & Land Rights					
EG Land	\$ 47,488.35	\$ 23,744.18	\$ 23,744.17	\$ -	\$ -
Permits, Fees, & Licenses					
Permits & Fees	\$ 2,027,159.14	\$ 168,132.82	\$ 171,987.64	\$ 1,320,094.59	\$ 366,944.09
Meters and Meter Installations					
Elk Grove Meters	\$ 50,928.64	\$ 50,928.64	\$ -	\$ -	\$ -
Property Improvements					
Property Improvements	\$ 98,573.58	\$ 15,492.10	\$ 15,492.10	\$ 36,605.19	\$ 30,984.19
Office Furniture & Equipment					
Office Furniture & Equipment	\$ 82,103.85	\$ 4,541.56	\$ 7,956.56	\$ 34,470.37	\$ 35,135.37
Transportation Equipment					
Transportation Equipment	\$ 45,926.46	\$ 7,654.41	\$ 7,654.41	\$ 15,308.82	\$ 15,308.82
Total	\$ 5,243,302.65	\$ 1,354,115.22	\$ 1,236,672.25	\$ 1,406,478.97	\$ 1,246,036.22
			\$ 2,590,787.46	\$ 2,652,515.19	

Utility Solutions
Allocated Expense Summary With AP
2008

Expense	PSC		Non-Regulated		Total
	Water	Sewer	Water	Sewer	
100 Salaries/Wages	\$ -	\$ -	\$ -	\$ -	\$ -
200 Materials/Supplies	\$ 1,554.05	\$ 2,711.81	\$ 1,611.55	\$ 1,042.45	\$ 6,919.86
201 Chemicals	\$ -	\$ 738.69	\$ 1,994.47	\$ 411.41	\$ 3,144.57
300 Purchased Power	\$ 10,150.53	\$ 8,415.81	\$ 24,825.84	\$ 18,343.07	\$ 61,735.25
301 Fuel for Production	\$ -	\$ 118.45	\$ 1,868.66	\$ 25.45	\$ 2,012.56
400 Contracted/Other Services	\$ 20,398.71	\$ 24,475.11	\$ 12,814.78	\$ 19,640.28	\$ 77,328.88
401 Engineering Expense	\$ 2,665.00	\$ -	\$ -	\$ -	\$ 2,665.00
500 Management Contract	\$ 61,114.92	\$ 84,289.93	\$ 55,714.92	\$ 78,889.88	\$ 280,009.65
600 Rental Equipment/Property	\$ -	\$ 315.16	\$ 28.00	\$ 175.92	\$ 519.08
700 Auto Transportation	\$ 3,327.98	\$ 3,281.13	\$ 1,506.35	\$ 1,602.21	\$ 9,717.67
701 Other Equipment Expense	\$ -	\$ 29.74	\$ 1,037.96	\$ 1,956.72	\$ 3,024.42
800 Laboratory/Testing	\$ 947.61	\$ 2,543.34	\$ 2,131.57	\$ 1,364.44	\$ 6,986.96
900 Insurance	\$ 2,269.07	\$ 12,218.78	\$ 18,228.51	\$ 11,198.23	\$ 43,914.59
1000 Regulatory Commission	\$ 3,576.37	\$ 3,856.74	\$ -	\$ -	\$ 7,433.11
1100 Permits/Fees/Licenses	\$ 588.50	\$ 82.50	\$ 424.92	\$ 279.08	\$ 1,375.00
1200 Advertising	\$ 182.39	\$ 130.36	\$ 1,459.30	\$ 1,828.45	\$ 3,600.50
1300 Postage/Printing	\$ 1,465.07	\$ 1,440.19	\$ 725.15	\$ 764.67	\$ 4,395.08
1400 Miscellaneous Expense	\$ 585.55	\$ 738.22	\$ 1,255.51	\$ 266.62	\$ 2,845.90
1401 Office	\$ 12,921.68	\$ 12,921.68	\$ 12,915.52	\$ 12,915.99	\$ 51,674.87
1500 Bad Debt Expense	\$ 35.73	\$ 118.92	\$ 28.79	\$ 61.17	\$ 244.61
1700 Accounting	\$ 6,293.65	\$ 6,262.80	\$ 7,306.21	\$ 8,282.38	\$ 28,145.04
1800 Interest	\$ 3,049.24	\$ 2,753.03	\$ 10,863.13	\$ 12,150.03	\$ 28,815.43
1801 Accrued Interest	\$ 59,428.50	\$ 54,857.08	\$ 177,216.92	\$ 198,787.37	\$ 490,289.87
1900 Property Tax	\$ 2,595.78	\$ 4,037.69	\$ 5,258.34	\$ 18,806.06	\$ 30,697.87
2000 Petty Cash	\$ 1,618.07	\$ 1,614.28	\$ 629.33	\$ 688.32	\$ 4,550.00
2001 Meters	\$ 1,263.80	\$ -	\$ 36,039.90	\$ -	\$ 37,303.70
2100 Loan Fees	\$ 949.49	\$ 1,704.05	\$ 1,383.36	\$ 2,251.10	\$ 6,288.00
Total Expense	\$ 196,981.69	\$ 229,655.49	\$ 377,268.99	\$ 391,731.30	\$ 1,195,637.47

* Total Expense less amortization, & depreciation

DISBURSEMENT AUTHORIZATION

Loan fees

DATE AND PARTIES. The date of this Disbursement Authorization is December 20, 2007. The parties and their addresses are:

LENDER:

STOCKMAN BANK OF MONTANA
P.O. Box 50850
Billings, Montana 59105-0850
Telephone: (406) 896-4800

D2005.11.163/164
MCC-028

BORROWER:

UTILITY SOLUTIONS, LLC
a Montana Limited Liability Company
PO BOX 10098
BOZEMAN, Montana 59719-0098

1. DEFINITIONS. As used in this Disbursement Authorization, the terms have the following meanings:

A. Pronouns. The pronouns "I", "me" and "my" refer to all Borrowers signing this Disbursement Authorization, individually and together. "You" and "Your" refer to the Lender.

B. Loan. "Loan" refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction such as applications, security agreements, disclosures or notes, and this Disbursement Authorization.

