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DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the Joint Application of Liberty Utilities Co., Liberty WWH, Inc., Western Water Holdings, LLC, and Mountain Water Company for Approval of a Sale and Transfer of Stock	)))))	REGULATORY DIVISION Docket No. D2014.12.99

WESTERN WATER HOLDINGS, LLC'S AND MOUNTAIN WATER COMPANY'S SUPPLEMENTAL RESPONSES TO MONTANA PUBLIC SERVICE COMMISSION'S DATA REQUESTS (PSC-014, PSC-015, PSC-022, AND PSC-024)

Western Water Holdings, LLC ("Western Water"), and Mountain Water Company ("Mountain Water") provide the attached Supplemental Responses to the Montana Public Service Commission's Data Requests (PSC-014, PSC-015, PSC-022, and PSC-024).

Respectfully submitted this 14th day of May, 2015.

MOUNTAIN WATER COMPANY AND
WESTERN WATER HOLDINGS

By: *s/ Thorvald A. Nelson*
Thorvald A. Nelson
Nikolas Stoffel
Holland & Hart LLP
6380 South Fiddlers Green Circle, Suite 500
Greenwood Village, CO 80111
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DATA REQUESTS

PSC-014: RE: Western Water Schedule 4.21(a)
Witness: Unknown

Please provide a copy of the loans and guarantees indicated in Schedule 4.21(a).

Objection:

Mountain Water and Western Water object to this request to the extent it seeks information not relevant to the subject matter of the instant proceeding, information not reasonably calculated to lead to the discovery of evidence admissible in the instant proceeding, or confidential and proprietary information. Specifically, Mountain Water and Western Water object to the disclosure of individual employee financial information and employee names and signatures that are included in the responsive documents, on the grounds they are not relevant to the subject matter of the instant proceeding and are confidential personal information. If information redacted from the responsive documents is found to be relevant, Mountain Water and Western Water reserve the right to file for a protective order to maintain the confidentiality of the redacted information.

Response to PSC-014:

The following documents are responsive to this request, however employee names and signatures have been redacted from these documents, on the grounds they are not relevant to the subject matter of this proceeding and constitute confidential personal information. Additionally, Mountain Water and Western Water note that these agreements are already in full force and effect, and are only listed in Schedule 4.21(a) of the Merger Agreement because they are being transferred as part of the sale of Western Water.

1. Inter-Company Promissory Note dated December 20, 2012 between Western Water Holdings, LLC and Park Water Company (WWH000002- WWH000005)
2. Promissory Note dated December 20, 2012 between [_____] and Western Water Holdings, LLC (WWH000006- WWH000010)
3. Promissory Note dated December 20, 2012 between [_____] and Western Water Holdings, LLC (WWH000011- WWH000015)
4. Promissory Note dated December 20, 2012 between [_____] and Western Water Holdings, LLC (WWH000016- WWH000020)
5. Promissory Note dated December 20, 2012 between [_____] and Western Water Holdings, LLC (WWH000021- WWH000025)
6. Promissory Note dated December 20, 2012 between [_____] and Western Water Holdings, LLC (WWH000026- WWH000030)
7. Promissory Note dated December 20, 2012 between [_____] and Western Water Holdings, LLC (WWH000031- WWH000035)

Supplemental Response to PSC-014:

Unredacted versions of the documents listed above are being provided (WWH000002-WWH000035). However, the loan amounts and identities of the loan recipients remain redacted from all of the Promissory Notes pending a decision from the Commission on Mountain Water's and Western Water's motion for a protective order for that information.

PSC-015: RE: Schedule 4.18(b)
Witness: Unknown

Please provide copies of each of the agreements 1-14.

Objection:

Mountain Water and Western Water object to this request to the extent it seeks information not relevant to the subject matter of the instant proceeding, information not reasonably calculated to lead to the discovery of evidence admissible in the instant proceeding, or confidential and proprietary information. Specifically, Mountain Water and Western Water object to the disclosure of employee signatures, spousal information (including signatures), and unit amounts that are included in the responsive documents, on the grounds they are not relevant to the subject matter of the instant proceeding and are confidential personal information. If information redacted from the responsive documents is found to be relevant, Mountain Water and Western Water reserve the right to file for a protective order to maintain the confidentiality of the redacted information.

Response to PSC-015:

The following documents are responsive to this request, however Employer Identification Numbers, individual employee salary information, employee signatures, spousal information (including signatures), and unit amounts have been redacted from these documents, on the grounds they are not relevant to the subject matter of this proceeding and constitute confidential personal information. Additionally, Mountain Water and Western Water note that these agreements are already in full force and effect (with the exception of items 3(a) and 3(b) whose term has now expired) and are only listed in Schedule 4.18(b) of the Merger Agreement because they are existing plans and agreements of Western Water, or its subsidiaries, whose stock is being transferred.

1. Retirement Plan for Employees of Park Water Company, amended and restated January 1, 2010 (WWH000036- WWH000141)

2(a). Park Water Company Employee Benefit Plan (For post retiree health benefits, see pages 2-5 of the Plan document, plus Appendices C and D) (WWH000142-WWH000163)

2(b). First Amendment Park Water Company Employee Benefit Plan (Wrap Around Plan) (WWH000164)

2(c). Appendix E Retiree Medical Reimbursement Arrangement (WWH000165-WWH000180)

2(d). Third Amendment Park Water Company Employee Benefit Plan (Wrap Around Plan) (WWH000181)

3(a). Employment Agreement between Park Water Company and Nyri A. Wheeler (WWH000182- WWH000188)

3(b). Employment Agreement between Christopher Schilling and PWC Merger Sub, Inc. (as a predecessor in interest to Park Water Company) dated December 21, 2010 (WWH000189- WWH000205)

3(c). Employment Agreement between Leigh Jordan and Park Water Company dated December 15, 2011 (WWH000206- WWH000224)

4. Ancillary Matters Agreement dated February 28, 2012 between Western Water Holdings, LLC and Christopher Schilling (WWH000225- WWH000232)

5. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between Christopher Schilling and Western Water Holdings, LLC (WWH000233- WWH000244)

6. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between Chris Alario and Western Water Holdings, LLC (WWH000245-WWH000256)

7. First Amendment to Class B Unit Grant Agreement, dated February 13, 2014 by and between Chris Alario and Western Water Holdings, LLC (WWH000257-WWH000259)

8. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between Jeanne-Marie Bruno and Western Water Holdings, LLC (WWH000260- WWH000268)

9. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between Leigh Jordan and Western Water Holdings, LLC (WWH000269-WWH000282)

10. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between John Kappes and Western Water Holdings, LLC (WWH000283-WWH000292)

11. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between Gary Lynch and Western Water Holdings, LLC (WWH000293-WWH000301)

12. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between Doug Martinet and Western Water Holdings, LLC (WWH000302- WWH000310)

13. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between Scott Weldy and Western Water Holdings, LLC (WWH000311-WWH000319)

14. Amended and Restated Class B Unit Grant Agreement, dated November 27, 2012 by and between Mary Young and Western Water Holdings, LLC (WWH000320-WWH000327)

Supplemental Response to PSC-015:

Unredacted versions of the documents listed above are being provided (WWH000142-WWH000327). However, the base salary in document WWH000182-WWH000188 and the Unit Amounts in each of the Class B Unit Grant Agreements and Amendments remain redacted pending a decision from the Commission on Mountain Water's and Western Water's motion for a protective order for that information.

PSC-022: RE: Schedule 4.3(a)
Witness: Unknown

a. Please provide copies of documentation referred to in 4.3(a) 4.

b. Is the ownership interest in Park Water pledged to BNY Western Trust Company as well? Please explain.

Objection:

Mountain Water and Western Water object to this request to the extent it seeks information not relevant to the subject matter of the instant proceeding, information not reasonably calculated to lead to the discovery of evidence admissible in the instant proceeding, or confidential and proprietary information. Specifically, Mountain Water and Western Water object to the disclosure of employee signatures, bank accounts, and taxpayer identification information that is included in the responsive documents, on the grounds they are not relevant to the subject matter of the instant proceeding, and constitute confidential personal and financial information. If information redacted from the responsive documents is found to be relevant, Mountain Water and Western Water reserve the right to file for a protective order to maintain the confidentiality of the redacted information.

Response to PSC-022:

a. The following documents are responsive to this request, however employee signatures and bank account information have been redacted from these documents, on the grounds they are not relevant to the subject matter of this proceeding and constitute confidential personal or financial information. Additionally, Mountain Water and Western Water note that these agreements are associated with bonds issued by Park Water Company, are already in full force and effect, and are only listed in Schedule 4.3(a) of the Merger Agreement because the purchaser of the stock of Western Water is accepting the obligation for the existing debt as part of the sale:

1. Seventh Supplemental Indenture (WWH000328- WWH000345)
2. Eighth Supplemental Indenture by Park Water Company to BNY Western Trust Company as Trustee dated May 1, 2002, Supplementing, Amending and Restating Indenture date November 1, 1973, as further supplemented by Supplemental Indentures Seventh through Fourteenth (WWH000346- WWH000449)
3. Ninth Supplemental Indenture (WWH000450- WWH000464)
4. Tenth Supplemental Indenture (WWH000465- WWH000481)
5. Eleventh Supplemental Indenture (WWH000482- WWH000496)
6. Twelfth Supplemental Indenture (WWH000497- WWH000511)
7. Thirteenth Supplemental Indenture (WWH000512- WWH000529)
8. Fourteenth Supplemental Indenture (WWH000530- WWH000546)

b. No, the ownership interest in Park Water is not pledged to BNY Western Trust Company; rather the assets described as "Mortgage Property" of Park Water is pledged. *"Mortgaged Property"* means all property conveyed, assigned, pledged or mortgaged to the Trustee. This is described in greater detail on pages three through five of the Eighth Supplemental (Restated) Indenture.

Supplemental Response to PSC-022:

Unredacted versions of all of the documents listed above (WWH000328-WWH000529) are being provided.

PSC-024: RE: Schedule 4.11
Witness: Unknown

a. Please provide copies of documents referred to in 4.11 (iii) 1, 2, 3, 4

b. Please provide copies of documents referred to in 4.11 (iv) 1

c. Please provide copies of documents referred to in 4.11 (iv) 3 with regard to Decision No. 11-12-007 of the PUC of California.

d. Please provide copies of documents referred to in 4.11(x) 5 and 7.

Objection:

Mountain Water and Western Water object to this request to the extent it seeks information not relevant to the subject matter of the instant proceeding, information not reasonably calculated to lead to the discovery of evidence admissible in the instant proceeding, or confidential and proprietary information. Specifically, Mountain Water and Western Water object to the disclosure of the locations of Park Water Company property and facilities, employee names or signatures, or bank accounts that are included in the responsive documents, on the grounds they are not relevant to the subject matter of the instant proceeding, and are confidential personal or financial information, or are confidential for system safety and security reasons. If information redacted from the responsive documents is found to be relevant, Mountain Water and Western Water reserve the right to file for a protective order to maintain the confidentiality of the redacted information.

Response to PSC-024:

Where necessary, employee names, signatures, bank account information, and locations of Park Water Company property and facilities has been redacted from these documents, on the grounds they are not relevant to the subject matter of this proceeding and constitute confidential personal information or sensitive system safety and security information. Additionally, Mountain Water and Western Water note that these agreements are already in full force and effect, and are only listed in Schedule 4.11 of the Merger Agreement because they are being transferred as part of the sale of Western Water.

a. The following documents are responsive to this request:

1. Loan Agreement Letter (WWH000571- WWH000575)
2. Employment Agreement between Park Water Company and Nyri A. Wheeler, provided as Document No. 3a (WWH000182-WWH000188) in Response to PSC-015.
3. Employment Agreement between Christopher Schilling and PWC Merger Sub, Inc. (as a predecessor in interest to Park Water Company) dated December 21, 2010, provided as Document No. 3b (WWH000189- WWH000205) in Response to PSC-015.
4. Ancillary Matters Agreement dated February 28, 2012 between

Western Water Holdings, LLC and Christopher Schilling, provided as Document No. 4 (WWH000225- WWH000232) in Response to PSC-015.

b. The following document is responsive to this request:

1. Letter Agreement dated September 22, 2011 by and among the City of Missoula, Clark Fork Coalition and Carlyle Infrastructure Partners, L.P. (WWH000576- WWH000580)

c. The following document is responsive to this request:

1. Decision No. 11-12-007 of the California Public Utilities Commission (WWH000581- WWH000618)

d. The following documents are responsive to this request:

1. Loan Agreement Dated February 13, 2014 by and between Wells Fargo Bank, National Association and Park Water Company (WWH000547-WWH000570)
2. Term Loan Agreement dated August 26, 2014 between Park Water Company and CoBank, ACB (WWH000619- WWH000653)

Supplemental Response to PSC-024:

Unredacted versions of the documents listed above are being provided (WWH000547-WWH000757). An unredacted version of the Term Loan Agreement dated August 26, 2014 between Park Water Company and CoBANK ACB is also being provided (WWH001164-WWH001246). However, bank account numbers in these documents remain redacted pending a decision from the Commission on Mountain Water's and Western Water's motion for a protective order for that information.

CERTIFICATE OF SERVICE

I hereby certify that on this, the 14th day of May, 2015, **WESTERN WATER HOLDINGS, LLC'S AND MOUNTAIN WATER COMPANY'S SUPPLEMENTAL RESPONSES TO MONTANA PUBLIC SERVICE COMMISSION'S DATA REQUESTS (PSC-014, PSC-015, PSC-022, AND PSC-024)** were electronically filed with the Commission and served via U.S. mail and e-mail, unless otherwise noted, to the following:

Kate Whitney Montana PSC 1701 Prospect Avenue PO Box 202601 Helena, MT 59620-2601 kwhitney@mt.gov **via Hand Delivery**	Robert Nelson Monica Tranel Montana Consumer Counsel 111 North Last Chance Gulch, Suite 1B P.O. Box 201703 Helena, MT 59620-1703 robnelson@mt.gov MTranel@mt.gov
Barbara Chillcott Legal Director The Clark Fork Coalition 140 S 4th Street West, Unit 1 PO Box 7593 Missoula, MT 59801 barbara@clarkfork.org	Jim Nugent City Attorney The City of Missoula City Attorney's Office 435 Ryman Street Missoula, MT 59802 JNugent@ci.missoula.mt.us
Gary Zadick #2 Railroad Square, Suite B P. O. Box 1746 Great Falls, MT 59403	Scott Stearns Natasha Prinzing Jones BOONE KARLBERG P.C P.O. Box 9199 Missoula, MT 59807-9199 npjones@boonekarlberg.com sstearns@boonekarlberg.com
Thorvald A. Nelson Nikolas S. Stoffel Holland & Hart LLP 6380 South Fiddlers Green Circle Suite 500 Greenwood Village, CO 80111 tnelson@hollandhart.com nsstoffel@hollandhart.com	John Kappes President & General Manager Mountain Water Company 1345 West Broadway Missoula, MT 59802-2239 johnk@mtnwater.com
Christopher Schilling Chief Executive Officer Leigh Jordan Executive Vice President Park Water Company 9750 Washburn Road Downey, CA 90241 CSchilling@parkwater.com LeighJ@parkwater.com	Michael Green Gregory F. Dorrington CROWLEY FLECK PLLP 100 North Park, Suite 300 P. O. Box 797 Helena, MT 59624-0797 mgreen@crowleyfleck.com gdorrington@crowleyfleck.com

Todd Wiley Assistant General Counsel Liberty Utilities 12725 West Indian School Road, Suite D-101 Avondale, Arizona 85392 Todd.Wiley@LibertyUtilities.com	
	For electronic service only: cakennedy@hollandhart.com aclee@hollandhart.com crmayers@hollandhart.com cuda@crowleyfleck.com jtolan@crowleyfleck.com sscherer@mt.gov tsunderland@boonekarlberg.com jlangston@mt.gov lfarkas@mt.gov

s/ Adele C. Lee

7786275_1

UNSECURED INTERCOMPANY PROMISSORY NOTE

$292,401.41 December 20, 2012

FOR VALUE RECEIVED, Western Water Holdings, LLC, a Delaware limited liability company ("**Payor**"), hereby promises to pay to the order of Park Water Company a California corporation ("**Payee**"), the principal amount of Two hundred and ninety-two thousand, four hundred and one dollars, and 41 cents ($292,401.41) (the "**Principal Amount**"), together with interest accrued thereon, calculated and payable as set forth below in this Unsecured Intercompany Promissory Note (the "**Note**"). As of any given date, the sum of the Principal Amount outstanding hereunder on such date and all interest accrued thereon pursuant to Section 1.1 below and unpaid through such date shall be referred to as the "**Outstanding Balance**".

Concurrently with the execution and delivery of this Note, in order to help finance the tax obligations of certain members of Payee's management (each, a "**Grantee**" and collectively, the "**Grantees**") arising in connection with the grant, transferability and/or delivery of Class B Units of Payor, each Grantee has agreed to borrow from Payor, and Payor has agreed to loan each such Grantee, the aggregate principal amount set forth on Annex A hereto, as applicable, each such loan to be evidenced by a promissory note made by the applicable Grantee in favor of Payor and dated as of the date hereof (collectively, as amended, modified or supplemented from time to time, the "**Grantee Notes**").