2. DISBURSEMENT SUMMARY. The following summarizes the disbursements from the Loan.

Initial Advance		\$6,288.00
Cash Paid In	\$0.00	
Amount Contributed by Borrower	\$0.00	
Total Cash Received		\$0.00
Disbursed to Borrowers	\$0.00	
Disbursed to Lender	\$5,000.00	
Disbursed to Other Payees	\$1,288.00	
Total Amounts Disbursed		\$6,288.00
Amount Remaining To Be Disbursed		\$0.00
Undisbursed Fees/Charges		\$0.00

3. DISBURSEMENT AUTHORIZATION. I authorize you to disburse the following amounts from my Loan.

DISBURSED TO:	DATE:	AMOUNT DISBURSED:
Disbursements to Borrower:		\$0.00
Disbursements to Lender:		\$5,000.00
Fees & Charges:	12/20/2007	\$5,000.00
Loan Origination		\$5,000.00
Disbursements to third parties:		\$1,288.00
FEDERAL EXPRESS:	12/20/2007	\$100.00
POSTAGE		\$100.00
PUBLIC OFFICIALS:	12/20/2007	\$7.00
UCC		\$7.00
Title Insurance Company:	12/20/2007	\$697.00
Title Insurance		\$697.00
GALLATIN COUNTY CLERK & RECORDER:	12/20/2007	\$84.00
Recording - Releases		\$7.00
Recording - Mortgage		\$77.00
Appraisers:	12/20/2007	\$400.00
Appraisal		\$400.00
TOTAL DISBURSED:		\$6,288.00

LOAN NUMBER	LOAN NAME	ACCT. NUMBER	AGREEMENT DATE	INITIALS
4340107838	UTILITY SOLUTIONS, LLC	728552	12/20/07	091
NOTE AMOUNT	INDEX (w/Margin)	RATE	MATURITY DATE	LOAN PURPOSE
\$500,000.00	Wall Street Journal Prime plus 1.000%	8.25%	12/20/08	Commercial

Creditor Use Only

COMMERCIAL LOAN AGREEMENT

Revolving Draw Loan

DATE AND PARTIES. The date of this Commercial Loan Agreement (Agreement) is December 20, 2007. The parties and their addresses are as follows:

LENDER:

STOCKMAN BANK OF MONTANA
P.O. Box 50850
Billings, Montana 59105-0850

BORROWER:

UTILITY SOLUTIONS, LLC
a Montana Limited Liability Company
PO BOX 10098
BOZEMAN, Montana 59719-0098

1. DEFINITIONS. For the purposes of this Agreement, the following terms have the following meanings.

A. Accounting Terms. In this Agreement, any accounting terms that are not specifically defined will have their customary meanings under generally accepted accounting principles.

B. Insiders. Insiders include those defined as insiders by the United States Bankruptcy Code, as amended; or to the extent left undefined, include without limitation any officer, employee, stockholder or member, director, partner, or any immediate family member of any of the foregoing, or any person or entity which, directly or indirectly, controls, is controlled by or is under common control with me.

C. Loan. The Loan refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction.

D. Loan Documents. Loan Documents refer to all the documents executed as a part of or in connection with the Loan.

E. Pronouns. The pronouns "I", "me" and "my" refer to the Borrower and "you" and "your" refer to the Lender.

F. Property. Property is any property, real, personal or tangible, that secures my performance of the obligations of this Loan.

2. ADVANCES. Advances under this Agreement are made according to the following terms and conditions.

A. Multiple Advances - Revolving. In accordance with the terms of this Agreement and other Loan Documents, you will extend to me and I may from time to time borrow, repay, and re-borrow, one or more advances. The amount of advances will not exceed \$500,000.00 (Principal).

B. Initial Advance. On December 20, 2007 I will receive an initial advance of \$6,288.00.

C. Requests for Advances. My requests are a warranty that I am in compliance with all the Loan Documents. When required by you for a particular method of advance, my requests for an advance must specify the requested amount and the date and be accompanied with any agreements, documents, and instruments that you require for the Loan. Any payment by you of any check, share draft or other charge may, at your option, constitute an advance on the Loan to me. All advances will be made in United States dollars. I will indemnify you and hold you harmless for your reliance on any request for advances that you reasonably believe to be genuine. To the extent permitted by law, I will indemnify you and hold you harmless when the person making any request represents that I authorized this person to request an advance even when this person is unauthorized or this person's signature is not genuine.

I or anyone I authorize to act on my behalf may request advances by the following methods.

- (1) I make a request in person.
- (2) I make a request by phone.
- (3) I make a request by mail.
- (4) IN THE EVENT OF AN OVERDRAFT, BANK HAS THE RIGHT BUT NOT THE OBLIGATION TO ADVANCE SUFFICIENT FUNDS TO COVER THE OVERDRAFT.

D. Advance Limitations. In addition to any other Loan conditions, requests for, and access to, advances are subject to the following limitations.

- (1) **Obligatory Advances.** You will make all Loan advances subject to this Agreement's terms and conditions.
- (2) **Advance Amount.** Subject to the terms and conditions contained in this Agreement, advances will be made in exactly the amount I request.
- (3) **Cut-Off Time.** Requests for an advance received before 05:30 PM will be made on any day that you are open for business, on the day for which the advance is requested.
- (4) **Disbursement of Advances.** On my fulfillment of this Agreement's terms and conditions, you will disburse the advance in any manner as you and I agree.
- (5) **Credit Limit.** I understand that you will not ordinarily grant a request for an advance that would cause the unpaid principal of my Loan to be greater than the Principal limit. You may, at your option, grant such a request without obligating yourselves to do so in the future. I will pay any over advances in addition to my regularly scheduled payments. I will repay any over advance by repaying you in full within 10 days after the overdraft occurs.
- (6) **Records.** Your records will be conclusive evidence as to the amount of advances, the Loan's unpaid principal balances and the accrued interest.

E. Conditions. I will satisfy all of the following conditions before you either issue any promissory notes or make any advances under this Agreement.

- (1) No Default. There has not been a default under this Agreement or any other Loan Documents nor would a default result from making the Loan or any advance.
- (2) Information. You have received all documents, information, certifications and warranties as you may require, all properly executed, if appropriate, on forms acceptable to you. This includes, but is not limited to, the documents and other items listed in the Loan Checklist Report which is hereby incorporated by reference into this Agreement.
- (3) Inspections. You have made all inspections that you consider necessary and are satisfied with this inspection.
- (4) Conditions and Covenants. I will have performed and complied with all conditions required for an advance and all covenants in this Agreement and any other Loan Documents.
- (5) Warranties and Representations. The warranties and representations contained in this Agreement are true and correct at the time of making the requested advance.
- (6) Financial Statements. My most recent financial statements and other financial reports, delivered to you, are current, complete, true and accurate in all material respects and fairly represent my financial condition.
- (7) Bankruptcy Proceedings. No proceeding under the United States Bankruptcy Code has been commenced by or against me or any of my affiliates.

3. MATURITY DATE. I agree to fully repay the Loan by December 20, 2008.

4. WARRANTIES AND REPRESENTATIONS. I make to you the following warranties and representations which will continue as long as this Loan is in effect, except when this Agreement provides otherwise.

A. Power. I am duly organized, and validly existing and in good standing in all jurisdictions in which I operate. I have the power and authority to enter into this transaction and to carry on my business or activity as it is now being conducted and, as applicable, am qualified to do so in each jurisdiction in which I operate.

B. Authority. The execution, delivery and performance of this Loan and the obligation evidenced by the Note are within my powers, have been duly authorized, have received all necessary governmental approval, will not violate any provision of law, or order of court or governmental agency, and will not violate any agreement to which I am a party or to which I am or any of my property is subject.

C. Name and Piece of Business. Other than previously disclosed in writing to you I have not changed my name or principal place of business within the last 10 years and have not used any other trade or fictitious name. Without your prior written consent, I do not and will not use any other name and will preserve my existing name, trade names and franchises.

D. Hazardous Substances. Except as I previously disclosed in writing and you acknowledge in writing, no Hazardous Substance, underground tanks, private dumps or open wells are currently located at, on, in, under or about the Property.

E. Use of Property. After diligent inquiry, I do not know or have reason to know that any Hazardous Substance has been discharged, leached or disposed of, in violation of any Environmental Law, from the property onto, over or into any other property, or from any other property onto, over or into the property.

F. Environmental Laws. I have no knowledge or reason to believe that there is any pending or threatened investigation, claim, judgment or order, violation, lien, or other notice under any Environmental Law that concerns me or the property. The property and any activities on the property are in full compliance with all Environmental Law.

G. Loan Purpose. The purpose of this Loan is REVOLVING LINE OF CREDIT.

H. No Other Liens. I own or lease all property that I need to conduct my business and activities. I have good and marketable title to all property that I own or lease. All of my Property is free and clear of all liens, security interests, encumbrances and other adverse claims and interests, except those to you or those you consent to in writing.

I. Compliance With Laws. I am not violating any laws, regulations, rules, orders, judgments or decrees applicable to me or my property, except for those which I am challenging in good faith through proper proceedings after providing adequate reserves to fully pay the claim and its challenge should I lose.

J. Legal Disputes. There are no pending or threatened lawsuits, arbitrations or other proceedings against me or my property that singly or together may materially and adversely affect my property, operations, financial condition, or business.

K. Adverse Agreements. I am not a party to, nor am I bound by, any agreement that is now or is likely to become materially adverse to my business, Property or operations.

L. Other Claims. There are no outstanding claims or rights that would conflict with the execution, delivery or performance by me of the terms and conditions of this Agreement or the other Loan Documents. No outstanding claims or rights exist that may result in a lien on the Property, the Property's proceeds and the proceeds of proceeds, except liens that were disclosed to and agreed to by you in writing.

M. Solvency. I am able to pay my debts as they mature, my assets exceed my liabilities and I have sufficient capital for my current and planned business and other activities. I will not become insolvent by the execution or performance of this Loan.

5. FINANCIAL STATEMENTS. I will prepare and maintain my financial records using consistently applied generally accepted accounting principles then in effect. I will provide you with financial information in a form that you accept and under the following terms.

A. Certification. I represent and warrant that any financial statements that I provide you fairly represents my financial condition for the stated periods, is current, complete, true and accurate in all material respects, includes all of my direct or contingent liabilities and there has been no material adverse change in my financial condition, operations or business since the date the financial information was prepared.

B. Frequency. Annually, I will provide to you my financial statements, tax returns, annual internal audit reports or those prepared by independent accountants as soon as available or at least within 60 days after the close of each of my fiscal years. Any annual financial statements that I provide you will be prepared statements.

C. SEC Reports. I will provide you with true and correct copies of all reports, notices or statements that I provide to the Securities and Exchange Commission, any securities exchange or my stockholders, owners, or the holders of any material indebtedness as soon as available or at least within 30 days after issuance.

D. Requested Information. I will provide you with any other information about my operations, financial affairs and condition within 30 days after your request.

6. COVENANTS. Until the Loan and all related debts, liabilities and obligations are paid and discharged, I will comply with the following terms, unless you waive compliance in writing.

A. Participation. I consent to you participating or syndicating the Loan and sharing any information that you decide is necessary about me and the Loan with the other participants or syndicators.

B. Inspection. Following your written request, I will immediately pay for all one-time and recurring out-of-pocket costs that are related to the inspection of my records, business or Property that secures the Loan. Upon reasonable notice, I will permit you or your agents to enter any of my premises and any location where my Property is located during regular business hours to do the following.

(1) You may inspect, audit, check, review and obtain copies from my books, records, journals, orders, receipts, and any correspondence and other business related data.

(2) You may discuss my affairs, finances and business with any one who provides you with evidence that they are a creditor of mine, the sufficiency of which will be subject to your sole discretion.

(3) You may inspect my Property, audit for the use and disposition of the Property's proceeds and proceeds of proceeds; or do whatever you decide is necessary to preserve and protect the Property and your interest in the Property.