1. Payment of Principal and Interest.

1.1 Calculation of Interest. Interest on the principal balance of this Note outstanding from time to time until paid in full shall accrue at a rate of three percent (3%) per year, computed on the basis of a 365 or 366 day year, as appropriate, for the actual number of days elapsed, commencing on the date hereof. Interest shall not be compounded. On the succeeding Business Day following the payment of any accrued interest under any Grantee Note by the applicable Grantee (a "**Grantee Interest Payment**"), Payor shall pay to Payee, as a payment of interest accrued on the principal balance of this Note, an amount equal to such Grantee Interest Payment. For purposes hereof, "**Business Day**" means any day other than a Saturday, Sunday or legal holiday in the State of Delaware.

1.2 Payment of Principal. Unless earlier repaid in full at the discretion of Payor in accordance with Section 1.3 below, on the succeeding Business Day following the payment of all or any portion of the principal amount then outstanding under any Grantee Note by the applicable Grantee (a "**Grantee Principal Payment**"), Payor shall pay to Payee, as a payment of a portion of the Principal Amount then outstanding, an amount equal to such Grantee Principal Payment.

1.3 Prepayment. Payor may at its option, at any time, without premium or penalty, prepay all or any portion of the Outstanding Balance.

2. Miscellaneous.

No modification, change, waiver or amendment to this Note shall be deemed to be made unless in writing signed by the party to be charged. Payor and each endorser, guarantor, accommodation party, and surety of this Note hereby waives demand, presentment for payment, protest, notice of dishonor and notice of protest. This Note shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. The invalidity, illegality or enforceability of any of the provisions of this Note shall not effect or impair the validity, legality or enforceability of any other provision. This Note shall be deemed to be made in, and shall be governed by the laws of, the State of Delaware.

[*Remainder of page left intentionally blank*]

IN WITNESS WHEREOF, the Payor has caused this Note to be duly executed and delivered by its duly authorized representative as of the day and year first above written.

WESTERN WATER HOLDINGS, LLC

By: _____
Christopher Schilling
President

Annex A

Grantee Loan Amounts

Loan Recipients	Amount Loaned
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
Total	$292,401.41

PROMISSORY NOTE

[redacted] December 20, 2012

FOR VALUE RECEIVED, [redacted] ("**Payor**"), hereby promises to pay to the order of Western Water Holdings, LLC, a Delaware limited liability company ("**Payee**"), the principal amount of [redacted] (the "**Principal Amount**"), together with interest accrued thereon, calculated and payable as set forth below in this Promissory Note (the "**Note**"). As of any given date, the sum of the Principal Amount outstanding hereunder on such date and all interest accrued thereon pursuant to Section 1.1 below and unpaid through such date shall be referred to as the "**Outstanding Balance**".

As security for the performance of its obligations herein, Payor has, contemporaneously with this Note, entered into a Class B Unit Pledge and Security Agreement, dated as of the date hereof, with Payee (the "**Pledge Agreement**" and, together with this Note, the "**Loan Documents**").

1. Payment of Principal and Interest.

1.1 Calculation and Payment of Interest. Interest on the principal balance of this Note outstanding from time to time until paid in full shall accrue at a rate of three percent (3%) per year, computed on the basis of a 365 or 366 day year, as appropriate, for the actual number of days elapsed, commencing on the date hereof. Interest shall not be compounded. Interest accrued on the principal balance of this Note shall be payable in full in annual installments on each anniversary of the date hereof; provided, however, that if such date is not a Business Day, then on the immediately succeeding Business Day (each such date, a "**Loan Payment Date**"). For purposes hereof, "**Business Day**" means any day other than a Saturday, Sunday or legal holiday in the State of Delaware.

1.2 Payment of Principal. Unless earlier repaid in full at the discretion of Payor in accordance with Section 1.3 below or in accordance with Section 1.4 below, (a) ten percent (10%) of the Principal Amount (or such lesser portion of the Principal Amount that remains outstanding) shall become due and payable on each of the second, third, fourth, fifth and sixth Loan Payment Dates to occur during the term of this Note, and any remainder of the Principal Amount (plus all accrued and unpaid interest thereon that is payable on such date in accordance with Section 1.1 above) shall become due and payable on the seventh Loan Payment Date to occur during the term of this Note (the "**Final Payment Date**").

1.3 Prepayment. Payor may at its option, at any time, without premium or penalty, prepay all or any portion of the Outstanding Balance.

1.4 Mandatory Repayments Prior to Maturity.

(a) *Registration.* The Outstanding Balance shall immediately be due and payable in full one (1) Business Day prior to the first to occur of (i) the filing by Payee or its affiliates of a registration statement under the Securities Act of 1933, as amended; (ii) the registration under Section 12 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of any of Payee's or its affiliates' securities; or (iii) application to Payee or any of its affiliates of Section 15(d) of the Exchange Act pursuant to which Payee is required to file reports thereunder.

(b) *Termination of Employment.* In the event that, for any reason, Payor is neither employed by Payee nor any of its direct or indirect subsidiaries, the Outstanding Balance shall immediately be due and payable in full upon such termination.

1.5 Remedies on Default. Upon the occurrence of an Event of Default (as defined below), Payee may (a) declare the Outstanding Balance to be due and payable in full, whereupon the Outstanding Balance and all other amounts as may be due hereunder shall become immediately due and payable in full, without presentment, demand, protest or notice of any kind, all of which Payor hereby expressly waives; and (b) exercise any and all rights and remedies available to it at law or in equity and/or under any of the Loan Documents, including without limitation, judicial or non-judicial foreclosure or public or private sale of any of the Collateral (as defined in the Pledge Agreement) pursuant to the provisions of the Pledge Agreement. No delay or omission of Payee to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right. All remedies contained in the Loan Documents and/or afforded by law shall be cumulative and all shall be available to Payee until all obligations of Payor hereunder and under any other Loan Document have been paid in full.

2. Events of Default.

In this Note, "**Event of Default**" means the occurrence of any of the following:

2.1 Failure to Make Payments. Payor shall fail to pay, in accordance with the terms of this Note or any other Loan Document, any amount then due and owing by Payor (and such failure shall continue unremedied for a period of thirty (30) days after Payor receives written notice thereof from Payee).

2.2 Insolvency of Payor. Payor shall become bankrupt, insolvent or generally unable to pay his debts as they fall due.

2.3 Security. Payor shall disaffirm the validity of the Pledge Agreement or its applicability to this Note or any other obligations purported to be secured or guaranteed thereby or the Pledge Agreement shall cease to be in full force and effect, except as a result of the acts or omissions of Payee or any change in applicable law. In the event that a change in applicable law affects the validity or enforceability of the Pledge Agreement, Payor shall take such actions as may be reasonably necessary to restore the rights and privileges under,

and to provide Payee the security interest, rights, title and remedies intended to be created by, the Pledge Agreement, including, without limitation, entering into such amendment of the Loan Documents as may be necessary.

2.4 Breach of Terms of Loan Documents. Any of the representations or warranties made by Payor in any of the Loan Documents shall have been false or misleading in any material respect or Payee shall fail to perform or observe any of its covenants or obligations set forth in any of the Loan Documents.

2.5 Death or Incapacity of Payor. The death or legal incapacitation of Payor.

3. Recourse.

Upon the occurrence of an Event of Default, Payee shall have recourse against the Collateral (as defined in the Pledge Agreement), against the other assets of Payor to the full extent of the Outstanding Balance and all other amounts as may be due hereunder, and against any amounts owed to Payor by Payee or its affiliates (including, without limitation, any severance or similar amounts, if any), which amounts may be offset by Payee to the full extent of the Outstanding Balance and all such other amounts as may be due hereunder to the maximum extent permitted under applicable law, with recourse for such assets in such order as Payee may determine in its discretion.

4. Reinstatement. To the extent that Payor makes a payment or payments to Payee or Payee enforces any lien, security interest, encumbrance, guaranty or claim, and such payment or payments or the proceeds of such enforcement, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or other person or entity under any law or equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all rights, remedies and liens therefor, shall be revived and shall continue in full force and effect as if such payment had not been made or such enforcement had not occurred.

5. Place of Payment and Notices.

5.1 Place of Payment. All payments on this Note shall be paid in lawful currency of the United States of America at the address of Payee set forth for notices in Section 5.2, or such other place as may be otherwise specified by Payee from time to time in accordance with Section 5.2.

5.2 Notice. Whenever this Note requires or permits any notice, approval, request or demand from one party hereto to another, the notice, approval, request or demand must be in writing and delivered by overnight courier service or United States certified mail, return receipt requested to the party to be notified at the applicable address designated in this Section 5.2. Any notice to be given under the terms of this Note to Payee shall be addressed to Payee in care of its Secretary or such other person as Payee may designate by notice hereunder, and any notice to be given to Payor shall be addressed to Payor at Payor's then

current address on the books and records of Payee. By a notice given pursuant to this Section 5.2, either party may hereafter designate a different address for notices to be given to it, him or her. Any notice which is required to be given to Payor shall, if Payor is then deceased, be given to Payor's personal representative if such representative has previously informed Payee of his or her status and address by written notice under this Section 5.2.

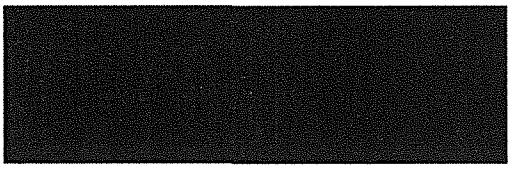
6. Miscellaneous.

Each right, power or remedy of Payee under this Note or under applicable law shall be cumulative and concurrent, and the exercise of one or more of them shall not preclude the simultaneous or later exercise by Payee of any or all of such other rights, powers or remedies. No modification, change, waiver or amendment to this Note shall be deemed to be made unless in writing signed by the party to be charged. If it becomes necessary to employ counsel to collect this obligation, Payor agrees to pay reasonable attorneys' fees for legal services involved. Payor and each endorser, guarantor, accommodation party, and surety of this Note hereby waives demand, presentment for payment, protest, notice of dishonor and notice of protest. This Note shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. The invalidity, illegality or enforceability of any of the provisions of this Note shall not effect or impair the validity, legality or enforceability of any other provision. This Note shall be deemed to be made in, and shall be governed by the laws of, the State of Delaware.

[*Remainder of page left intentionally blank*]

IN WITNESS WHEREOF, the parties have caused this Note to be duly executed and delivered by their duly authorized representatives as of the day and year first above written.

PAYOR



PAYEE

By: Christopher Schilling

Name: ~~Robert W. Dove~~

Title: Ch~~airman of the B~~oard

President

CHRISTOPHER SCHILLING

PROMISSORY NOTE

[redacted] December 20, 2012

FOR VALUE RECEIVED, [redacted] ("**Payor**"), hereby promises to pay to the order of Western Water Holdings, LLC, a Delaware limited liability company ("**Payee**"), the principal amount of [redacted] (the "**Principal Amount**"), together with interest accrued thereon, calculated and payable as set forth below in this Promissory Note (the "**Note**"). As of any given date, the sum of the Principal Amount outstanding hereunder on such date and all interest accrued thereon pursuant to Section 1.1 below and unpaid through such date shall be referred to as the "**Outstanding Balance**".

As security for the performance of its obligations herein, Payor has, contemporaneously with this Note, entered into a Class B Unit Pledge and Security Agreement, dated as of the date hereof, with Payee (the "**Pledge Agreement**" and, together with this Note, the "**Loan Documents**").

1. Payment of Principal and Interest.

1.1 Calculation and Payment of Interest. Interest on the principal balance of this Note outstanding from time to time until paid in full shall accrue at a rate of three percent (3%) per year, computed on the basis of a 365 or 366 day year, as appropriate, for the actual number of days elapsed, commencing on the date hereof. Interest shall not be compounded. Interest accrued on the principal balance of this Note shall be payable in full in annual installments on each anniversary of the date hereof; provided, however, that if such date is not a Business Day, then on the immediately succeeding Business Day (each such date, a "**Loan Payment Date**"). For purposes hereof, "**Business Day**" means any day other than a Saturday, Sunday or legal holiday in the State of Delaware.

1.2 Payment of Principal. Unless earlier repaid in full at the discretion of Payor in accordance with Section 1.3 below or in accordance with Section 1.4 below, (a) ten percent (10%) of the Principal Amount (or such lesser portion of the Principal Amount that remains outstanding) shall become due and payable on each of the second, third, fourth, fifth and sixth Loan Payment Dates to occur during the term of this Note, and any remainder of the Principal Amount (plus all accrued and unpaid interest thereon that is payable on such date in accordance with Section 1.1 above) shall become due and payable on the seventh Loan Payment Date to occur during the term of this Note (the "**Final Payment Date**").

1.3 Prepayment. Payor may at its option, at any time, without premium or penalty, prepay all or any portion of the Outstanding Balance.

1.4 Mandatory Repayments Prior to Maturity.

(a) *Registration.* The Outstanding Balance shall immediately be due and payable in full one (1) Business Day prior to the first to occur of (i) the filing by Payee or its affiliates of a registration statement under the Securities Act of 1933, as amended; (ii) the registration under Section 12 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of any of Payee's or its affiliates' securities; or (iii) application to Payee or any of its affiliates of Section 15(d) of the Exchange Act pursuant to which Payee is required to file reports thereunder.

(b) *Termination of Employment.* In the event that, for any reason, Payor is neither employed by Payee nor any of its direct or indirect subsidiaries, the Outstanding Balance shall immediately be due and payable in full upon such termination.

1.5 Remedies on Default. Upon the occurrence of an Event of Default (as defined below), Payee may (a) declare the Outstanding Balance to be due and payable in full, whereupon the Outstanding Balance and all other amounts as may be due hereunder shall become immediately due and payable in full, without presentment, demand, protest or notice of any kind, all of which Payor hereby expressly waives; and (b) exercise any and all rights and remedies available to it at law or in equity and/or under any of the Loan Documents, including without limitation, judicial or non-judicial foreclosure or public or private sale of any of the Collateral (as defined in the Pledge Agreement) pursuant to the provisions of the Pledge Agreement. No delay or omission of Payee to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right. All remedies contained in the Loan Documents and/or afforded by law shall be cumulative and all shall be available to Payee until all obligations of Payor hereunder and under any other Loan Document have been paid in full.

2. Events of Default.

In this Note, "**Event of Default**" means the occurrence of any of the following:

2.1 Failure to Make Payments. Payor shall fail to pay, in accordance with the terms of this Note or any other Loan Document, any amount then due and owing by Payor (and such failure shall continue unremedied for a period of thirty (30) days after Payor receives written notice thereof from Payee).

2.2 Insolvency of Payor. Payor shall become bankrupt, insolvent or generally unable to pay his debts as they fall due.

2.3 Security. Payor shall disaffirm the validity of the Pledge Agreement or its applicability to this Note or any other obligations purported to be secured or guaranteed thereby or the Pledge Agreement shall cease to be in full force and effect, except as a result of the acts or omissions of Payee or any change in applicable law. In the event that a change in applicable law affects the validity or enforceability of the Pledge Agreement, Payor shall take such actions as may be reasonably necessary to restore the rights and privileges under,

and to provide Payee the security interest, rights, title and remedies intended to be created by, the Pledge Agreement, including, without limitation, entering into such amendment of the Loan Documents as may be necessary.

2.4 Breach of Terms of Loan Documents. Any of the representations or warranties made by Payor in any of the Loan Documents shall have been false or misleading in any material respect or Payee shall fail to perform or observe any of its covenants or obligations set forth in any of the Loan Documents.

2.5 Death or Incapacity of Payor. The death or legal incapacitation of Payor.

3. Recourse.

Upon the occurrence of an Event of Default, Payee shall have recourse against the Collateral (as defined in the Pledge Agreement), against the other assets of Payor to the full extent of the Outstanding Balance and all other amounts as may be due hereunder, and against any amounts owed to Payor by Payee or its affiliates (including, without limitation, any severance or similar amounts, if any), which amounts may be offset by Payee to the full extent of the Outstanding Balance and all such other amounts as may be due hereunder to the maximum extent permitted under applicable law, with recourse for such assets in such order as Payee may determine in its discretion.

4. Reinstatement. To the extent that Payor makes a payment or payments to Payee or Payee enforces any lien, security interest, encumbrance, guaranty or claim, and such payment or payments or the proceeds of such enforcement, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or other person or entity under any law or equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all rights, remedies and liens therefor, shall be revived and shall continue in full force and effect as if such payment had not been made or such enforcement had not occurred.

5. Place of Payment and Notices.

5.1 Place of Payment. All payments on this Note shall be paid in lawful currency of the United States of America at the address of Payee set forth for notices in Section 5.2, or such other place as may be otherwise specified by Payee from time to time in accordance with Section 5.2.

5.2 Notice. Whenever this Note requires or permits any notice, approval, request or demand from one party hereto to another, the notice, approval, request or demand must be in writing and delivered by overnight courier service or United States certified mail, return receipt requested to the party to be notified at the applicable address designated in this Section 5.2. Any notice to be given under the terms of this Note to Payee shall be addressed to Payee in care of its Secretary or such other person as Payee may designate by notice hereunder, and any notice to be given to Payor shall be addressed to Payor at Payor's then

current address on the books and records of Payee. By a notice given pursuant to this Section 5.2, either party may hereafter designate a different address for notices to be given to it, him or her. Any notice which is required to be given to Payor shall, if Payor is then deceased, be given to Payor's personal representative if such representative has previously informed Payee of his or her status and address by written notice under this Section 5.2.