After prior notice to me, you may discuss my financial condition and business operations with my independent accountants, if any, or my chief financial officer and I may be present during these discussions. As long as the Loan is outstanding, I will direct all of my accountants and auditors to permit you to examine my records in their possession and to make copies of these records. You will use your best efforts to maintain the confidentiality of the information you or your agents obtain, except you may provide your regulator, if any, with required information about my financial condition, operation and business or that of my parent, subsidiaries or affiliates.

C. Business Requirements. I will preserve and maintain my present existence and good standing in the jurisdiction where I am organized and all of my rights, privileges and franchises. I will do all that is needed or required to continue my business or activities as presently conducted, by obtaining licenses, permits and bonds everywhere I engage in business or activities or own, lease or locate my property. I will obtain your prior written consent before I cease my business or before I engage in any new line of business that is materially different from my present business.

D. Compliance with Laws. I will not violate any laws, regulations, rules, orders, judgments or decrees applicable to me or my Property, except for those which I challenge in good faith through proper proceedings after providing adequate reserves to fully pay the claim and its appeal should I lose. Laws include without limitation the Federal Fair Labor Standards Act requirements for producing goods, the federal Employee Retirement Income Security Act of 1974's requirements for the establishment, funding and management of qualified deferred compensation plans for employees, health and safety laws, environmental laws, tax laws, licensing and permit laws. On your request, I will provide you with written evidence that I have fully and timely paid my taxes, assessments and other governmental charges levied or imposed on me, my income or profits and my property. Taxes include without limitation sales taxes, use taxes, personal property taxes, documentary stamp taxes, recordation taxes, franchise taxes, income taxes, withholding taxes, FICA taxes and unemployment taxes. I will adequately provide for the payment of these taxes, assessments and other charges that have accrued but are not yet due and payable.

E. New Organizations. I will obtain your written consent and any necessary changes to the Loan Documents before I organize or participate in the organization of any entity, merge into or consolidate with any one, permit any one else to merge into me, acquire all or substantially all of the assets of any one else or otherwise materially change my legal structure, management, ownership or financial condition.

F. Dealings with Insiders. I will not purchase, acquire or lease any property or services from, or sell, provide or lease any property or services to, or permit any outstanding loans or credit extensions to, or otherwise deal with, any insiders except as required under contracts existing at the time I applied for the Loan and approved by you or as this Agreement otherwise permits. I will not change or breach these contracts existing at Loan application so as to cause an acceleration of or an increase in any payments due.

G. Other Debts. I will pay when due any and all other debts owed or guaranteed by me and will faithfully perform, or comply with all the conditions and obligations imposed on me concerning the debt or guaranty.

H. Other Liabilities. I will not incur, assume or permit any debt evidenced by notes, bonds or similar obligations, except: debt in existence on the date of this Agreement and fully disclosed to you; debt subordinated in payment to you on conditions and terms acceptable to you; accounts payable incurred in the ordinary course of my business and paid under customary trade terms or contested in good faith with reserves satisfactory to you.

I. Notice to You. I will promptly notify you of any material change in my financial condition, of the occurrence of a default under the terms of this Agreement or any other Loan Document, or a default by me under any agreement between me and any third party which materially and adversely affects my property, operations, financial condition or business.

J. Certification of No Default. On your request, my chief financial officer or my independent accountant will provide you with a written certification that to the best of their knowledge no event of default exists under the terms of this Agreement or the other Loan Documents, and that there exists no other action, condition or event which with the giving of notice or lapse of time or both would constitute a default. As requested, my chief financial officer or my independent accountant will also provide you with computations demonstrating compliance with the financial covenants and conditions contained in this Agreement. If an action, condition or event of default does exist, the certificate must accurately and fully disclose the extent and nature of this action, condition or event and state what must be done to correct it.

K. Use of Loan Proceeds. I will not permit the loan proceeds to be used to purchase, carry, reduce, or retire any loan originally incurred to purchase or carry any margin stock, or otherwise cause the Loan to violate Federal Reserve Board Regulations U or X, or Section 8 of the Securities and Exchange Act of 1934 and its regulations, as amended.

L. Dispose of No Assets. Without your prior written consent or as the Loan Documents permit, I will not sell, lease, assign, transfer, dispose of or otherwise distribute all or substantially all of my assets to any person other than in the ordinary course of business for the assets' depreciated book value or more.

M. No Other Liens. I will not create, permit or suffer any lien or encumbrance upon any of my properties for or by anyone, other than you, except for: nonconsensual liens imposed by law arising out of the ordinary course of business on obligations that are not overdue or which I am contesting in good faith after making appropriate reserves; valid purchase money security interests on personal property; or any other liens specifically agreed to by you in writing.

N. Guaranties. I will not guaranty or become liable in any way as surety, endorser (other than as endorser of negotiable instruments in the ordinary course of business) or accommodation endorser or otherwise for the debt or obligations of any other person or entity, except to you or as you otherwise specifically agree in writing.

O. No Default under Other Agreements. I will not allow to occur, or to continue unremedied, any act, event or condition which constitutes a default, or which, with the passage of time or giving of notice, or both, would constitute a default under any agreement, document, instrument or undertaking to which I am a party or by which I may be bound.

P. Legal Disputes. I will promptly notify you in writing of any threatened or pending lawsuit, arbitration or other proceeding against me or any of my property, not identified in my financial statements, or that singly or together with other proceedings may materially and adversely affect my property, operations, financial condition or business. I will use my best efforts to bring about a favorable and speedy result of any of these lawsuits, arbitrations or other proceedings.

Q. Other Notices. I will immediately provide you with any information that may materially and adversely affect my ability to perform this Agreement and of its anticipated effect.

R. No Change in Capital. I will not release, redeem, retire, purchase or otherwise acquire, directly or indirectly, any of my capital stock or other equity security or partnership interest, or make any change in my capital structure, except to the extent required by any agreements signed prior to this Agreement and disclosed to you or with your prior written consent.

S. Loan Obligations. I will make full and timely payment of all principal and interest obligations, and comply with the other terms and agreements contained in this Agreement and in the other Loan Documents.

T. Insurance. I will obtain and maintain insurance with insurers, in amounts and coverages that are acceptable to you and customary with industry practice. This may include without limitation insurance policies for public liability, fire, hazard and extended risk, workers compensation, and, at your request, business interruption and/or rent loss insurance. At your request, I will deliver to you certified copies of all of these insurance policies, binders or certificates. I will obtain and maintain a mortgagee or lender loss payee endorsement for you when these endorsements are available. I will immediately notify you of cancellation or termination of insurance. I will require all insurance policies to provide you with at least 10 days prior written notice to you of cancellation or modification. I consent to you using or disclosing information relative to any contract of insurance required by the Loan for the purpose of replacing this insurance. I also authorize my insurer and you to exchange all relevant information related to any contract of insurance required by any document executed as part of this Loan.

U. Property Maintenance. I will keep all tangible and intangible property that I consider necessary or useful in my business in good working condition by making all needed repairs, replacements and improvements and by making all rental, lease or other payments due on this property.

V. **Property Loss.** I will immediately notify you, and the insurance company when appropriate, of any material casualty, loss or depreciation to the Property or to my other property that affects my business.

W. **Accounts Receivable Collection.** I will collect and otherwise enforce all of my unpaid Accounts Receivable at my cost and expense, until you and my authority to do so, which you may do at any time to protect your best interests. I will not sell, assign or otherwise dispose of any Accounts Receivable without your written consent. I will not commingle the Accounts Receivable proceeds with any of my other property.

X. **Reserves.** You may set aside and reserve Loan proceeds for Loan interest, fees and expenses, taxes, and insurance. I grant you a security interest in the reserves.

No interest will accrue on any reserve Loan proceeds. Disbursement of reserves is disbursement of the Loan's proceeds. At my request, you will disburse the reserves for the purpose they were set aside for, as long as I am not in default under this Agreement. You may directly pay these reserved items, reimburse me for payments I made, or reduce the reserves and increase the Loan proceeds available for disbursement.

Y. **Additional Taxes.** I will pay all filing and recording costs and fees, including any recordation, documentary or transfer taxes or stamps, that are required to be paid with respect to the Loan and any Loan Documents.

Z. **Additional Covenants.** LOAN TO COLLATERAL RATIO WILL NOT EXCEED 70% LOAN TO VALUE USING BANK COLLATERAL VALUES.

7. INSURANCE.

A. **Flood Insurance.** Flood insurance is not required at this time. It may be required in the future should the property be included in an updated flood plain map. If required in the future, I may obtain flood insurance from anyone I want that is reasonably acceptable to you.

8. DEFAULT.

I will be in default if any of the following occur:

A. **Payments.** I fail to make a payment in full when due.

B. **Insolvency or Bankruptcy.** The death, dissolution or insolvency of, appointment of a receiver by or on behalf of, application of any debtor relief law, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against me or any co-signer, endorser, surety or guarantor of this Agreement or any other obligations I have with you.

C. **Business Termination.** I merge, dissolve, reorganize, end my business or existence, or a partner or majority owner dies or is declared legally incompetent.

D. **Failure to Perform.** I fail to perform any condition or to keep any promise or covenant of this Agreement.

E. **Other Documents.** A default occurs under the terms of any other Loan Document.

F. **Other Agreements.** I am in default on any other debt or agreement I have with you.

G. **Misrepresentation.** I make any verbal or written statement or provide any financial information that is untrue, inaccurate, or conceals a material fact at the time it is made or provided.

H. **Judgment.** I fail to satisfy or appeal any judgment against me.

I. **Forfeiture.** The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.

J. **Name Change.** I change my name or assume an additional name without notifying you before making such a change.

K. **Property Transfer.** I transfer all or a substantial part of any one of my properties

L. **Property Value.** You determine in good faith that the value of the Property has declined or is impaired.

M. **Material Change.** Without first notifying you, there is a material change in my business, including ownership, management, and financial conditions.

N. **Insecurity.** You determine in good faith that a material adverse change has occurred in Borrower's financial condition from the conditions set forth in Borrower's most recent financial statement before the date of this Agreement or that the prospect for payment or performance of the Loan is impaired for any reason.

9. REMEDIES.

After I default, you may at your option do any one or more of the following.

A. **Acceleration.** You may make all or any part of the amount owing by the terms of the Loan immediately due. If I am a debtor in a bankruptcy petition or in an application filed under section 5(a)(3) of the Securities Investor Protection Act, the Loan is automatically accelerated and immediately due and payable without notice or demand upon filing of the petition or application.

B. **Sources.** You may use any and all remedies you have under state or federal law or in any Loan Document.

C. **Insurance Benefits.** You may make a claim for any and all insurance benefits or refunds that may be available on my default.

D. **Payments Made On My Behalf.** Amounts advanced on my behalf will be immediately due and may be added to the balance owing under the terms of the Loan, and accrue interest at the highest post-maturity interest rate.

E. **Termination.** You may terminate my right to obtain advances and may refuse to make any further extensions of credit.

F. **Set-Off.** You may use the right of set-off. This means you may set-off any amount due and payable under the terms of the Loan against any right I have to receive money from you.

My right to receive money from you includes any deposit or share account balance I have with you; any money owed to me on an item presented to you or in your possession for collection or exchange; and any repurchase agreement or other non-deposit obligation. "Any amount due and payable under the terms of the Loan" means the total amount to which you are entitled to demand payment under the terms of the Loan at the time you set-off.

Subject to any other written contract, if my right to receive money from you is also owned by someone who has not agreed to pay the Loan, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement.

Your right of set-off does not apply to an account or other obligation where my rights arise only in a representative capacity. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set-off against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right of set-off.

G. **Waiver.** Except as otherwise required by law, by choosing any one or more of these remedies you do not give up your right to use any other remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

10. **COLLECTION EXPENSES AND ATTORNEYS' FEES.** On or after Default, to the extent permitted by law, I agree to pay all expenses of collection, enforcement or protection of your rights and remedies under this Agreement or any other Loan Document. Expenses include, but are not limited to, attorneys' fees, court costs and other legal expenses. These expenses are due and payable immediately. If not paid immediately, these expenses will bear interest from the date of payment until paid in full at the highest interest rate in effect as provided for in the terms of this Loan. All fees and expenses will be secured by the Property I have granted to you, if any. In addition, to the extent permitted by the United States Bankruptcy Code, I agree to pay the reasonable attorneys' fees incurred by you to protect your rights and interests in connection with any bankruptcy proceedings initiated by or against me.