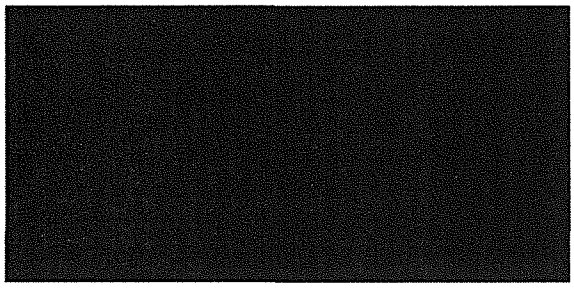
6. Miscellaneous.

Each right, power or remedy of Payee under this Note or under applicable law shall be cumulative and concurrent, and the exercise of one or more of them shall not preclude the simultaneous or later exercise by Payee of any or all of such other rights, powers or remedies. No modification, change, waiver or amendment to this Note shall be deemed to be made unless in writing signed by the party to be charged. If it becomes necessary to employ counsel to collect this obligation, Payor agrees to pay reasonable attorneys' fees for legal services involved. Payor and each endorser, guarantor, accommodation party, and surety of this Note hereby waives demand, presentment for payment, protest, notice of dishonor and notice of protest. This Note shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. The invalidity, illegality or enforceability of any of the provisions of this Note shall not effect or impair the validity, legality or enforceability of any other provision. This Note shall be deemed to be made in, and shall be governed by the laws of, the State of Delaware.

[*Remainder of page left intentionally blank*]

IN WITNESS WHEREOF, the parties have caused this Note to be duly executed and delivered by their duly authorized representatives as of the day and year first above written.

PAYOR



PAYEE

By: _____

Name: ~~Robert W. Dove~~

Title: ~~Chairman of the Board~~

CHRISTOPHER SCHILLING

President

NY\5620718.2

PROMISSORY NOTE

[redacted] December 20, 2012

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(a) *Registration.* The Outstanding Balance shall immediately be due and payable in full one (1) Business Day prior to the first to occur of (i) the filing by Payee or its affiliates of a registration statement under the Securities Act of 1933, as amended; (ii) the registration under Section 12 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of any of Payee's or its affiliates' securities; or (iii) application to Payee or any of its affiliates of Section 15(d) of the Exchange Act pursuant to which Payee is required to file reports thereunder.

(b) *Termination of Employment.* In the event that, for any reason, Payor is neither employed by Payee nor any of its direct or indirect subsidiaries, the Outstanding Balance shall immediately be due and payable in full upon such termination.

1.5 Remedies on Default. Upon the occurrence of an Event of Default (as defined below), Payee may (a) declare the Outstanding Balance to be due and payable in full, whereupon the Outstanding Balance and all other amounts as may be due hereunder shall become immediately due and payable in full, without presentment, demand, protest or notice of any kind, all of which Payor hereby expressly waives; and (b) exercise any and all rights and remedies available to it at law or in equity and/or under any of the Loan Documents, including without limitation, judicial or non-judicial foreclosure or public or private sale of any of the Collateral (as defined in the Pledge Agreement) pursuant to the provisions of the Pledge Agreement. No delay or omission of Payee to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right. All remedies contained in the Loan Documents and/or afforded by law shall be cumulative and all shall be available to Payee until all obligations of Payor hereunder and under any other Loan Document have been paid in full.

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and to provide Payee the security interest, rights, title and remedies intended to be created by, the Pledge Agreement, including, without limitation, entering into such amendment of the Loan Documents as may be necessary.

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4. Reinstatement. To the extent that Payor makes a payment or payments to Payee or Payee enforces any lien, security interest, encumbrance, guaranty or claim, and such payment or payments or the proceeds of such enforcement, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or other person or entity under any law or equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all rights, remedies and liens therefor, shall be revived and shall continue in full force and effect as if such payment had not been made or such enforcement had not occurred.

5. Place of Payment and Notices.

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5.2 Notice. Whenever this Note requires or permits any notice, approval, request or demand from one party hereto to another, the notice, approval, request or demand must be in writing and delivered by overnight courier service or United States certified mail, return receipt requested to the party to be notified at the applicable address designated in this Section 5.2. Any notice to be given under the terms of this Note to Payee shall be addressed to Payee in care of its Secretary or such other person as Payee may designate by notice hereunder, and any notice to be given to Payor shall be addressed to Payor at Payor's then

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[*Remainder of page left intentionally blank*]

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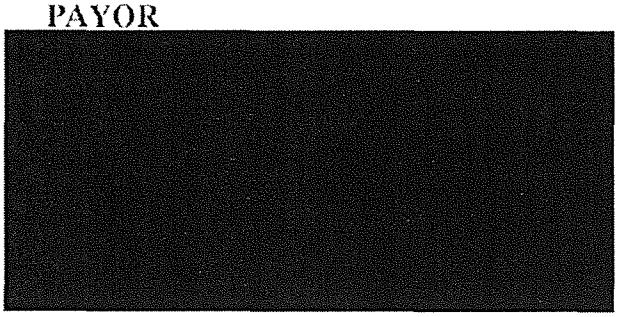
PAYOR



PAYEE

By: Christopher Schilling

Name: ~~Robert W. Dove~~

Title: ~~Chairman of the Board~~

CHRISTOPHER SCHILLING

President

PROMISSORY NOTE

[redacted] December 20, 2012

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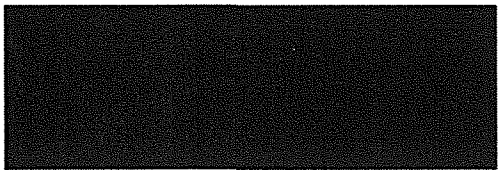

PAYEE

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

PROMISSORY NOTE

[redacted] December 20, 2012

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1.3 Prepayment. Payor may at its option, at any time, without premium or penalty, prepay all or any portion of the Outstanding Balance.

1.4 Mandatory Repayments Prior to Maturity.

(a) *Registration.* The Outstanding Balance shall immediately be due and payable in full one (1) Business Day prior to the first to occur of (i) the filing by Payee or its affiliates of a registration statement under the Securities Act of 1933, as amended; (ii) the registration under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of any of Payee's or its affiliates' securities; or (iii) application to Payee or any of its affiliates of Section 15(d) of the Exchange Act pursuant to which Payee is required to file reports thereunder.

(b) *Termination of Employment.* In the event that, for any reason, Payor is neither employed by Payee nor any of its direct or indirect subsidiaries, the Outstanding Balance shall immediately be due and payable in full upon such termination.

1.5 Remedies on Default. Upon the occurrence of an Event of Default (as defined below), Payee may (a) declare the Outstanding Balance to be due and payable in full, whereupon the Outstanding Balance and all other amounts as may be due hereunder shall become immediately due and payable in full, without presentment, demand, protest or notice of any kind, all of which Payor hereby expressly waives; and (b) exercise any and all rights and remedies available to it at law or in equity and/or under any of the Loan Documents, including without limitation, judicial or non-judicial foreclosure or public or private sale of any of the Collateral (as defined in the Pledge Agreement) pursuant to the provisions of the Pledge Agreement. No delay or omission of Payee to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right. All remedies contained in the Loan Documents and/or afforded by law shall be cumulative and all shall be available to Payee until all obligations of Payor hereunder and under any other Loan Document have been paid in full.

2. Events of Default.

In this Note, **"Event of Default"** means the occurrence of any of the following:

2.1 Failure to Make Payments. Payor shall fail to pay, in accordance with the terms of this Note or any other Loan Document, any amount then due and owing by Payor (and such failure shall continue unremedied for a period of thirty (30) days after Payor receives written notice thereof from Payee).

2.2 Insolvency of Payor. Payor shall become bankrupt, insolvent or generally unable to pay his debts as they fall due.

2.3 Security. Payor shall disaffirm the validity of the Pledge Agreement or its applicability to this Note or any other obligations purported to be secured or guaranteed thereby or the Pledge Agreement shall cease to be in full force and effect, except as a result of the acts or omissions of Payee or any change in applicable law. In the event that a change in applicable law affects the validity or enforceability of the Pledge Agreement, Payor shall take such actions as may be reasonably necessary to restore the rights and privileges under,

and to provide Payee the security interest, rights, title and remedies intended to be created by, the Pledge Agreement, including, without limitation, entering into such amendment of the Loan Documents as may be necessary.

2.4 Breach of Terms of Loan Documents. Any of the representations or warranties made by Payor in any of the Loan Documents shall have been false or misleading in any material respect or Payee shall fail to perform or observe any of its covenants or obligations set forth in any of the Loan Documents.

2.5 Death or Incapacity of Payor. The death or legal incapacitation of Payor.

3. Recourse.

Upon the occurrence of an Event of Default, Payee shall have recourse against the Collateral (as defined in the Pledge Agreement), against the other assets of Payor to the full extent of the Outstanding Balance and all other amounts as may be due hereunder, and against any amounts owed to Payor by Payee or its affiliates (including, without limitation, any severance or similar amounts, if any), which amounts may be offset by Payee to the full extent of the Outstanding Balance and all such other amounts as may be due hereunder to the maximum extent permitted under applicable law, with recourse for such assets in such order as Payee may determine in its discretion.

4. Reinstatement. To the extent that Payor makes a payment or payments to Payee or Payee enforces any lien, security interest, encumbrance, guaranty or claim, and such payment or payments or the proceeds of such enforcement, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or other person or entity under any law or equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all rights, remedies and liens therefor, shall be revived and shall continue in full force and effect as if such payment had not been made or such enforcement had not occurred.

5. Place of Payment and Notices.

5.1 Place of Payment. All payments on this Note shall be paid in lawful currency of the United States of America at the address of Payee set forth for notices in Section 5.2, or such other place as may be otherwise specified by Payee from time to time in accordance with Section 5.2.

5.2 Notice. Whenever this Note requires or permits any notice, approval, request or demand from one party hereto to another, the notice, approval, request or demand must be in writing and delivered by overnight courier service or United States certified mail, return receipt requested to the party to be notified at the applicable address designated in this Section 5.2. Any notice to be given under the terms of this Note to Payee shall be addressed to Payee in care of its Secretary or such other person as Payee may designate by notice hereunder, and any notice to be given to Payor shall be addressed to Payor at Payor's then

current address on the books and records of Payee. By a notice given pursuant to this Section 5.2, either party may hereafter designate a different address for notices to be given to it, him or her. Any notice which is required to be given to Payor shall, if Payor is then deceased, be given to Payor's personal representative if such representative has previously informed Payee of his or her status and address by written notice under this Section 5.2.

6. Miscellaneous.

Each right, power or remedy of Payee under this Note or under applicable law shall be cumulative and concurrent, and the exercise of one or more of them shall not preclude the simultaneous or later exercise by Payee of any or all of such other rights, powers or remedies. No modification, change, waiver or amendment to this Note shall be deemed to be made unless in writing signed by the party to be charged. If it becomes necessary to employ counsel to collect this obligation, Payor agrees to pay reasonable attorneys' fees for legal services involved. Payor and each endorser, guarantor, accommodation party, and surety of this Note hereby waives demand, presentment for payment, protest, notice of dishonor and notice of protest. This Note shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. The invalidity, illegality or enforceability of any of the provisions of this Note shall not effect or impair the validity, legality or enforceability of any other provision. This Note shall be deemed to be made in, and shall be governed by the laws of, the State of Delaware.

[*Remainder of page left intentionally blank*]

IN WITNESS WHEREOF, the parties have caused this Note to be duly executed and delivered by their duly authorized representatives as of the day and year first above written.

PAYOR

[redacted]

PAYEE

By: _____

Name: ~~Robert W. Dove~~

Title: ~~Chairman of the Board~~

CHRISTOPHER SCHILLING

President

PROMISSORY NOTE

[redacted] December 20, 2012

FOR VALUE RECEIVED, [redacted] ("**Payor**"), hereby promises to pay to the order of Western Water Holdings, LLC, a Delaware limited liability company ("**Payee**"), the principal amount of [redacted] (the "**Principal Amount**"), together with interest accrued thereon, calculated and payable as set forth below in this Promissory Note (the "**Note**"). As of any given date, the sum of the Principal Amount outstanding hereunder on such date and all interest accrued thereon pursuant to Section 1.1 below and unpaid through such date shall be referred to as the "**Outstanding Balance**".

As security for the performance of its obligations herein, Payor has, contemporaneously with this Note, entered into a Class B Unit Pledge and Security Agreement, dated as of the date hereof, with Payee (the "**Pledge Agreement**" and, together with this Note, the "**Loan Documents**").

1. Payment of Principal and Interest.

1.1 Calculation and Payment of Interest. Interest on the principal balance of this Note outstanding from time to time until paid in full shall accrue at a rate of three percent (3%) per year, computed on the basis of a 365 or 366 day year, as appropriate, for the actual number of days elapsed, commencing on the date hereof. Interest shall not be compounded. Interest accrued on the principal balance of this Note shall be payable in full in annual installments on each anniversary of the date hereof; provided, however, that if such date is not a Business Day, then on the immediately succeeding Business Day (each such date, a "**Loan Payment Date**"). For purposes hereof, "**Business Day**" means any day other than a Saturday, Sunday or legal holiday in the State of Delaware.

1.2 Payment of Principal. Unless earlier repaid in full at the discretion of Payor in accordance with Section 1.3 below or in accordance with Section 1.4 below, (a) ten percent (10%) of the Principal Amount (or such lesser portion of the Principal Amount that remains outstanding) shall become due and payable on each of the second, third, fourth, fifth and sixth Loan Payment Dates to occur during the term of this Note, and any remainder of the Principal Amount (plus all accrued and unpaid interest thereon that is payable on such date in accordance with Section 1.1 above) shall become due and payable on the seventh Loan Payment Date to occur during the term of this Note (the "**Final Payment Date**").

1.3 Prepayment. Payor may at its option, at any time, without premium or penalty, prepay all or any portion of the Outstanding Balance.

1.4 Mandatory Repayments Prior to Maturity.

(a) *Registration.* The Outstanding Balance shall immediately be due and payable in full one (1) Business Day prior to the first to occur of (i) the filing by Payee or its affiliates of a registration statement under the Securities Act of 1933, as amended; (ii) the registration under Section 12 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of any of Payee's or its affiliates' securities; or (iii) application to Payee or any of its affiliates of Section 15(d) of the Exchange Act pursuant to which Payee is required to file reports thereunder.

(b) *Termination of Employment.* In the event that, for any reason, Payor is neither employed by Payee nor any of its direct or indirect subsidiaries, the Outstanding Balance shall immediately be due and payable in full upon such termination.

1.5 Remedies on Default. Upon the occurrence of an Event of Default (as defined below), Payee may (a) declare the Outstanding Balance to be due and payable in full, whereupon the Outstanding Balance and all other amounts as may be due hereunder shall become immediately due and payable in full, without presentment, demand, protest or notice of any kind, all of which Payor hereby expressly waives; and (b) exercise any and all rights and remedies available to it at law or in equity and/or under any of the Loan Documents, including without limitation, judicial or non-judicial foreclosure or public or private sale of any of the Collateral (as defined in the Pledge Agreement) pursuant to the provisions of the Pledge Agreement. No delay or omission of Payee to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right. All remedies contained in the Loan Documents and/or afforded by law shall be cumulative and all shall be available to Payee until all obligations of Payor hereunder and under any other Loan Document have been paid in full.

2. Events of Default.

In this Note, "**Event of Default**" means the occurrence of any of the following:

2.1 Failure to Make Payments. Payor shall fail to pay, in accordance with the terms of this Note or any other Loan Document, any amount then due and owing by Payor (and such failure shall continue unremedied for a period of thirty (30) days after Payor receives written notice thereof from Payee).

2.2 Insolvency of Payor. Payor shall become bankrupt, insolvent or generally unable to pay his debts as they fall due.

2.3 Security. Payor shall disaffirm the validity of the Pledge Agreement or its applicability to this Note or any other obligations purported to be secured or guaranteed thereby or the Pledge Agreement shall cease to be in full force and effect, except as a result of the acts or omissions of Payee or any change in applicable law. In the event that a change in applicable law affects the validity or enforceability of the Pledge Agreement, Payor shall take such actions as may be reasonably necessary to restore the rights and privileges under,

and to provide Payee the security interest, rights, title and remedies intended to be created by, the Pledge Agreement, including, without limitation, entering into such amendment of the Loan Documents as may be necessary.

2.4 Breach of Terms of Loan Documents. Any of the representations or warranties made by Payor in any of the Loan Documents shall have been false or misleading in any material respect or Payee shall fail to perform or observe any of its covenants or obligations set forth in any of the Loan Documents.

2.5 Death or Incapacity of Payor. The death or legal incapacitation of Payor.

3. Recourse.

Upon the occurrence of an Event of Default, Payee shall have recourse against the Collateral (as defined in the Pledge Agreement), against the other assets of Payor to the full extent of the Outstanding Balance and all other amounts as may be due hereunder, and against any amounts owed to Payor by Payee or its affiliates (including, without limitation, any severance or similar amounts, if any), which amounts may be offset by Payee to the full extent of the Outstanding Balance and all such other amounts as may be due hereunder to the maximum extent permitted under applicable law, with recourse for such assets in such order as Payee may determine in its discretion.