11. **APPLICABLE LAW.** This Agreement is governed by the laws of Montana, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law.

12. **JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS.** My obligation to pay the Loan is independent of the obligation of any other person who has also agreed to pay it. You may sue me alone, or anyone else who is obligated on the Loan, or any number of us together, to collect the Loan. Extending the Loan or new obligations under the Loan, will not affect my duty under the Loan and I will still be obligated to pay the Loan. You may assign all or part of your rights or duties under this Agreement or the Loan Documents without my consent. If you assign this Agreement, all of my covenants, agreements, representations and warranties contained in this Agreement or the Loan Documents will benefit your successors and assigns. I may not assign this Agreement or any of my rights under it without your prior written consent. The duties of the Loan will bind my successors and assigns.

13. **AMENDMENT, INTEGRATION AND SEVERABILITY.** This Agreement may not be amended or modified by oral agreement. No amendment or modification of this Agreement is effective unless made in writing and executed by you and me. This Agreement and the other Loan Documents are the complete and final expression of the understanding between you and me. If any provision of this Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

14. **INTERPRETATION.** Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Agreement.

15. **NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS.** Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one Borrower will be deemed to be notice to all Borrowers. I will inform you in writing of any change in my name, address or other application information. I will provide you any financial statement or information you request. All financial statements and information I give you will be correct and complete. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Loan and to confirm your lien status on any Property. Time is of the essence.

16. **SIGNATURES.** By signing, I agree to the terms contained in this Agreement. I also acknowledge receipt of a copy of this Agreement.

BORROWER:

UTILITY SOLUTIONS, LLC

By *Barbara Campbell* DOUBLE TREE, INC. MANAGER

By *Barbara Campbell*
BARBARA CAMPBELL, PRESIDENT

LENDER:

Stockmen Bank of Montana

By *Wayne L. Nelson*
Wayne L. Nelson, President

COPY

LOAN NUMBER 4340107638	LOAN NAME UTILITY SOLUTIONS, LLC	ACCT. NUMBER 729552	NOTE DATE 12/20/07	INITIALS 091
NOTE AMOUNT \$500,000.00	INDEX (w/Margin) Wall Street Journal Prime plus 1.000%	RATE 8.25%	MATURITY DATE 12/20/08	LOAN PURPOSE Commercial

Creditor Use Only

PROMISSORY NOTE
(Commercial - Revolving Draw)

DATE AND PARTIES. The date of this Promissory Note (Note) is December 20, 2007. The parties and their addresses are:

LENDER:

STOCKMAN BANK OF MONTANA
P.O. Box 50850
Billings, Montana 59105-0850
Telephone: (406) 896-4800

BORROWER:

UTILITY SOLUTIONS, LLC
a Montana Limited Liability Company
PO BOX 10098
BOZEMAN, Montana 59719-0098

1. DEFINITIONS. As used in this Note, the terms have the following meanings:

- A. Pronouns.** The pronouns "I," "me," and "my" refer to each Borrower signing this Note, individually and together. "You" and "Your" refer to the Lender.
- B. Note.** Note refers to this document, and any extensions, renewals, modifications and substitutions of this Note.
- C. Loan.** Loan refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction such as applications, security agreements, disclosures or notes, and this Note.
- D. Loan Documents.** Loan Documents refer to all the documents executed as a part of or in connection with the Loan.
- E. Property.** Property is any property, real, personal or intangible, that secures my performance of the obligations of this Loan.
- F. Percent.** Rates and rate change limitations are expressed as annualized percentages.

2. PROMISE TO PAY. For value received, I promise to pay you or your order, at your address, or at such other location as you may designate, amounts advanced from time to time under the terms of this Note up to the maximum outstanding principal balance of **\$500,000.00 (Principal)**, plus interest from the date of disbursement, on the unpaid outstanding Principal balance until this Note is paid in full and you have no further obligations to make advances to me under the Loan.

On December 20, 2007 I will receive an initial advance of \$6,288.00.
I may borrow up to the Principal amount more than one time.

All advances made will be made subject to all other terms and conditions of the Loan.

3. INTEREST. Interest will accrue on the unpaid Principal balance of this Note at the rate of **8.25 percent (Interest Rate)** until December 21, 2007, after which time it may change as described in the Variable Rate subsection.

- A. Post-Maturity Interest.** After maturity or acceleration, interest will accrue **ON THE SAME BASIS AS INTEREST ACCRUES PRIOR TO MATURITY PLUS 5% STARTING 30 DAYS AFTER MATURITY THROUGH TO MATURITY OR DATE OF ACCELERATION.**
- B. Maximum Interest Amount.** Any amount assessed or collected as interest under the terms of this Note will be limited to the maximum lawful amount of interest allowed by state or federal law, whichever is greater. Amounts collected in excess of the maximum lawful amount will be applied first to the unpaid Principal balance. Any remainder will be refunded to me.
- C. Statutory Authority.** The amount assessed or collected on this Note is authorized by the Montana usury laws under M.C.A. § 31-1-112(1).
- D. Accrual.** Interest accrues using an Actual/365 days counting method.
- E. Variable Rate.** The Interest Rate may change during the term of this transaction.
 - (1) **Index.** Beginning with the first Change Date, the Interest Rate will be based on the following index: the base rate on corporate loans posted by at least 75% of the 30 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate. The Current index is the most recent index figure available on each Change Date. You do not guaranty by selecting this Index, or the margin, that the Interest Rate on this Note will be the same rate you charge on any other loans or class of loans you make to me or other borrowers. If this Index is no longer available, you will substitute a similar index. You will give me notice of your choice.
 - (2) **Change Date.** Each date on which the Interest Rate may change is called a Change Date. The Interest Rate may change December 21, 2007 and daily thereafter.
 - (3) **Calculation Of Change.** On each Change Date you will calculate the Interest Rate, which will be the Current Index plus 1.000 percent. The result of this calculation will be rounded to the nearest .001 percent. Subject to any limitations, this will be the Interest Rate until the next Change Date. The new Interest Rate will become effective on each Change Date. The Interest Rate and other charges on this Note will never exceed the highest rate or charge allowed by law for this Note.
 - (4) **Effect Of Variable Rate.** A change in the Interest Rate will have the following effect on the payments: The amount of scheduled payments and the amount of the final payment will change.