4. Reinstatement. To the extent that Payor makes a payment or payments to Payee or Payee enforces any lien, security interest, encumbrance, guaranty or claim, and such payment or payments or the proceeds of such enforcement, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or other person or entity under any law or equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all rights, remedies and liens therefor, shall be revived and shall continue in full force and effect as if such payment had not been made or such enforcement had not occurred.

5. Place of Payment and Notices.

5.1 Place of Payment. All payments on this Note shall be paid in lawful currency of the United States of America at the address of Payee set forth for notices in Section 5.2, or such other place as may be otherwise specified by Payee from time to time in accordance with Section 5.2.

5.2 Notice. Whenever this Note requires or permits any notice, approval, request or demand from one party hereto to another, the notice, approval, request or demand must be in writing and delivered by overnight courier service or United States certified mail, return receipt requested to the party to be notified at the applicable address designated in this Section 5.2. Any notice to be given under the terms of this Note to Payee shall be addressed to Payee in care of its Secretary or such other person as Payee may designate by notice hereunder, and any notice to be given to Payor shall be addressed to Payor at Payor's then

current address on the books and records of Payee. By a notice given pursuant to this Section 5.2, either party may hereafter designate a different address for notices to be given to it, him or her. Any notice which is required to be given to Payor shall, if Payor is then deceased, be given to Payor's personal representative if such representative has previously informed Payee of his or her status and address by written notice under this Section 5.2.

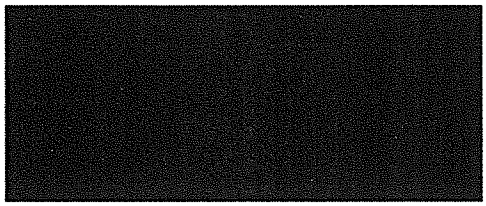
6. Miscellaneous.

Each right, power or remedy of Payee under this Note or under applicable law shall be cumulative and concurrent, and the exercise of one or more of them shall not preclude the simultaneous or later exercise by Payee of any or all of such other rights, powers or remedies. No modification, change, waiver or amendment to this Note shall be deemed to be made unless in writing signed by the party to be charged. If it becomes necessary to employ counsel to collect this obligation, Payor agrees to pay reasonable attorneys' fees for legal services involved. Payor and each endorser, guarantor, accommodation party, and surety of this Note hereby waives demand, presentment for payment, protest, notice of dishonor and notice of protest. This Note shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. The invalidity, illegality or enforceability of any of the provisions of this Note shall not effect or impair the validity, legality or enforceability of any other provision. This Note shall be deemed to be made in, and shall be governed by the laws of, the State of Delaware.

[*Remainder of page left intentionally blank*]

IN WITNESS WHEREOF, the parties have caused this Note to be duly executed and delivered by their duly authorized representatives as of the day and year first above written.

PAYOR



PAYEE

By: Christopher Schilling

Name: Ro~~bert W. Do~~ve

Title: Cha~~irman of the Bo~~ard

CHRISTOPHER SCHILLING

President

Park Water Company Employee Benefit Plan
(WRAP-AROUND PLAN DOCUMENT)

Effective Date: November 1, 1976

Effective Date of Amendment and Complete Restatement: January 1, 2014

Plan # 501

WRAP-AROUND PLAN DOCUMENT

FOR PARK WATER COMPANY

Section 1. Purpose of Wrap-around Plan Document. For purposes of meeting certain requirements of the Employee Retirement Income Security Act of 1974 (ERISA), Park Water Company and affiliates and subsidiaries (Employer) hereby adopts this Wrap-around Plan Document (the "Plan"), which incorporates the Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, summary plan descriptions (the "SPDs"), and/or other documents enumerated in Appendix A. These documents describe the various components of the Plan under which benefits are provided to certain employees, retired employees and their eligible dependents. The component Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan contracts, Retiree Medical Reimbursement Arrangement, SPDs and other documents enumerated in Appendix A govern the specific benefits available under the Plan and the limitations and exclusions applicable to those benefits. In the event that any provision of this Plan is inconsistent with the language of any specific Insurance Policy, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contract, SPD or other document enumerated in Appendix A, the language of the specific component document shall control.

Section 2. Identity of the Plan.

Plan Name:	Park Water Company Employee Benefit Plan
Plan Number:	501
End of Plan Year:	December 31
Plan Sponsor:	Park Water Company 9750 Washburn Road Downey, CA 90241-7002
Plan Administrator:	Park Water Company 9750 Washburn Road Downey, CA 90241-7002 Phone (562) 923-0711
Agent for Service of Legal Process:	Director of Human Resources Park Water Company 9750 Washburn Road Downey, CA 90241-7002 Service of legal process may also be made upon the Plan Administrator.
Employer Identification Number:	95-1087845
Benefits Provided under the Plan:	Medical; Life; Dental; Accidental Death & Dismemberment; Vision; Long-term Disability; Short-term Disability; Voluntary Supplemental Life; Voluntary Supplemental

	Accidental Death & Dismemberment; Employee Assistance Program; Wellness Program; Business Travel Accident Plan; Health Care Reimbursements under the Cafeteria Plan; and Retiree Medical Reimbursements
Type of Administration:	Insurer, contract and self-insured administration
Funding Medium:	Insurance policies; Health Care Reimbursement account claims under the Cafeteria Plan are paid from Employer's general assets based on employee pre-tax contributions. Some retiree benefits are funded through a 501(c)(9) VEBA Trust and a 401(h) account under the Retirement Plan for Employees of Park Water Company. Some benefits are provided under contractual arrangements. See Section 9 below for more detail.
Trustees:	Trustee, Park Water VEBA Trust Bank of America, N.A. 231 S. La Salle St. 14th Floor Chicago, IL 60604 Trustee, Trust Agreement for the Retirement Plan for Employees of Park Water Company Bank of America, N.A. 231 S. La Salle St. 14th Floor Chicago, IL 60604

Section 3. Effective Date. The original effective date of this Plan was November 1, 1976. The Plan is amended and restated effective January 1, 2014. This Plan document supersedes all prior Plan documents effective January 1, 2014.

Section 4. Eligible Employees, Eligible Retired Employees and Eligible Dependents. Employer has established the Plan for the exclusive benefit of its eligible employees, eligible retired employees and their eligible dependents. Eligible employees, eligible retired employees and their eligible dependents for each of the underlying benefits are defined in the applicable documents enumerated in Appendix A.

Notwithstanding the foregoing, for all benefits provided under the Plan:

(a) an employee will not be an "eligible employee" unless treated as an employee on the books and records of the Company;
(b) an employee will not be an "eligible employee" if the employee is a seasonal employee, that is an employee whose customary employment is fewer than seven (7) months a year;
(c) an employee will not be an "eligible employee" if the employee is regularly scheduled to work fewer than thirty (30) hours per work week; and
(d) an employee will not be an "eligible employee" if the employee is an "intern" on the books and records of the Company.

"Eligible employees" are eligible for the benefits listed in Appendix C (I).

An "eligible retired employee" is one who:

(i) first became employed with Employer on or before May 3, 2005 and has been in

continuous employment with Employer since May 3, 2005; and

(ii) has attained age sixty-two (62); and

(iii) has at least ten (10) "Years of Credited Service" as defined in the Retirement Plan for Employees of Park Water Company; and

(iv) has retired directly from active employment with Employer under the Retirement Plan for Employees of Park Water Company and taken or commenced a Retirement Benefit.

Based on the benefit distributed to them under the Retirement Plan for Employees of Park Water Company in 1997, Henry H. Wheeler, Jr. and Chayre M. Wheeler are deemed to have satisfied (iii) and (iv) immediately above at such time as they are no longer eligible employees.

"Spouse" under this Plan includes an individual married to a person of the same sex if they were lawfully married in a state whose laws authorize the marriage of two individuals of the same sex, but does not include individuals who have entered into registered domestic partnerships, civil unions, or other similar formal relationships recognized under state law that are not denominated as a marriage under that state's law. The foregoing is to be interpreted in accordance with Rev. Rul. 2013-17.

"Eligible dependent" in this Plan includes a spouse if not otherwise specified in the applicable documents enumerated in Appendix A. The surviving spouse/dependent of a deceased eligible retired employee may continue as an eligible dependent after the death of the spouse/eligible retired employee, provided the surviving spouse/dependent (i) otherwise meets the eligibility requirements of the benefit arrangement as set forth in the Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, SPDs and other documents enumerated in Appendix A as the spouse/dependent of an eligible retired employee (notwithstanding that the eligible retired employee is deceased) and (ii) contributes the required premiums, if any.

A participant, spouse or dependent will cease to participate in a particular benefit arrangement under the Plan as of the earliest of (a) the date on which the Plan terminates; or (b) the date on which the participant, spouse or dependent no longer meets the eligibility requirements of the benefit arrangement as set forth in the Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, SPDs and other documents enumerated in Appendix A; or (c) the date on which the participant, spouse or dependent no longer contributes the required premiums, (if any). The ability of a participant whose employment has terminated to continue to participate in medical, dental, vision, wellness program, employee assistance plan coverage, Health Care Reimbursements under the Cafeteria Plan or Retiree Medical Reimbursement Arrangement (if any) shall be governed by the provisions of the relevant Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, SPDs and other documents enumerated in Appendix A, and by applicable law.

Neither the spouse nor any dependent of an eligible employee who would qualify as an eligible retired employee if retired will be eligible for any retiree benefits as the spouse or dependent of the decedent if the eligible employee dies before retiring.

Section 5. Retiree Benefits; Benefit and Contribution Limitations Under the Plan.

(a) Retiree Benefits. Eligible retired employees who have not yet attained age 65 are eligible for the health insurance, dental and vision benefits listed in Appendix C (II), subject to the conditions set forth in Appendix D (the "Retiree Health, Dental and Vision Insurance"). The eligible dependents under age 65 of such eligible retired employees are also eligible for Retiree Health, Dental and Vision Insurance. Under no circumstances shall anyone participate in Retiree Health, Dental and Vision Insurance any longer than the last day of the calendar month in which the person attains age 65.

Eligible retired employees who retire after they attain age 65 are eligible to participate in the Retiree Medical Reimbursement Arrangement set forth in Appendix E (the "Retiree Medical Reimbursement Arrangement") on the day after they lose eligibility to participate in the Company's insured health benefits as active employees. The Retiree Medical Reimbursement Arrangement shall constitute a separate plan for purposes of it being a "retiree-only plan" under applicable law.

On the last day of the month commensurate with or immediately following attainment of age 65, eligible retired employees and surviving spouses who have been participating in the Retiree Health, Dental and Vision Insurance will no longer be eligible for those benefits. On the first day of the month following attainment of age 65, those eligible retired employees and surviving spouses are eligible to participate in the Retiree Medical Reimbursement Arrangement.

In general, when an eligible retired employee participates in the Retiree Medical Reimbursement Arrangement, the eligible dependents of the eligible retired employee will also be covered by that arrangement as set forth in Appendix E.

(i) Notwithstanding, if an eligible retired employee who begins participating in the Retiree Medical Reimbursement Arrangement at or after attaining age 65 has a spouse/dependent who has not yet attained age 65, and that spouse is participating in the Company's insured health benefits for active employees or the Retiree Health, Dental and Vision Insurance, that spouse/dependent may elect on a one-time basis to participate or continue to participate in the Retiree Health, Dental and Vision Insurance until the last day of the month commensurate with or immediately following his or her attainment of age 65 (in lieu of coverage under the Retiree Medical Reimbursement Arrangement), after which the spouse/dependent will be counted as a dependent of the eligible retired employee under the Retiree Medical Reimbursement Arrangement.

(ii) Notwithstanding, if an eligible retired employee who participates in Retiree Health, Dental and Vision Insurance has a spouse who attains age 65 before him or her, that spouse will no longer be eligible for spousal coverage under the Retiree Health, Dental and Vision Insurance after the end of the month coincident with or immediately following the spouse's attainment of age 65. On the first day of the month following attainment of age 65, that spouse is eligible to participate in the Retiree Medical Reimbursement Arrangement as a spouse/dependent.

No eligible retired employee may participate in the Retiree Health, Dental and Vision Insurance and the Retiree Medical Reimbursement Arrangement simultaneously.

(i) **One-Time Retiree Benefit Election.** In accordance with this subsection (a), all eligible retired employees who have not yet attained age 65 will be given a one-time election upon retirement to decide whether they will participate in (i) the Retiree Health, Dental and Vision Insurance until they attain age 65, or (ii) the Retiree Medical Reimbursement Arrangement from their initial eligibility for retiree benefits. If an eligible retired employee who has not yet attained age 65 elects the Retiree Medical Reimbursement Arrangement from the date of initial eligibility for retiree

benefits, the spouse and any dependents of that eligible retired employee may not participate in the Retiree Health, Dental or Vision Insurance thereafter. No eligible retired employee may participate in the Retiree Health, Dental or Vision Insurance after attaining age 65. After attaining age 65, eligible retired employees are only eligible to participate in the Retiree Medical Reimbursement Arrangement. Accordingly, any eligible retired employee participating in the Retiree Health, Dental or Vision Insurance upon attaining age 65 will cease participation under those benefits and commence participation in the Retiree Medical Reimbursement Arrangement.

The Plan Administrator shall prescribe the form of notice and election, determine the exact timing of this election, and accompany each notice and election form with an explanation of the options available to the eligible retired employee and his or her spouse/dependents.

(b) Benefit and Contribution Limitations Under the Plan. Except as otherwise provided in this document, all benefits under the Plan are provided through the Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, SPDs and other documents enumerated in Appendix A. These documents describe the benefits under the Plan and the terms and conditions under which Plan benefits will be paid.

Except as otherwise provided in this document, the limitations upon coverage and benefits under the Plan's various benefit arrangements shall be set forth in the relevant Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, SPDs and other documents enumerated in Appendix A.

No eligible employee, eligible retired employee, eligible dependent or any other person shall have any right, title or interest in, or claim upon, any assets of Employer (other than valid claims under the Health Care Reimbursement arrangement under the Cafeteria Plan), assets of the Trust Fund (as defined below), assets of the 401(h) Account (as defined below), or in or to any Employer contributions to those trusts, premium payments or contract payments. All contributions made to and held under the Trust Fund and the 401(h) Account are for the sole purpose of paying premiums to provide benefits under the Plan and pay benefits under the Retiree Medical Reimbursement Arrangement. As more fully described below, there is no right to future benefits under the Plan for which claims have not yet been incurred. Neither the Trustees nor Employer in any way guarantee the payment of any benefit which may be or become due to any person under the Plan, except Employer will pay all valid claims under the Health Care Reimbursement arrangement under the Cafeteria Plan. The liability of Employer and the Trustees for payment of premiums, reimbursements under the Retiree Medical Reimbursement Arrangement, and contract payments under the Plan as of any date is limited solely to the then assets of the Trust Fund and the 401(h) Account.

Section 6. Claims Fiduciaries. Section 402 of ERISA directs Employer to designate one or more "named fiduciaries" under the Plan who jointly or severally have authority to control and manage the operation and administration of the Plan. Accordingly, Employer hereby appoints the following "claims fiduciaries," each with complete authority to review all claims for benefits and determine all benefit issues under the Plan relating to the particular Plan benefit arrangement for which it has been designated claims fiduciary. In exercising its fiduciary responsibilities, each claims fiduciary shall have the fullest discretionary authority permitted under law to determine whether and to what extent eligible employees, eligible retired employees and eligible dependents are entitled to Plan benefits and to construe and interpret ambiguous or unclear terms of the Plan or any document referenced in Appendix A. Each claims fiduciary shall be responsible for construing and interpreting the particular provisions of the Plan for which it has been designated a claims fiduciary in accordance with ERISA and the terms of the relevant Insurance Policy, Health Care Reimbursement arrangement under the

Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contract, SPD or other documents enumerated in Appendix A. Each claims fiduciary shall be deemed to have properly exercised its authority unless it has abused its discretion by acting arbitrarily or capriciously.

The designation of any entity as a claims fiduciary under the Plan shall not create any right or expectation on the part of that entity to continue in that position for any particular period of time. Employer may, in its sole and absolute discretion and at any time, terminate, replace, substitute or otherwise remove any claims fiduciary under the Plan. The claims fiduciaries for the Plan as of **November 1, 2013** are set forth below. These will change if there are changes to the Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, SPDs or other documents enumerated in Appendix A, and these pages in this Plan document shall be replaced without a formal Plan amendment any time any such change takes place. (See Section 10, Plan Amendment and Termination, below.)

Each claims fiduciary set forth below shall provide full and fair review of initial claims and claim denials (appeals) as required by Section 503 of ERISA and its regulations. The fiduciary responsibilities of the claims fiduciaries shall be exercisable separately and not jointly, and each claims fiduciary's responsibilities will be limited to the specific benefit arrangements indicated below for the claims fiduciary.

Claims Fiduciary	**Area of Fiduciary Claims Responsibility**
Anthem Blue Cross P.O. Box 60007 Los Angeles, CA 90060-0007	For health benefits under the Anthem Blue Cross contracts. For mental health and substance abuse services under the Anthem Blue Cross contracts, Anthem Blue Cross has contracted with Behavioral Health Network to act as the Plan's "Mental Health Services Administrator." (See below.)
Anthem Blue Cross P.O. Box 60007 Los Angeles, CA 90060-0007	For mental health and substance abuse services under the Anthem Blue Cross contracts.
Metropolitan Life Insurance Company One Madison Avenue New York, NY 10010-3690	For dental benefits under the Metropolitan Life Insurance Company contract.

Vision Service Plan 3333 Quality Drive Rancho Cordova, CA 95670	For vision benefits under the Vision Service Plan (VSP) contract.
Metropolitan Life Insurance Company One Madison Avenue New York, NY 10010-3690	For insured life, AD&D, long-term disability benefits and short-term disability benefits under the Metropolitan Life Insurance Company contracts.
Hartford Life Insurance Company Hartford Plaza Hartford, Connecticut 06104	For insured voluntary supplemental life and voluntary supplemental accidental death & dismemberment benefits under the Hartford Life Insurance Company contract.
ADP 2575 Westside Parkway Suite 500 Alpharetta, GA 30004-3852	For Health Care Reimbursements under the Cafeteria Plan.
Empathia Pacific, Inc31416 Agoura Road Suite 180 Westlake Village, CA 91361	For Employee Assistance Program (EAP) benefits under the Empathia Pacific, Inc contract.
CIGNA 2 Liberty Place, 1601 Chestnut St. Philadelphia, PA 19192	For insured Business Travel Accident benefits under the CIGNA contract.
Mercer Administration 2610 Northgate Drive Iowa City, IA 52242	For Wellness Program benefits under the Mercer Administration Wellness Services Agreement.
Discovery Benefits, Inc. 3216 – 13th Avenue South Fargo, ND 58103	For benefit payments (reimbursements) under the Retiree Medical Reimbursement Arrangement
Plan Administrator Park Water Company 9750 Washburn Road Downey, CA 90241-7002	All other claims areas not included above.

Section 7. Employer as Named Fiduciary. Per ERISA Section 402, in all aspects of Plan operation and administration other than the claims fiduciary responsibility set forth above, Employer is the Plan Administrator and named fiduciary of the Plan. Employer may appoint and/or employ a person or persons to carry out its fiduciary responsibilities under the Plan. Any such appointment or employment shall be solely at Employer's expense. Employer may employ one or more persons to render advice with regard to any responsibility it has under the Plan.

In carrying out any of its duties with respect to the Plan, Employer shall have the authority to delegate

to its officers and employees such responsibilities as are imposed on Employer under the Plan and ERISA. To the extent permitted by law, Employer shall indemnify all its officers and employees, and hold them harmless, from and against any claims relating to their actions or conduct relating to administration of the Plan, and the expenses (including attorneys' fees and amounts paid in settlement of any claims approved by Employer) of defending against such claims, except for claims arising from their gross negligence, willful neglect or willful misconduct.

Section 8. Claims Procedures. Claims for insured or contractual benefits under the Plan shall be filed with the insurer or contracting party providing the benefits. The insurer or contracting party shall: 1) process the claims; 2) handle claimant requests for review of denied claims; and 3) make the final decision on denied claims. Claims procedures and timing for those insured and contractual benefits shall be in accordance with Section 503 of ERISA and its regulations, as more completely set forth in the Insurance Policies, contracts, SPDs and other documents for each benefit arrangement set forth in Appendix A. Claims for benefits under the Health Care Reimbursement arrangement under the Cafeteria Plan shall be filed with the administrator designated to receive claims and appeals under the Cafeteria Plan Document as in effect from time to time. That administrator shall: 1) process the claims; 2) handle claimant requests for review of denied claims; and 3) make the final decision on denied claims. Claims procedures and timing for the Health Care Reimbursement arrangement under the Cafeteria Plan shall be in accordance with Section 503 of ERISA and its regulations, as more completely set forth in the Cafeteria Plan Document. Claims for benefits under the Retiree Medical Reimbursement Arrangement shall be governed by the claims and claims review procedures set forth in that arrangement.

Section 9. Funding of Benefits.

(a) Definitions. Where the following words and phrases appear in this Plan, they shall have the meaning set forth below, unless their context clearly indicates to the contrary.

(i) 401(h) Account: The separate account maintained under the Retirement Plan for Employees of Park Water Company for the funding of (A) hospitalization, medical, dental, vision and life insurance benefits for eligible retired employees and their eligible dependents who have not yet attained age 65 and (B) benefits under the Retiree Medical Reimbursement Arrangement.

(ii) Key Employee: An employee or eligible retired employee who, at any time, has been a "Key Employee" of Employer, as defined in Code Section 416(i).

(iii) Trust Agreement: The Park Water Company VEBA Trust, which agreement forms a part of this Plan.

(iv) Trustee: The Trustee or Trustees of the Trust Fund established and maintained under the Trust Agreement.

(v) Trust Fund: The Park Water Company VEBA Trust fund maintained in connection with this Plan.

(b) Funding Rules. Other than Health Care Reimbursements under the Cafeteria Plan, benefits under the Retiree Medical Reimbursement Arrangement and the strictly contractual arrangements described below, the Plan is funded through premium payments on the Insurance Policies.

(i) <u>Insurance Policies</u>.

(A) For Eligible Employees:

(I) Funding: Premium payments for employee coverage under the Insurance Policies will be made through a combination of Employer and employee contributions. Employer will determine, in its sole discretion, what amounts, if any, employees will be required to contribute toward the cost of their coverage under each Insurance Policy.

(II) Employer Contributions: Employer shall contribute such amounts from time to time as it deems appropriate in its sole and absolute discretion to pay the premiums or other charges under the applicable Insurance Policies to provide the benefits payable under this Plan for eligible employees and their eligible dependents.

(III) Employee Contributions: An eligible employee may be required to contribute to the cost of the coverage provided by one or more of the Insurance Policies, as determined by Employer in its sole and absolute discretion. Moreover, in accordance with the applicable Insurance Policy, each eligible employee may elect coverage for his or her eligible dependents.

(B) For Eligible Retired Employees:

(I) Funding: Funding: All premium payments for coverage of eligible retired employees and their eligible dependents under the Insurance Policies will be made from the Trust Fund and the 401(h) Account. Through December 31, 1998, all premium payments for eligible retired employees and their eligible dependents will be made exclusively from the Trust Fund. The premium rates under the Insurance Policies in effect for the month of December 1998, will be the maximum premium rates that will be paid from the Trust Fund thereafter under any Insurance Policies, notwithstanding that those premium rates may increase beyond the December 1998 level. Thus, commencing January 1, 1999, the Trust Fund will limit its premium payments for eligible retired employees and their eligible dependents under the Insurance Policies to whatever premium rates are in effect under the existing Insurance Policies in effect for December 1998. Commencing January 1, 1999, any premium payments due on the Insurance Policies for eligible retired employees and their eligible dependents not made from the Trust Fund will be made from the 401(h) Account.

(II) Funding the Trust Fund: Employer shall contribute such amounts to the Trust Fund from time to time in its sole and absolute discretion as it deems appropriate in order to enable the Trustee to pay (A) the designated portion of the premiums or other charges under the applicable Insurance Policies to provide the benefits payable under this Plan for eligible retired employees and their eligible dependents who have not yet attained age 65 and (B) benefits under the Retiree Medical Reimbursement Arrangement. Notwithstanding the foregoing, such contributions for the benefit of Key Employees may be limited pursuant to Code Sections 415 and 419A(d).

(III) Funding the 401(h) Account: Employer shall contribute such amounts to the 401(h) Account from time to time in its sole and absolute discretion, as provided in the Retirement Plan for Employees of Park Water Company, in order for the Trustee of the Retirement Plan for Employees of Park Water Company to pay (A) the designated portion of the premiums or other charges under the applicable Insurance Policies to provide the benefits payable under this Plan for eligible retired employees and their eligible dependents who have not yet attained age 65 and (B) benefits under the Retiree Medical Reimbursement Arrangement, as provided above. Notwithstanding the foregoing, such contributions may be limited pursuant to Code Sections 415 and 401(h) or otherwise.

(IV) Contributions of Eligible Retired Employees: Eligible retired employees may be required to contribute to the Trust Fund to pay some (or all) of the cost of the coverage provided to that eligible retired employee and his or her eligible dependents by one or more

of the Insurance Policies. Moreover, in accordance with the applicable Insurance Policy, each eligible retired employee may elect coverage for his or her eligible dependents. Employer will determine, in its sole and absolute discretion, what amounts, if any, eligible retired employees will be required to contribute to the Trust Fund to pay some (or all) of the cost of their coverage under each Insurance Policy.

(V) Additional Employer Contributions: Employer may also contribute such amounts from time to time in its sole and absolute discretion as it deems appropriate in order to pay the premiums or other charges under the applicable Insurance Policies and otherwise to provide the benefits payable under this Plan for eligible retired employees and their eligible dependents, to the extent the premiums or other charges are not paid by the Trust Fund or the 401(h) Account.

(ii) Contractual Arrangements.

Benefits provided to eligible employees and eligible dependents under the Employee Assistance Program and the Wellness Program are provided strictly pursuant to separate contracts. Employer makes payments to the parties delivering benefits under those arrangements to secure those benefits. Neither employees nor dependents are currently required to contribute anything toward the provision of benefits under those contracts. However, from time to time, Employer reserves the right, in its sole and absolute discretion, to determine what amounts, if any, eligible employees will be required to contribute toward the cost of their benefits under those contracts.

(iii) The Health Care Reimbursement Arrangement Under the Cafeteria Plan.

The payment of Health Care Reimbursement claims pursuant to the Health Care Reimbursement arrangement under the Cafeteria Plan is funded through elective withholdings from the compensation of employees eligible to participate in that arrangement, as provided in the Cafeteria Plan. Once withheld from an employee's compensation by Employer, those funds remain in the general account of Employer, are not held in trust and do not constitute plan assets, as more fully described in the Cafeteria Plan.

(iv) The Retiree Medical Reimbursement Arrangement.

The payment of benefits under the Retiree Medical Reimbursement Arrangement is funded through the Trust Fund and the 401(h) Account. Employer shall contribute such amounts to the Trust Fund and the 401(h) Account from time to time in its sole and absolute discretion as it deems appropriate in order to enable the Trustees to pay the benefits or other expenses incurred under the Retiree Medical Reimbursement Arrangement for eligible retired employees and their eligible dependents. Notwithstanding the foregoing, any contributions for the benefit of Key Employees may be limited pursuant to Code Sections 415 and 419A(d).

(v) Additional Funding Rules.

Employees and eligible retired employees shall contribute to the Plan the amounts specified in Appendix B, as amended from time to time. If an eligible retired employee has attained age 65 and is participating in the Retiree Medical Reimbursement Arrangement and his or her spouse continues participating in the Retiree Health, Dental or Vision Insurance under the rules set forth above, the monthly premium contribution for that spouse will be the amount resulting from deducting the monthly premium contribution set forth in Appendix B for employee only coverage from the monthly premium contribution set forth in Appendix B for employee + spouse coverage. For example, if the employee + spouse monthly premium contribution set forth in Appendix B is $333.66

and the employee only monthly premium contribution set forth in Appendix B is $46.73, then the spouse must contribute a $286.93 premium each month to continue participating in the Retiree Health, Dental or Vision Insurance ($333.66 - $46.73 = $286.93).

Any experience credits, refunds or rebates issued under the Patient Protection and Affordable Care Act's medical loss ratio requirement, under an Insurance Policy shall be applied to pay welfare benefits to eligible employees, eligible retired employees and their eligible dependents, unless otherwise provided in that Insurance Policy or required by applicable law. Employer may require different contribution levels for different classes of eligible employees and eligible retired employees, as permitted by law. Employer may change the amount of required contributions for eligible employees, eligible retired employees, spouses and dependents at any time in its sole and absolute discretion. Employer shall notify affected eligible employees, eligible retired employees and spouses of any change in required contributions.

(c) Funding Policy. The Plan's benefits are funded through Insurance Policy premium payments, contract payments, contributions to the Trust Fund or the 401(h) Account and employee elective deferrals for the Health Care Reimbursement arrangement under the Cafeteria Plan. For all insured benefits, the insurer is responsible for investing the premiums and making benefit payments and/or providing services. Eligible retired employee and Employer contributions for any retiree health coverage are deposited in the Trust Fund or the 401(h) Account, premiums for the health coverage of eligible retired employees and their eligible dependents are paid from those trusts and benefits are paid from the Trust Fund or the 401(h) Account pursuant to the Retiree Medical Reimbursement Arrangement. The trustees of those trusts are responsible for investing the contributions and earnings on them, paying benefits under the Retiree Medical Reimbursement Arrangement and making premium payments. For the contractual benefits, the benefit provider is responsible for investing the payments received and making benefit payments and/or providing services. For the Health Care Reimbursement arrangement under the Cafeteria Plan, the withholdings from employees' compensation are held by Employer in its general account until benefits are payable to the employee or forfeited pursuant to the terms of the Cafeteria Plan.

(d) The Trust Fund.

(i) Trust Fund. Employer shall maintain the Trust Fund in connection with the Plan to fund benefits for eligible retired employees and their eligible dependents, the Trustee or Trustees of which shall be selected by Employer. Employer contributions from time to time under the Plan for the benefit of eligible retired employees and their eligible dependents shall be paid into the Trust Fund as provided in Section 9.(b)(i)(B)(I), 9.(b)(i)(B)(II) and Section 9.(b)(iv) above.

(ii) Appointment of Trustee. One or more Trustees shall be appointed by Employer's Board of Directors to manage and administer the Trust Fund. The Trustee shall serve at Employer's pleasure and shall have the rights, powers and duties as are provided in the Trust Agreement and to a fiduciary under ERISA.

(iii) Responsibility of Trustee: All contributions under this Plan which are paid to the Trustee shall be held, invested and reinvested by the Trustee. All property and funds of the Trust Fund, including income from investments and from any other sources, shall be retained for the exclusive benefit of eligible retired employees and their eligible dependents, as provided in the Plan, and shall be used to pay insurance premiums for health benefits for eligible retired employees and their eligible dependents, to pay the benefits incurred under the Retiree Medical Reimbursement Arrangement for eligible retired employees and their eligible dependents, or to pay expenses of administration of the Plan, as it relates to eligible retired employees and their eligible dependents, and the Trust Fund to the extent not paid by Employer.

(iv) Bonding of Trustee. No Trustee shall be required to furnish any bond or security for the performance of its duties under the Trust Fund or the Plan unless applicable law makes the furnishing of a bond or security mandatory.

Section 10. Plan Amendment and Termination. Although Employer established the Plan with the intent to maintain it indefinitely, Employer can amend or terminate the Plan at any time, except that no such amendment or termination shall permit the return or reversion to Employer of any part of the Trust Fund or any part of the 401(h) Account, nor permit the use or application of the Trust Fund or the 401(h) Account for the benefit of anyone other than eligible retired employees and their eligible dependents, except as otherwise provided in the trust agreements governing those trusts.

In furtherance of the foregoing, Employer may amend or terminate the Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, SPDs and other documents enumerated in Appendix A, at any time in accordance with the provisions of those documents, and need not formally amend this document to do so. Further, Employer may amend the schedules set forth in Appendix B at any time, and need not formally amend this document to do so. Employer shall notify all eligible employees, eligible retired employees and eligible dependents of any such amendments or Plan termination that affect them as required by law.

Except as specifically provided in the preceding paragraph, amendment or termination may be effected by written resolution of Employer. Employer's decision to amend or terminate the Plan, or any or several of the Insurance Policies, contracts, the Health Care Reimbursement arrangement under the Cafeteria Plan, or the Retiree Medical Reimbursement Arrangement enumerated on Appendix A, is not a fiduciary decision that must be made solely in the interest of participants and beneficiaries, but is a business decision that can be made solely in Employer's interest. Upon termination of the Plan, the Trustee, in accordance with the Trust Agreement, shall apply all the remaining assets of the Trust Fund in a uniform and nondiscriminatory manner exclusively toward the provision of benefits for or on account of eligible retired employees and their eligible dependents. Upon termination of the Plan, the trustee of the 401(h) Account shall apply all the remaining assets of the 401(h) Account as provided in the Retirement Plan for Employees of Park Water Company.

Notwithstanding the foregoing, the special rules on notice of amendment or termination set forth in the Retiree Medical Reimbursement Arrangement shall supersede anything in this Plan to the contrary.

Section 11. Right of Reimbursement/Subrogation. There shall be the rights of reimbursement/subrogation under the Plan as provided in the documents listed in Appendix A. No equitable defenses will offset or mitigate those rights.