4. ADDITIONAL CHARGES. As additional consideration, I agree to pay, or have paid, these additional fees and charges.

- A. Nonrefundable Fees and Charges.** The following fees are earned when collected and will not be refunded if I prepay this Note before the scheduled maturity date.
 - UCC.** A(n) UCC fee of \$7.00 payable from the loan proceeds.
 - Title Insurance.** A(n) Title Insurance fee of \$697.00 payable from the loan proceeds.
 - Recording - Releases.** A(n) Recording - Releases fee of \$7.00 payable from the loan proceeds.
 - Recording - Mortgage.** A(n) Recording - Mortgage fee of \$77.00 payable from the loan proceeds.
 - POSTAGE.** A(n) POSTAGE fee of \$100.00 payable from the loan proceeds.
 - Loan Origination.** A(n) Loan Origination fee of \$5,000.00 payable from the loan proceeds.
 - Appraisal.** A(n) Appraisal fee of \$400.00 payable from the loan proceeds.

5. GOVERNING AGREEMENT. This Note is further governed by the Commercial Loan Agreement executed between you and me as a part of this Loan, as modified, amended or supplemented. The Commercial Loan Agreement states the terms and conditions of this Note, including the terms and conditions under which the maturity of this Note may be accelerated. When I sign this Note, I represent to you that I have reviewed and am in compliance with the terms contained in the Commercial Loan Agreement.

6. PAYMENT. I agree to pay all accrued interest on the balance outstanding from time to time in regular payments beginning January 20, 2008, then on the same day of each month thereafter. Any payment scheduled for a date falling beyond the last day of the month, will be due on the last day. A final payment of the entire unpaid outstanding balance of Principal and interest will be due December 20, 2008.

Payments will be rounded to the nearest \$.01. With the final payment I also agree to pay any additional fees or charges owing and the amount of any advances you have made to others on my behalf. Payments scheduled to be paid on the 29th, 30th or 31st day of a month that contains no such day will, instead, be made on the last day of such month.

Interest payments will be applied first to any charges I owe other than late charges, then to accrued, but unpaid interest, then to late charges. Principal payments will be applied first to the outstanding Principal balance, then to any late charges. If you and I agree to a different application of payments, we will describe our agreement on this Note. The actual amount of my final payment will depend on my payment record.

7. **PREPAYMENT.** I may prepay this Loan in full or in part at any time. Any partial prepayment will not excuse any later scheduled payments until I pay in full.

8. **LOAN PURPOSE.** The purpose of this Loan is REVOLVING LINE OF CREDIT.

9. **SECURITY.** The Loan is secured by separate security instruments prepared together with this Note as follows:

Document Name	Parties to Document	Date of Security Document
Security Agreement - UTILITY SOLUTIONS, LLC	UTILITY SOLUTIONS, LLC	12/20/07
Mortgage -	CORRIDOR SERVICES, LLC	12/20/07

and by the following, previously executed, security instruments or agreements: THE PERSONAL GUARANTIES EXECUTED BY DOUBLE TREE, INC; BARBARA CAMPBELL; MONTANA VENTURES I, LLC; JAMES B. GRAVES, JR; GUY GRAVES AND NANCY LEE VALPRED A GRAVES, INCLUDING BUT NOT LIMITED TO THE GUARANTIES DATED 12/20/2007.

10. **DUE ON SALE OR ENCUMBRANCE.** You may, at your option, declare the entire balance of this Note to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of all or any part of the Property. This right is subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. However, if I am in default under this Agreement, I may not sell the inventory portion of the Property even in the ordinary course of business.

11. **WAIVERS AND CONSENT.** To the extent not prohibited by law, I waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor.

A. **Additional Waivers By Borrower.** In addition, I, and any party to this Note and Loan, to the extent permitted by law, consent to certain actions you may take, and generally waive defenses that may be available based on these actions or based on the status of a party to this Note.

- (1) You may renew or extend payments on this Note, regardless of the number of such renewals or extensions.
- (2) You may release any Borrower, endorser, guarantor, surety, accommodation maker or any other co-signer.
- (3) You may release, substitute or impair any Property securing this Note.
- (4) You, or any institution participating in this Note, may invoke your right of set-off.
- (5) You may enter into any sales, repurchases or participations of this Note to any person in any amounts and I waive notice of such sales, repurchases or participations.
- (6) I agree that any of us signing this Note as a Borrower is authorized to modify the terms of this Note or any instrument securing, guarantying or relating to this Note.
- (7) I agree that you may inform any party who guarantees this Loan of any Loan accommodations, renewals, extensions, modifications, substitutions or future advances.

B. **No Waiver By Lender.** Your course of dealing, or your forbearance from, or delay in, the exercise of any of your rights, remedies, privileges or right to insist upon my strict performance of any provisions contained in this Note, or any other Loan Document, shall not be construed as a waiver by you, unless any such waiver is in writing and is signed by you.

12. **COMMISSIONS.** I understand and agree that you (or your affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that I buy through you or your affiliate.

13. **DISCLOSURE OF INSURANCE INFORMATION.** I authorize you to use and disclose information relative to obtaining and replacing any insurance authorized for the Loan. I also authorize my lender and agents to exchange all relevant information related to any contract of insurance authorized by the Loan.

14. **APPLICABLE LAW.** This Note is governed by the laws of Montana, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent that state laws are preempted by federal law.

15. **JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS.** My obligation to pay the Loan is independent of the obligation of any other person who has also agreed to pay it. My obligation to pay the Loan is not affected by the death, disability, bankruptcy or insolvency of anyone else who is obligated on the Loan, or any number of us together, to collect the Loan. Extending the term or new obligations under the Loan will not affect my duty under the Loan and I will still be obligated to pay the Loan. This Note shall inure to the benefit of and be enforceable by you and your successors and assigns and shall be binding upon and enforceable against me and my personal representatives, successors, heirs and assigns.

16. **AMENDMENT, INTEGRATION AND SEVERABILITY.** This Note may not be amended or modified by oral agreement. No amendment or modification of this Note is effective unless made in writing and executed by you and me. This Note and the other Loan Documents are the complete and final expression of the agreement. If any provision of this Note is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

17. **INTERPRETATION.** Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Note.

18. **NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS.** Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one Borrower will be deemed to be notice to all Borrowers. I will inform you in writing of any change in my name, address or other application information. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Loan and to confirm your lien status on any Property. Time is of the essence.

19. **CREDIT INFORMATION.** I agree to supply you with whatever information you reasonably feel you need to decide whether to continue this Loan. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

20. **ERRORS AND OMISSIONS.** I agree, if requested by you, to fully cooperate in the correction, if necessary, in the reasonable discretion of you of any and all loan closing documents so that all documents accurately describe the loan between you and me. I agree to assume all costs including by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to reasonably comply with your requests within thirty (30) days.

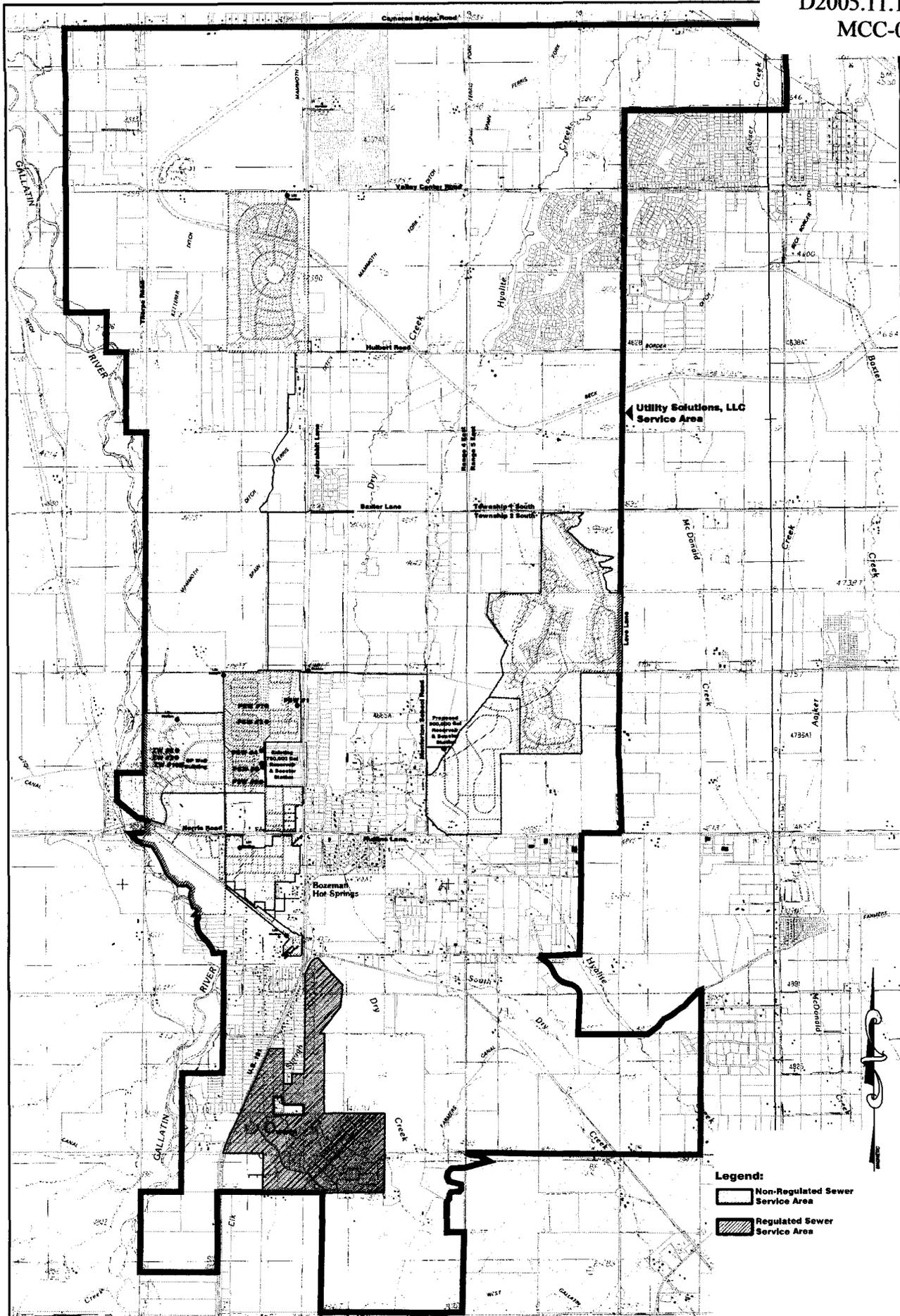
21. **SIGNATURES.** By signing, I agree to the terms contained in this Note. I also acknowledge receipt of a copy of this Note.

BORROWER:

UTILITY SOLUTIONS, LLC
By DOUBLE-TREE, INC. MANAGER
By *Barbara Campbell*
BARBARA CAMPBELL, PRESIDENT

LENDER:

Stockman Bank of Montana
By *Wayne L. Nelson*
Wayne L. Nelson, President



Legend:
 [Thick Black Outline] Non-Regulated Sewer Service Area
 [Hatched Area] Regulated Sewer Service Area

MORRISON MAIERLE, INC.
 An Employee-Owned Company

Engineers
 Surveyors
 Planners

901 Technology Blvd.
 Bozeman, MT 59718
 Phone: (406) 587-0771
 Fax: (406) 587-1176

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DRAWN BY: JEW
 CHECKED BY: ELD
 APPR. BY: MEG
 DATE: 10/20/09

BOZEMAN
 UTILITY SOLUTIONS, LLC
 PUBLIC SEWER SYSTEM
 MONTANA
 REGULATORY AREA EXHIBIT

PROJECT NO.
 3709.018
 FIGURE NUMBER
EXH. A

H:\31709\District\ACAD\USLLC Sewer Service Areas 10-12-09.dwg Plotted by marth gagnon on Oct/12/2009