Section 12. Plan Administrator. Administration of the Plan shall be under the supervision of the Plan Administrator. It shall be a principal duty of the Plan Administrator to see that the Plan is carried out in accordance with its terms, for the exclusive benefit of persons entitled to participate in the Plan without discrimination among them. The Plan Administrator will have full power to administer the Plan in all of its details subject, however, to the terms of the Insurance Policies, Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical Reimbursement Arrangement, contracts, SPDs and other documents enumerated in Appendix A, and the requirements of ERISA. For this purpose, the Plan Administrator's powers will include, but will not be limited to, the following authority, within the complete discretion of the Plan Administrator, in addition to all other powers provide by this Plan: (a) to make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan; (b) to interpret the Plan, its interpretation thereof in good faith to be final and conclusive on all persons claiming benefits under the Plan; (c) to decide all questions concerning the Plan to the extent such questions are not determined under an Insurance Policy, the Health Care Reimbursement arrangement under the Cafeteria Plan, Retiree Medical

Reimbursement Arrangement, a contract, SPD or other document enumerated in Appendix A; (d) to assist an insurance company, contracting party, the administrator of the Cafeteria Plan, or the administrator of the Retiree Medical Reimbursement Arrangement to compute the amount of benefits that will be paid; (e) to authorize the payment of benefits; (f) to appoint such agents, counsel, accounts, consultants and actuaries as may be required to assist in administering the Plan; and (g) to allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, any such allocation, delegation or designation to be by written instrument and in accordance with Section 405 of ERISA. The Plan Administrator shall (i) establish and maintain separate accounts under the Trust Fund for the benefit of each Key Employee from which all medical and life insurance benefits after retirement shall be paid pursuant to Code Section 419A(d); (ii) instruct the Trustee and the trustee of the Retirement Plan for Employees of Park Water Company on the payment of premiums under the Insurance Policies; (iii) instruct the Trustee on the payment of benefits under the Retiree Medical Reimbursement Arrangement and (iv) see to the Plan's compliance with the HIPAA Privacy Rules. The insurance carriers under the Insurance Polices will have the complete discretion to interpret the Insurance Policies and determine benefits thereunder.

Section 13. Limitation of Rights. Employees shall have legally enforceable rights to the benefits provided in the Plan. However, neither the establishment of the Plan nor any amendment of it will be construed as giving to any participant or other person any legal or equitable right against the Plan Administrator or Employer, except as expressly provided in this Plan, and in no event will the terms of employment or service of any participant be modified or in any way affected by the Plan.

Section 14. Nonassignability of Rights. The right of any participant to receive any benefit under the Plan shall not be alienable by the participant by assignment or any other method, and will not be subject to be taken by his creditors by any process whatsoever, and any attempt to cause such right to be so subjected will not be recognized, except to such extent as may be permitted under an Insurance Policy or required by law.

Section 15. No Guarantee of Tax Consequences. Neither the Plan Administrator nor Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a participant will be excludable from the participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any participant.

Section 16. Governing Law. The Plan will be construed, administered and enforced according to the laws of California.

Section 17. HIPAA Governance. As used herein, "protected health information" and "electronic protected health information" shall have the meanings ascribed to them in 45 CFR § 160.103. "Administrative safeguards," "physical safeguards," "security incident," and "technical safeguards" shall have the meanings ascribed to them in 45 CFR § 164.304. "Breach" shall have the meaning ascribed to it in 45 CFR § 164.402. Any other terms used below that are defined in HIPAA shall have the meanings ascribed to them in HIPAA.

(a) Plan Administrator. The Plan Administrator will ensure that the Plan complies with the HIPAA Privacy and Security Rules. Specifically, the Plan Administrator will do the following on behalf of the Plan.

(i) Implement reasonable and appropriate policies and procedures regarding protected health information that are designed to comply with the standards, implementation specifications, or other requirements of the HIPAA Security Rule (45 CFR Part 160 and Subparts A and C of Part 164), Privacy Rule (45 CFR Part 160 and Subparts A and E of Part 164), and Breach Notification Rule (45 CFR Part 164 Subpart D) (collectively, the "HIPAA Rules").

(ii) Maintain the policies and procedures implemented to comply with the HIPAA Rules in written (which may be electronic) form.

(iii) If a communication is required by the HIPAA Rules to be in writing, maintain such writing or an electronic copy.

(iv) If an action, activity, or assessment is required by the HIPAA Rules to be documented, maintain a written (which may be electronic) record of the action, activity, or assessment.

(v) Retain the documentation referenced in subparagraphs (ii)-(iv) above for the later of six years from the date of its creation or the date when it last was in effect; make such documentation available to those persons responsible for implementing the procedures to which the documentation pertains; and review the documentation periodically, updating as needed, in response to environmental or operational changes affecting the security of the electronic protected health information.

(b) Employer. Employer will comply with the HIPAA Rules, to the extent applicable. Specifically, Employer will do the following.

(i) Implement administrative safeguards, physical safeguards, and technical safeguards that reasonably protect the confidentiality, integrity, and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of the Plan.

(ii) Ensure that the adequate separation between the group health plan and the plan sponsor required by 45 CFR § 164.504(f)(2) is supported by reasonable and appropriate security measures.

(iii) Ensure that any agent, including a subcontractor, to whom Employer provides protected health information agrees to implement reasonable and appropriate security measures to protect the information.

(iv) Report any security incident of which Employer becomes aware to the Plan without unreasonable delay and in no case later than 60 days after the discovery of the breach.

In witness whereof, Employer causes this instrument to be executed at Downey, California, restating the existing plan, effective as of January 1, 2014.

By:

_____ Title_____

For: PARK WATER COMPANY

APPENDIX A

INSURANCE POLICIES AND OTHER DOCUMENTS PROVIDING BENEFITS UNDER THE WRAP-AROUND PLAN DOCUMENT FOR PARK WATER COMPANY

as of November 1, 2013

As set forth in the Plan document, this Appendix may be changed by Employer without formal plan amendment.

CARRIER / TPA	CONTRACT #	TYPE OF BENEFITS
Anthem Blue Cross	276216 PPO Plan BCPPO Plan HMO Plan	Medical
Metropolitan Life Insurance Company	1849712	Dental
Metropolitan Life Insurance Company	1849712	Life, Accidental Death & Dismemberment
Metropolitan Life Insurance Company	1849712	Long-Term Disability
Metropolitan Life Insurance Company	1849712	Short-Term Disability (MT)
Vision Service Plan	12-161071	Vision
Hartford Life	GL-704481	Supplemental Life
Hartford Life	72-ADD-S05044	Voluntary Supplemental Accidental Death & Dismemberment
CIGNA	ABL 449906 ABL 449907	Business Travel Accident
Empathia Pacific, Inc	Service Agreement	Employee Assistance Program
Mercer Administration	Service Agreement	Wellness Program
ADP - FSA	17639	Health Care Reimbursement
Discovery Benefits		Retiree Medical Reimbursements

APPENDIX B

EMPLOYEE CONTRIBUTION SCHEDULE

FOR EACH COVERAGE UNDER THE WRAP-AROUND PLAN DOCUMENT FOR PARK WATER COMPANY

as of November 1, 2013

As set forth in the Plan document, this Appendix may be changed by Employer without formal plan amendment.

Coverage	Employee Only	Employee + Spouse	Employee + Child(ren)	Employee + Family
California				
Medical PPO/Vision	$46.73	$333.66	$241.32	$550.34
Medical HMO/Vision	$30.16	$214.51	$156.36	$354.25
Dental	$11.47	$ 30.29	$ 25.53	$ 47.48
Montana				
Medical /Vision	$46.73	$233.83	$174.77	$375.65
Dental	$10.25	$ 23.27	$ 19.17	$ 34.72
Basic Life/AD&D Long Term Disability Short Term Disability (MT only) Employee Assistance Program Wellness Program	100% Employer Paid			
Voluntary Supplemental Life Voluntary Supplemental AD&D	100% Employee Paid			
Health Care Reimbursement under the Cafeteria Plan	Fees are paid by Employer. Contributions are made by the Employees.			

APPENDIX B (continued)

EMPLOYEE CONTRIBUTION SCHEDULE
FOR EACH COVERAGE UNDER THE WRAP-AROUND PLAN DOCUMENT

Coverage	Retiree Employee Only	Retiree Employee + Non-Medicare Spouse	Retiree Employee + Medicare Spouse	Retiree Surviving Spouse Medicare
California Medical PPO/Vision Medical HMO/Vision Dental	Variable depending upon years of service at retirement. See Human Resources for further information.			
Montana Medical PPO/Vision Dental	Variable depending upon years of service at retirement. See Human Resources for further information.			
Basic Life Insurance (age 62 to 65)	Variable depending upon years of service at retirement. See Human Resources for further information.			

APPENDIX C

BENEFITS LIST BASED ON ELIGIBILITY TYPE

I. Benefits for which "eligible employees" are eligible:

Health Insurance

Dental

Vision

Basic Life and ADD

Long Term Disability

Short Term Disability (Montana only)

Wellness Program

Employee Assistance Program

Business Travel and Accident Insurance

FSA – Health Care Reimbursement (Cafeteria Plan)

FSA – Dependent Care (Cafeteria Plan)

POP – Premium Only Plan (Cafeteria Plan)

Voluntary Supplemental Life and ADD

II. Benefits for which "eligible retired employees" who have not attained age 65 are eligible:

Health Insurance

Dental

Vision

Basic Life (until age 65)*

**Basic Life (when you either elect not to continue or reach age 65) and Supplemental Life and Voluntary AD&D may be converted to individual personal policies.*

APPENDIX D

EARLY RETIREMENT, NORMAL RETIREMENT, WORKING PAST NORMAL RETIREMENT DATE, COBRA and POST RETIREMENT INSURANCE BENEFITS FOR EMPLOYEES HIRED BEFORE MAY 3, 2005

1. Early Retirement (Between Age 52 and 61)

If you are eligible and take Early Retirement (between age 52 and 61) directly from active employment and you are enrolled in employee health care benefits, you will be offered health care coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) and you will not be eligible for any other health benefits regardless of how many Years of Credited Service you have. COBRA is the opportunity to continue the health, vision and/or dental insurance coverage you are actively enrolled in at the time you retire, for yourself and your currently covered dependents at the time of your Early Retirement. You will be billed for 102% of the full premium (the employee portion and the Company portion of the premium plus a 2% administration fee). You may continue with COBRA, as long as you qualify, which is normally 18 months (but may be up to 36 months) after your Early Retirement. You will also be offered the option of converting your Group Life Insurance, Supplemental Life and Voluntary AD&D to individual personal policies.

2. Normal Retirement (Age 62 or Older) with Fewer Than 10 Years of Credited Service as Defined by the Retirement Plan for Employees of Park Water Company

If you are eligible and take Normal Retirement (age 62 or older) directly from active employment and you are enrolled in employee health care benefits and you have fewer than 10 Years of Credited Service you will be offered COBRA, and you will not be eligible for any other health benefits. COBRA is the opportunity to continue the health, vision and/or dental insurance coverage you are actively enrolled in at the time you retire, for yourself and your currently covered dependents at the time of your Normal Retirement. You will be billed for 102% of the full premium (the employee portion and the Company portion of the premium plus a 2% administration fee). You may continue with COBRA, as long as you qualify, which is normally 18 months but may be up to 36 months, after your Normal Retirement. You will also be offered the option of converting your Group Life Insurance, Supplemental Life and Voluntary AD&D to individual personal policies.

3. Normal Retirement (Age 62 or Older) with 10 Years of Credited Service or More as Defined by the Retirement Plan for Employees of Park Water Company

(a) If you were hired on or after May 3, 2005 and you are eligible and take Normal Retirement (age 62 or older) directly from active employment and you are enrolled in employee health care benefits and you have 10 Years of Credited Service or more, you will be offered COBRA, and you will not be eligible for any other health benefits. COBRA is the opportunity to continue the health, vision and/or dental insurance coverage you are actively enrolled in at the

time you retire, for yourself and your currently covered dependents at the time of your Normal Retirement. You will be billed for 102% of the full premium (the employee portion and the Company portion of the premium plus a 2% administration fee). You may continue with COBRA, as long as you qualify, which is normally 18 months but may be up to 36 months, after your Normal Retirement. You will also be offered the option of converting your Group Life Insurance, Supplemental Life and Voluntary AD&D to individual personal policies.

(b) If you were hired prior to May 3, 2005 and you are eligible and take Normal Retirement (age 62 or older) directly from active employment and you are enrolled in employee health care benefits and you have 10 Years of Credited Service or more and you have not attained age 65, you will be eligible for Post Retirement Insurance Benefits to continue the health, vision and/or dental insurance you are actively enrolled in at the time you retire. See "Retiree Benefits" in Section 5(a) of the Plan. You will be responsible for a percentage of the total monthly premium, based upon your Years of Credited Service according to the schedule below. You will also be able to continue your Group Life Insurance until age 65 by paying a percentage of the total monthly premium based upon your Years of Credited Service according to the schedule below. You will be offered the opportunity to convert your Group Life Insurance to an individual personal policy the month in which you elect not to continue or become age 65, which ever occurs first. If you elect not to convert, your Group Life Insurance coverage will stop when you elect not to continue. Otherwise, your Group Life Insurance coverage will stop when you attain age 65. When you take Normal Retirement, you will also be offered the option of converting your Supplemental Life and Voluntary AD&D to individual personal policies.

4. Working Past Normal Retirement Date (Age 62 or Older)

If you work past your Normal Retirement Date and you are regularly scheduled to work 30 hours or more per week, you will continue to have access to active employee benefits like any other active employee.

If you are normally scheduled to work fewer than 30 hours per week (part-time) or otherwise do not qualify as an eligible employee under Section 4 of the Plan, you will not be eligible for active employee benefits, nor any of the benefits available to eligible retired employees, as long as you remain employed by the company and are not an eligible employee.

If you are normally scheduled to work fewer than 30 hours per week (part-time) and you are not eligible for Post Retirement Insurance Benefits, you will have COBRA and conversion rights for benefits that were discontinued when you went to part-time status.

Post Retirement Insurance Benefits Premiums

The Company will contribute for retirees described in subsection 3(b) above a percentage of the monthly health care benefits insurance premiums based upon your Years of Credited Service according to the schedule below. You will be responsible for the remainder of the insurance premiums, if any. You will lose coverage if you do not timely pay your share of the premiums.

Retiree's Years of Credited Service	% of Premium for Group Life and Health Insurance the Company will pay for the Retiree*	% of Premium for Group Health Insurance the Company will pay for the Retiree's Dependent(s)
30	100%	65.00%
25	90%	58.50%
20	75%	48.75%
15	60%	39.00%
10	50%	32.50%

The above described benefits, if offered, are strictly limited by the provisions of the plan in effect from time to time and are subject to change or elimination at any time at the sole discretion of the Company.

For more information about the specific provisions of the current Group Life and Health Insurance Plans, please refer to the Summary Plan Descriptions or contact your local Human Resources Department.

FIRST AMENDMENT
PARK WATER COMPANY EMPLOYEE BENEFIT PLAN
(WRAP-AROUND PLAN)

Park Water Company, sponsor of the Park Water Company Employee Benefit Plan (Wrap-Around Plan), hereby amends the Plan as follows. This Plan Amendment is generally effective January 1, 2013, commensurate with the effective date of the Plan restatement. It is not superseded by the Plan restatement, but supplements it.

Effective May 27, 2011, notwithstanding any other eligibility requirements set forth in the Plan, the term "eligible retired employee" includes Jacqueline R. Glover, and she shall be included as a 25-year eligible retired employee. The foregoing is subject to the Employer's right to amend or terminate the Plan at any time.

Notwithstanding the general effective date above, effective October 1, 2012, notwithstanding any other eligibility requirements set forth in the Plan, the term "eligible retired employee" includes Maria E. Amescua, and she shall be included as a 30-year eligible retired employee. The foregoing is subject to the Employer's right to amend or terminate the Plan at any time.

Dated: November 13, 2012

PARK WATER COMPANY

By: Mary A Young
Senior Vice President Administration
Mary A. Young

HFB 1186774.1 W4302056

APPENDIX E

RETIREE MEDICAL REIMBURSEMENT ARRANGEMENT

Park Water Company and affiliates and subsidiaries ("Employer") hereby amends and restates in full this Retiree Medical Reimbursement Arrangement (this or the "Arrangement"), as a separate benefit arrangement under the Park Water Company Employee Benefit Plan (the "Wrap-Around Plan"). This Arrangement constitutes a separate plan for purposes of it being a "retiree-only plan" under applicable law.

1. PURPOSE

The purpose of this Arrangement is to help provide medical care for each "eligible retired employee" as defined in the Wrap-Around Plan who has attained age 65, or who prior to age 65 elects to be covered by this Arrangement, and his or her "eligible dependents." It is the intention of Employer that this Arrangement qualify as an accident and health plan within the meaning of §105 of the Internal Revenue Code of 1986 (the "Code") and that the benefits payable under the Arrangement be eligible for exclusion from gross income under that section. This Arrangement constitutes a separate plan for purposes of it being a "retiree-only plan" under applicable law.

2. PERMANENT PROGRAM OR ARRANGEMENT

(a) Employer intends that this Arrangement be a permanent program or arrangement for the exclusive benefit of its eligible retired employees who have attained age 65, or who prior to age 65 elect to be covered by this Arrangement, and their eligible dependents. Nothing herein, however, shall prevent Employer from amending or terminating this Arrangement, provided the amendment or termination shall not, except as otherwise provided in Section 13(b) below, affect a claimant's rights to benefits under this Arrangement with respect to reimbursable expenses that have been incurred prior to the effective date of the termination.

(b) The exclusive purpose of this Arrangement is to provide the medical benefits described in this Arrangement for eligible retired employees who have attained age 65, or who prior to age 65 elect to be covered by this Arrangement, and their eligible dependents. No benefits payable under this Arrangement shall be applied for any other purpose.

3. EFFECTIVE DATE

The effective date of this restated document is January 1, 2014. The Arrangement was first effective January 1, 2013. The records of the Arrangement shall be kept on a calendar year basis. The Plan Year of the Wrap-Around Plan is the calendar year.

4. ELIGIBILITY

(a) On the first day of the month following attainment of age 65, eligible retired employees are eligible to participate in this Arrangement. Eligible retired employees who

retire after they attain age 65 are eligible to participate in this Arrangement on the day after they lose eligibility to participate in the Company's insured health benefits as active employees. Eligible retired employees who have yet to attain age 65 who elect (on a one-time basis upon initial eligibility for retiree benefits) to participate in this Arrangement under the terms of the Wrap-Around Plan shall be eligible to participate in this Arrangement on the day after they lose eligibility to participate in the Company's insured health benefits as an active employee. All these eligible persons are "Participants."

(b) Eligible dependents of Participants may receive benefits under this Arrangement as set forth in this document. Eligible dependents include the Participant's spouse, domestic partner as defined by state law(s) and dependents who qualify as dependents under Code §152 (including a child placed with the Participant for adoption). A Participant's eligible dependent who ceases to qualify as such shall cease to receive benefits under this Arrangement as provided in subsection 5(c) below.

In general, when an eligible retired employee participates in this Arrangement, the eligible spouse/dependents of the eligible retired employee will also be covered by this Arrangement.

(i) Notwithstanding, if a Participant who begins participating in this Arrangement at or after attaining age 65 has a spouse/dependent who has not yet attained age 65, and that spouse/dependent is participating in the Company's insured health benefits for active employees or the Retiree Health, Dental and Vision Insurance, that spouse/dependent may elect on a one-time basis to participate or continue to participate in the Retiree Health, Dental and Vision Insurance until the last day of the month commensurate with or immediately following his or her attainment of age 65 (in lieu of coverage under this Arrangement), after which the spouse/dependent will be counted as a spouse/dependent of the Participant under this Arrangement. The monthly premium contribution for that spouse/dependent is set forth in the Wrap-Around Plan.

(ii) Notwithstanding, if an eligible retired employee who participate in Retiree Health, Dental and Vision Insurance has a spouse who attains age 65 before him or her, that spouse will no longer be eligible for spousal coverage under the Retiree Health, Dental and Vision Insurance after the end of the month coincident with or immediately following the spouse's attainment of age 65. On the first day of the month following attainment of age 65, that spouse is eligible to participate in this Arrangement as a spouse/dependent.

(c) "Spouse" under this Arrangement includes an individual married to a person of the same sex if they were lawfully married in a state whose laws authorize the marriage of two individuals of the same sex, but does not include individuals who have entered into registered domestic partnerships, civil unions, or other similar formal relationships recognized under state law that are not denominated as a marriage under that state's law. The foregoing is to be interpreted in accordance with Rev. Rul. 2013-17.

(d) Neither the spouse nor any dependent of an active employee who would qualify as an eligible retired employee if retired will be eligible for any benefits under this

Arrangement as the spouse or dependent of the decedent if the active employee dies before retiring.

5. PARTICIPATION

(a) Each eligible retired employee who has attained age 65, or who prior to age 65 elects to be covered by this Arrangement under the terms of the Wrap-Around Plan, and each eligible retired employee who retires after attaining age 65, shall become a participant in the Arrangement (a "Participant") on the effective dates set forth in Section 4 "ELIGIBILITY" above.

(b) A Participant's eligibility to participate in the Arrangement ends on the date when the Participant dies.

(i) When a Participant's eligibility to participate in the Arrangement ends, claims for benefits may be submitted on behalf of the decedent by his or her representative for a period of 120 days following the death. No claims submitted after that will be paid.

(c) When the Participant dies, if the Participant leaves any surviving eligible dependents, those persons will continue to receive benefits under this Arrangement until, (i) for a spouse, the spouse dies, and (ii) for all other eligible dependents, the person is no longer an eligible dependent of the deceased Participant (not taking into account the Participant's death). That means that the entirety of the Participant's remaining account is eligible to reimburse eligible expenses incurred by the eligible dependent(s).

(i) When an eligible dependent's eligibility to participate in the Arrangement ends, claims for benefits incurred before eligibility ended may be submitted by the dependent, or in the event of death, on behalf of the dependent by his or her representative, for a period of 120 days following the date of death or the date eligibility ceased. No claims submitted after that will be paid, and no claims incurred after the eligible dependent's eligibility to participate in the Arrangement ends will be paid.

(ii) All rights of an eligible dependent to receive benefits for claims incurred after the foregoing termination date shall be forfeited, unless the eligible dependent elects and pays for continuation of coverage under Section 10 below.

For this and all purposes under this Arrangement, a claim will be considered to be incurred when the services relating to the claim are rendered.

(d) All eligibility for benefits upon termination of this Arrangement shall be governed by subsection 13(b) below. Except as provided in subsection 13(b) below, payment of benefits under this Arrangement will end when Employer terminates the Arrangement.

(e) The Arrangement will provide benefits in accordance with the applicable requirements of any qualified medical child support order ("QMCSO") as defined in §609 of the Employee Retirement Income Security Act of 1974 ("ERISA") relating to a child of a Participant. Benefits payable under Section 6 pursuant to a QMCSO shall be paid to the child's custodial parent or legal guardian, or a government agency, as directed by the QMCSO. The

Arrangement shall provide benefits under any National Medical Support Notice ("NMSN") treated as a QMCSO under the Arrangement's QMCSO and NMSN procedures. All QMCSO and NMSNs will be administered in accordance with the Arrangement's procedures.

6. BENEFITS

(a) The Plan Administrator or its designee shall direct payment to each Participant, up to (but not exceeding) the amount in his or her separate account at the time, such amounts as he or she has expended while a Participant for medical care for himself or herself and his or her eligible dependents, for which the Participant has submitted a valid claim, subject to the limits described in Section 9 below.

(b) For purposes of this Arrangement, "amounts expended for medical care" means amounts paid for medical and dental care as defined in Section 213 of the Code, including but not limited to hospitalization, medical and dental services, prescription drugs, premiums for health insurance, medical supplies that are eligible for tax-free reimbursement, corrective lenses and eyeglass frames and transportation primarily for, and essential to, medical care, but only to the extent that the Participant or eligible dependent incurring the expense is not reimbursed for the expense through insurance or otherwise (other than under the Plan) as provided in Section 9 below.

7. FUNDING BENEFIT PAYMENTS

(a) Benefit payments under this Arrangement shall be made at the direction of the Plan Administrator or its designee from the Park Water Company VEBA Trust fund or the 401(h) account under the Retirement Plan for Employees of Park Water Company in accordance with the funding rules set forth in the Wrap-Around Plan.

(b) Employer shall contribute such amounts to the Park Water Company VEBA Trust fund and/or the 401(h) account under the Retirement Plan for Employees of Park Water Company from time to time in its sole and absolute discretion as it deems appropriate in order to enable the Trustee to pay the benefits or other expenses incurred under this Arrangement for Participants and their eligible dependents. Notwithstanding the foregoing, any contributions for the benefit of Key Employees may be limited pursuant to Code Sections 415 and 419A(d). A Key Employee is a Participant who, at any time, has been a "Key Employee" of Employer as defined in Code Section 416(i).

8. LIMIT ON BENEFITS PROVIDED

(a) On the first day of each calendar month commensurate with and following the Arrangement's effective date, Employer will credit to the separate account of each Participant the amounts set forth below.

Participant's Years of Credited Service * with Employer	Amount Credited Monthly
10	$102
15	$153
20	$203
25	$254
30 or more	$305

* As set forth in the Wrap-Around Plan, "Years of Credited Service" is defined in the Retirement Plan for Employees of Park Water Company

If an eligible dependent is entitled to benefits, Employer will credit $51 a month to the separate account of that Participant for all eligible dependents whose entitlement to benefits is traced to a Participant. In other words, the maximum monthly credit to a Participant's account on account of the Participant's one or more eligible dependents is $51. Employer will continue this crediting after the death of the Participant as long as there are eligible dependents whose entitlement to benefits is traced to the deceased Participant. There is no requirement that the $51 credit go to pay benefits incurred by the eligible dependent(s), as opposed to the Participant. Notwithstanding, if an eligible dependent is entitled to benefits under this Arrangement when the retiree upon whom the eligibility is based is still participating in Retiree Health, Dental and Vision Insurance, (i) the monthly credit to the separate account will be only $51 and (ii) the account balance may be applied only to pay benefits incurred by the spouse. When the retiree upon whom the spouse's eligibility is based ends participating in Retiree Health, Dental and Vision Insurance and begins participating in this Arrangement, the spouse's account shall continue separately from the account of the retiree and benefits incurred by the spouse shall be paid first from the spouse's account until it is entirely depleted and the spouse's account closed.

(b) Employer may change or discontinue these amounts at any time prospectively upon no less than 30-days notice to the Participants.

(c) At no time will a benefit payment be made to a Participant which causes the Participant's separate account to go negative. In that instance, the balance of the claim will carry over and be paid from future account credits. If a Participant's separate account is not fully distributed during a month or a calendar year in making benefit distributions to the Participant, the remaining balance will carry over to succeeding period(s). No interest or earnings are credited on a Participant's separate account.

(d) To the extent that the valid claims of a Participant or eligible dependent fail to utilize the entirety of the Participant's separate account under the rules of this Arrangement following termination of eligibility for benefits under this Arrangement, the remaining balance of that Participant's account will be forfeited.

9. BENEFITS FROM ANOTHER SOURCE

(a) Reimbursement under this Arrangement shall be made only in the event, and to the extent, that reimbursement for amounts expended, or payment, for medical care is not provided for under any insurance policy or under any other plan of Employer or another employer or under any federal or state law. If there is such a policy, plan or law in effect providing for such reimbursement or payment in whole or in part, then, to the extent of the coverage under that policy, plan or law, Employer shall be relieved of any and all liability under this Arrangement.

10. CONTINUATION OF COVERAGE

(a) Eligibility for Continuation Coverage. A Qualified Beneficiary shall have the right to elect to continue Medical Benefits under this Arrangement upon the occurrence of a Qualifying Event that would otherwise result in the person losing coverage under the Arrangement.

COBRA coverage will consist of coverage which, as of the time the coverage is being provided, is identical to the coverage provided under the Arrangement to similarly situated beneficiaries under the Arrangement with respect to whom a Qualifying Event has not occurred. If coverage under the Arrangement is modified for any group of similarly situated beneficiaries, coverage will be modified in the same manner for Qualified Beneficiaries.

COBRA coverage provided in this Section 10 shall not be conditioned upon or discriminate on the basis of lack of insurability or any health status factor.

(b) Election of COBRA coverage. Any Qualified Beneficiary who desires COBRA coverage under this Arrangement must make an election during the applicable "election period" which begins on the date coverage would otherwise terminate under the Arrangement by reason of a Qualifying Event, and ends 60 days after that date or 60 days after the date the Qualified Beneficiary receives notice of his or her right to elect COBRA coverage, whichever is later. Unless specified otherwise in the election, any election by a Participant's spouse to continue coverage under this Arrangement shall be deemed to be an election of COBRA coverage on behalf of any other Qualified Beneficiary who would otherwise lose coverage under the Arrangement by reason of the same Qualifying Event.

(c) Notice Requirements.

(i) At the time that coverage commences under this Arrangement, Participants and their spouses, if any, shall be given written notice of their rights under this Section 10.

(ii) In the case of a Qualifying Event described in Section 10(h) below, a Qualified Beneficiary who is an eligible dependent of the Participant must notify the Plan Administrator within 60 days after the occurrence of that event. If the Qualified Beneficiary fails to notify the Plan Administrator of that Qualifying Event within that 60 day period, the Qualified Beneficiary shall forfeit his or her right to elect continuation coverage under this Section 10.

(iii) Each Qualified Beneficiary who is determined, under Title II or Title XVI of the Social Security Act, to have been disabled at any time during the first 60 days of Continuation Coverage is responsible for notifying the Plan Administrator of the determination of his disabled status within 60 days after the date of the determination.

(iv) Each Qualified Beneficiary who meets the requirements of Section 10(e)(ii), must notify the Plan Administrator within 30 days of the date of the final determination under Title II or Title XVI of the Social Security Act that the Qualified Beneficiary is no longer disabled.

(v) In the case of a Qualifying Event described in Section 10(h)(i) or (iv) below, Employer will notify the Plan Administrator of the occurrence of the event within 30 days of the occurrence of the event.

(vi) Within 14 days after the Plan Administrator is notified of a Qualifying Event, the Plan Administrator shall notify any Qualified Beneficiary of his or her rights under this Section 10, provided that any notification given by the Arrangement to a Qualified Beneficiary who is a Participant's spouse or a spouse or parent of another Qualified Beneficiary shall be deemed to be notification to all other Qualified Beneficiaries residing with the Qualified Beneficiary to whom notice was given.

(vii) Each Qualified Beneficiary must notify the Plan Administrator in the form prescribed by the Plan Administrator of Continuation Coverage no later than the 60th day after the later of the date he or she would otherwise lose coverage or benefits under this Arrangement, or the date he or she received the notice of his rights to elect Continuation Coverage. Failure to provide this written election to the Plan Administrator within that 60 day period shall result in loss of the right to Continuation Coverage.

(d) Premium Requirements.

(i) A Qualified Beneficiary who has elected Continuation Coverage under this Section 10 must pay a monthly premium equal to 102% of the monthly contribution established for the Plan Year by the Plan Administrator for the period of coverage. In the case of a Qualified Beneficiary who is determined to have been disabled as described in Section 10(c)(iii), the premium for Continuation Coverage is 150% of the applicable premium for any month after the 18th month of Continuation Coverage.

(ii) Premiums for Continuation Coverage become payable commencing 45 days after the day on which the Qualified Beneficiary makes the initial election for Continuation Coverage.

(e) Duration of Continuation Coverage. Continuation Coverage shall extend for the following periods (or until the occurrence of an event described in Section 10(f) below) beginning on the date of the Qualifying Event:

(i) For a Qualifying Event in Section 10(h) below, coverage shall extend for 18 months following the date of the Qualifying Event. If, within 18 months after the date of a Qualifying Event described in Section 10(h), another Qualifying Event occurs,

Continuation Coverage shall extend for a period ending 36 months after the date of the first Qualifying Event.

(ii) For a Qualifying Event described in Section 10(h) below, where a Qualified Beneficiary has given notice of disability as provided in Section 10(c)(iii): (i) 29 months calculated from the date of the Qualifying Event; (ii) or the first day of the month commencing more than 30 days after a final determination that the Qualified Beneficiary is no longer disabled, provided that each Qualified Beneficiary must pay the applicable premium described in Section 10(d). The extension provided under this section shall apply to all covered family members of the disabled individual.

(iii) For a Qualifying Event described in Section 10(h)(i), (ii) or (iii) below, coverage shall extend for 18 months, following the date of the Qualifying Event.

(iv) In the case of a Qualifying Event described in Section 10(h)(iv), the period of coverage shall extend until the date of death of the former Participant. If the Qualifying Event described in Section 10(h)(iv) occurs after the death of the former Participant, the period of coverage shall extend until the date of death of the former Participant, the period of coverage shall extend until the date of death of the surviving spouse of the former Participant, or with regard to the surviving spouse or eligible dependents of a former Participant who dies after the Qualifying Event, coverage will continue until the date which is 36 months after the death of the former Participant.

(f) Automatic Termination of Continuation Coverage. Continuation Coverage shall automatically cease at the earliest of the times specified below:

(i) the date on which Employer ceases to provide any group health plan to any of its employees;

(ii) 30 days after the date on which a premium for Continuation Coverage was due and not paid, or if later, the date on which the Participant would lose his or her coverage under this Arrangement due to failure to pay premiums when due. If an amount paid by the Qualified Beneficiary during this 30 day period is determined to be an amount not significantly less than the applicable premium, the premium shall be deemed paid in full. If a payment is made that is determined to be an amount significantly less than the applicable premium, the Qualified Beneficiary shall have an additional 30 days to complete the payment of the entire premium after notice of the deficiency is provided by the Arrangement.

(iii) the date on which the Qualified Beneficiary first becomes, after the date of the election, covered under any other group health plan, as an employee or otherwise, which does not contain any exclusion or limitation with respect to any preexisting condition of the Qualified Beneficiary other than an exclusion or limitation that does not apply to (or is satisfied by) the Qualified Beneficiary by reason of chapter 100 of the Internal Revenue Code, part 7 of Title I of the Employee Retirement Income Security Act of 1974, or Title XXVII of the Public Health Service Act;

(iv) the date on which the Qualified Beneficiary (other than the Participant) becomes entitled to benefits under Title XVIII of the Social Security Act;

(v) the date on which the period of coverage under 10(e) expires; or

(vi) in the case of a Qualified Beneficiary who is determined to have been disabled at the time of a Qualifying Event as provided in Section 10(h) below, the month that begins more than 30 days after the date of the final determination under Title II or Title XVI of the Social Security Act that the Qualified Beneficiary is no longer disabled.

(g) Certificate of Creditable Coverage. The Plan Administrator shall issue certificates of creditable coverage to Participants and eligible dependents whose coverage terminates (and to such individuals upon their written request within 24 months of the date of coverage termination) in compliance with the requirements of Code section 9801 and the regulations issued thereunder. The certificates of creditable coverage shall be issued in substantially the same form as the model certificate of creditable coverage that was promulgated with the regulations referenced in the prior sentence. The Plan Administrator shall respond in a reasonably prompt manner to any request for a certificate of creditable coverage by categories of coverage and may charge the party requesting such certification by categories of coverage a reasonable amount for the preparation of the certification. Certificate of creditable coverage shall be issued within a reasonable time after the occurrence of the following events:

(i) when the Qualified Beneficiary loses coverage under the Arrangement (regardless of whether the Qualified Beneficiary is eligible for Continuation Coverage as provided in Section 10 or similar continuation coverage under state law), provided that if the certificate of creditable coverage is issued as a result of a Qualifying Event, the certificate of creditable coverage shall be issued to the covered person no later than the time the Plan Administrator provides the COBRA notice to the Qualified Beneficiary under Section 10(c) of this Arrangement;

(ii) when a Qualified Beneficiary's Continuation Coverage ends pursuant to Section 10(f) (regardless of whether the Qualified Beneficiary previously received a Creditable Coverage Certificate as provided in paragraph (i) above; or

(iii) the Arrangement receives a written request from a Qualified Beneficiary within 24 months of the date that the Qualified Beneficiary ceased benefiting under the Arrangement.

The Plan Administrator may issue one certificate of creditable coverage to a family losing coverage provided the Participant and all eligible dependents are shown on the certificate and the period of coverage for each such person is either the same or is clearly shown separately. If a family loses coverage at the same time, the Plan Administrator may in its sole discretion determine whether to send one certificate of creditable coverage covering the Participants and all eligible dependents in the family and naming the Participants and all eligible dependents, or issue a separate certificate of creditable coverage to each of the Participant and the eligible dependents showing the creditable coverage for each such person on each separate certificate of creditable coverage.

(h) Qualifying Events. "Qualifying Event" means:

(i) the death of a Participant;

(ii) the divorce or legal separation of a Participant from his or her spouse;

(iii) a child of a Participant ceasing to be an eligible dependent of a Participant; or

(iv) a proceeding in a case under Title 11, United States Code, with respect to the employer from whose employment the Participant retired at any time.

(i) Qualified Beneficiary. "Qualified Beneficiary" means any person who, as of the day before a Qualifying Event, is the eligible dependent of the Participant who incurred the Qualifying Event, provided however that an eligible dependent is not a Qualified Beneficiary if, as of such day, the dependent is:

(i) covered under the Arrangement by virtue of the election of Continuation Coverage pursuant to Section 10 by another person; or

(ii) already a Qualified Beneficiary by reason of a prior Qualifying Event.

Any child born to or placed for adoption with a Participant during a period of Continuation Coverage is a Qualified Beneficiary on the date of birth or as of the date of the placement for adoption.

A person who fails to elect Continuation Coverage within the Election Period shall cease to be considered a Qualified Beneficiary.

(j) FMLA. If a Participant takes a leave of absence under the federal Family and Medical Leave Act of 1993 ("FMLA"), benefits shall continue to be paid under Section 10 as if the Participant remained in active employment. The Participant shall be considered to have terminated employment with Employer on the earliest to occur of: (i) the date the Participant notifies Employer of his or her intent not to return to employment; (ii) the date the Participant fails to return to employment at the end of the leave of absence; or (iii) the effective date of termination of the Arrangement. If a Participant who is a "key employee" as defined under the FMLA is notified by Employer that substantial or grievous economic injury will result from restoration of his or her employment, the key employee's entitlement to benefits under the Arrangement continues until the earliest of: (i) the date the key employee notifies Employer that he or she does not desire restoration of employment at the end of his or her leave of absence; (ii) the date his or her leave entitlement is exhausted; or (iii) the date restoration of employment is denied by Employer.

11. CLAIMS AND CLAIMS REVIEW PROCEDURES

(a) Submission of Claims. Benefit claims under this Arrangement shall be made in the manner prescribed by the Plan Administrator by submitting a reimbursement form in writing to the Plan Administrator or its designee, in such form as the Plan Administrator may prescribe, setting forth: (i) the amount, date and nature of the expense with respect to which a benefit is requested; (ii) the name of the person, organization or entity to which the expense was paid; (iii) the name of the person for whom the expense was incurred and, if such person is not the Participant requesting the benefit, the relationship of the person to the Participant; (iv) the amount reimbursed, or expected to be reimbursed, under any insurance arrangement or other plan, with respect to the expense; and (v) such other information as the Plan Administrator may from time to time require. The form shall be accompanied by copies of bills, invoices, receipts canceled checks or other statements showing the amounts of the expenses, together with any additional documentation that the Plan Administrator may request.

(b) Deadline. Subject to subsections 5(b) and (c) above, all claims must be postmarked to the appropriate Claims Administrator no later than 180 days after the end of the calendar year in which the expense was incurred. Claims postmarked after that deadline will be denied as untimely. Notwithstanding, claims made by the Department of Health and Human Services, or one of its agencies or subcontractors under the Medicare Secondary Payer Statute must be submitted to the Arrangement within three years of the date on which the expense was incurred.

(c) Claims Procedures. The Claims Administrator shall notify the claimant within a reasonable period of time and no later than 30 days after receipt of the Claim of the decision on the Claim. Any adverse benefit determination on a Claim shall include the information shown below. The initial period for determination on a Claim may be extended one time by the Claims Administrator for up to 15 days provided the Claims Administrator both determines that an extension is necessary due to matters beyond the control of the Arrangement, and notifies the claimant prior to the expiration of the initial 30 day period of the circumstances requiring the extension and the expected date by which the Arrangement expects to render a decision. If the extension is necessary due to the need for additional information, the notice to the claimant must specifically describe the additional information needed and provide the claimant with at least 45 days in which the claimant may respond. In the event a claimant is notified of the need for additional information, the time period for processing the Claim shall not begin to run again until the additional information is received from the claimant or his authorized representative.

(d) Explanation of Denial of a Claim. Explanation of a claim denial shall be sent to the claimant and shall set forth, in a manner calculated to be understood by the claimant, the following information:

(i) The Claims Administrator's adverse determination.

(ii) The specific reason or reasons for the adverse determination.

(iii) Specific reference to the pertinent Arrangement provisions on which the denial is based.

(iv) A description of any additional materials or information necessary for the claimant to perfect the claim, and an explanation of why such information is necessary.

(v) A description of the Arrangement's review process for claims and applicable time limits on such review and a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination.

(vi) In the event an internal rule, guideline, protocol or similar criterion was relied upon in making the determination, either a copy of such rule or guideline or a statement that a copy of the rule or guideline, etc. will be provided to the claimant free of charge upon request.

(e) Appeal for Denial of Claim for Medical Benefits.

(i) Claimant's Appeal Requirements and Rights. If a claimant's benefit claim is denied either in whole or in part by the Claims Administrator, the claimant shall have 180 days from receipt of an adverse benefit determination on a benefit claim to submit a written request for appeal to the Claims Administrator. If a claimant disagrees with the claim denial, the claimant must file a written request for appeal. A claimant should submit written comments, documents, records and all other information relating to the benefit claim. A claimant may request reasonable access to and copies of all documents, records, and other information relevant to the claim. The claimant shall be provided this information free of charge. The review of the initial adverse determination will take into account all comments, documents, records and other information that is submitted, regardless of whether such information was submitted and considered in the initial determination of the claim. The claimant will also be provided a review that does not afford deference to the initial adverse determination to be conducted by someone who is neither the individual who made the initial determination nor the subordinate of such individual.

(ii) First Level of Appeal for Denial of Claim for Medical Benefits. All first level appeals for the denial of a benefit claim shall be reviewed by the Claims Administrator as defined herein. If, after reviewing the appeal and any further information that the claimant submitted, the Claims Administrator denies the claim, either in whole or in part, a notice (which will be provided to the claimant in writing by mail or hand delivery, or through E-mail) will be provided to the claimant within a reasonable period of time, but not later than either 30 days from the day the claimant's request for a review was received.

(iii) Second Level of Appeal for Denial of Claim for Medical Benefits. If, after reviewing the first level of appeal and any further information that the claimant has submitted, the Claims Administrator denies the benefit claim either in whole or in part, and the claimant disagrees with the denial, the denial must be appealed by requesting a review of the benefit claim by the Plan Administrator. The Plan Administrator must receive a written request for an appeal within 90 days of the date the claimant received notice that the benefit claim was denied.

The remainder of the second level appeal for a denial of a benefit claim will be handled as discussed above. The request for a second level appeal should be mailed to the Plan Administrator.

If, after reviewing the appeal and any further information that the claimant has submitted, the Plan Administrator denies the second level appeal, either in whole or in part, a notice (which will be provided to the claimant in writing by mail or hand delivery, or through E-Mail) will be provided to the claimant within a reasonable period of time, but not later than 30 days from the day the request for a review was received by the Plan Administrator.

The notice describing the decision shall include the information described above.

12. ADMINISTRATION

(a) The Plan Administrator under the Wrap-Around Plan shall have authority and responsibility to control and manage the operation and administration of this Arrangement.

(b) It shall be a principal duty of the Plan Administrator to see that the Arrangement is carried out in accordance with its terms, for the exclusive benefit of persons entitled to participate in the Arrangement without discrimination among them. The Plan Administrator will have full power and discretionary authority to administer the Arrangement in all of its details subject, however, to the requirements of ERISA. For this purpose, the Plan Administrator's powers will include, but will not be limited to, the following authority, in addition to all other powers provided by this Arrangement: (i) to make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Arrangement; (ii) to interpret the Arrangement, its interpretation thereof in good faith to be final and conclusive on all persons claiming benefits under the Arrangement; (iii) to decide all questions concerning the Arrangement and the eligibility of any person to participate in the Arrangement; (iv) to compute the amount of benefits that will be payable to any Participant in accordance with the provisions of the Arrangement, and to determine the person to whom such benefits will be paid; (v) to authorize the payment of benefits; (vi) to authorize the payment of Arrangement expenses from the Park Water Company VEBA Trust and 401(h) account; (vii) to appoint such agents, counsel, accountants, consultants and actuaries as may be required to assist in administering the Arrangement; (viii) to appoint the Claims Administrator; and (ix) to allocate and delegate its responsibilities under the Arrangement and to designate other persons to carry out any of its responsibilities under the Arrangement, any such allocation, delegation or designation to be by written instrument and in accordance with Section 405 of ERISA.

(c) The Plan Administrator will make available to each Participant such of his or her records under the Arrangement as pertain to him or her, for examination at reasonable times during normal business hours.

(d) In administering the Arrangement, the Plan Administrator will be entitled, to the extent permitted by law, to rely conclusively on all table, valuations, certificates, opinions and reports that are furnished by any accountant, counsel or other expert employed or engaged by the Plan Administrator.

(e) The Plan Administrator will be a "named fiduciary" for purposes of Section 402(a)(1) of ERISA with authority to control and manage the operation and administration of the Arrangement, and will be responsible for complying with all of the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA.

(f) Employer will indemnify and defend to the fullest extent permitted by law any employee serving as the Plan Administrator, as a member of a committee designated as Plan Administrator (including any employee or former employee who formerly served as Plan Administrator or as a member of that committee) or as the Claims Administrator against all liabilities, damages, costs and expenses (including attorneys fees and amounts paid in settlement of any claims), except for claims arising from their gross negligence, willful neglect or willful misconduct, as provided in Employer's standard Indemnification Agreement for ERISA fiduciaries.

13. AMENDING OR TERMINATING THE ARRANGEMENT

(a) Amendment of Arrangement. Employer reserves the power at any time or times to amend the provisions of the Arrangement to any extent and in any manner that it may deem advisable, by a written instrument signed by one or more authorized officers of Employer. Any reduction in the amounts credited to the Participants' accounts will only be effective no sooner than 30 days following mailing of written notice to the Participants of the reduction, which notice shall specify the effective date of the reduction.

(b) Termination of Arrangement. Employer reserves the power at any time or times without liability to terminate the Arrangement by a written instrument signed by one or more authorized officers of Employer. Termination of the Arrangement shall be effective no sooner than 30 days following mailing of written notice to the Participants of the termination, which notice shall specify the effective date of the termination. Upon termination of the Arrangement, further reimbursements shall be made only in accordance with the following. The Participants shall be entitled to reimbursement only for expenses incurred prior to the effective date of the termination that would ordinarily be covered under this Arrangement, and only if the Participant applies for such reimbursement in accordance with Section 10(a) on or before the 90th day following the date of termination. The Participants will not be entitled to reimbursement for expenses incurred on or after the effective date of the termination.

14. MISCELLANEOUS

(a) Construction of Terms in Gender Neutral Manner. All terms expressed in this Arrangement shall be deemed to include the feminine and neuter genders and all references to the plural shall be deemed to include the singular and vice versa, all as proper construction shall dictate.

(b) Governing Law. To the extent not preempted by ERISA, questions concerning the proper interpretation of the terms of this agreement shall be determined in accordance with the law of the State of California, where Employer's principal business office is located.

(c) Availability of Documents. The Plan Administrator shall keep a copy of this Arrangement document and any other disclosure documents relating to it (including, but not limited to, summary plan descriptions) that are in the public domain on file at its office where Participants may inspect them during Employer's regular business hours. Upon request, Employer shall provide a Participant or eligible dependent with copies of these documents. When the Plan Administrator provides those documents, the Plan Administrator may charge the requesting party a reasonable charge for photocopying these materials.

(d) Arrangement Document Governs. This document (along with the Wrap-Around Plan documentation) contains all of the operative provisions of this Arrangement. Any conflict between the provisions of this document and any other Employer document purporting to explain the rights, benefits, or obligations of the parties under this Arrangement shall be resolved in favor of this Arrangement document. In the event that a tribunal of competent jurisdiction shall determine in a final judgment or decree that one or more of the provisions of this Arrangement is invalid due to the provisions of applicable law, this Arrangement shall be interpreted as if the offending language had been stricken from its provisions and the remainder of the Arrangement document shall continue in full force and effect.

(e) Participants shall have legally enforceable right to the benefits provided in the Arrangement. However, neither the establishment of the Arrangement nor any amendment to it will be construed as giving to any Participant or other person any legal or equitable right against the Plan Administrator or Employer, except as expressly provided in this Arrangement or by law.

(f) The right of any Participant to receive any reimbursement under the Arrangement shall not be alienable by the Participant by assignment or any other method, and will not be subject to be taken by his or her creditors by any process whatsoever, and any attempt to cause such right to be so subjected will not be recognized, except to such extent as may be required by law. This specifically precludes any assignment of benefits to providers. This shall not preclude use of debit cards provided under the Arrangement.

(g) It is the Employer's belief that the benefits under this Arrangement are not taxable income to the Participants. However, neither the Plan Administrator nor Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment is excludable from the Participant's gross income for federal and state income tax purposes, and to notify Employer if the Participant has reason to believe that any such payment is not so excludable.

(h) If any Participant receives one or more payments or reimbursements under this Arrangement that are not eligible for reimbursement, (i) the Participant will reimburse the Plan for such payment and (ii) the Participant shall indemnify and reimburse Employer for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payment or reimbursements, and no equitable defenses will apply to those repayment obligations.

In adoption of this Arrangement document, these authorized officers of Employer have set forth their signatures below this 18th day of December, 2013.

PARK WATER COMPANY

By: _____
Mary A. Young
Senior Vice President, Administration

HFB 1289772.4 W4302056

THIRD AMENDMENT
PARK WATER COMPANY EMPLOYEE BENEFIT PLAN
(WRAP-AROUND PLAN)

Park Water Company, sponsor of the Park Water Company Employee Benefit Plan (Wrap-Around Plan), hereby amends the Plan as follows. This Plan Amendment is effective October 1, 2014.

Effective October 1, 2014, notwithstanding any other eligibility requirements set forth in the Plan, the term "eligible retired employee" includes Douglas R. Harrison, and he shall be included as a 30-year eligible retired employee. The foregoing is subject to the Employer's right to amend or terminate the Plan at any time.

Dated: August 28, 2014

PARK WATER COMPANY

By: Mary A. Young
Senior Vice President Administration
Mary A. Young

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated as of December ___, 2011, is entered into by and between Park Water Company, a California corporation (the "Company") and Nyri A. Wheeler (the "Employee").

RECITALS

A. The Company, Western Water Holdings, LLC, a Delaware limited liability company ("Buyer"), PWC Merger Sub, Inc., a California corporation ("Merger Sub") and certain other parties have entered into that certain Agreement and Plan of Merger, dated as of December 21, 2010 (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Parent (the "Merger");

B. The Employee is a long time employee of the Company and provides institutional knowledge regarding various aspects of the Company's history and operations which Parent considers important and valuable in connection with the transition of ownership that will result from the Merger.

C. The Company and the Employee desire that, immediately upon the closing of the transactions contemplated by the Merger Agreement (the "Closing"), the Company shall continue to employ the Employee, on the terms and subject to the conditions set forth herein; and

D. This Agreement will become effective only if the Closing occurs.

AGREEMENT

In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Employee's employment hereunder shall be for a term commencing on the Effective Date and ending on the later to occur of (i) the thirtieth (30th) day following the Employee's sixty-second (62nd) birthday or (ii) the date on which the Employee becomes eligible to receive medical benefits as a participant in the Park Water Company Retirement Plan for Company Employees currently in effect, or any successor plan (the "Plan"). This term shall constitute the "Employment Period". For purposes of this Agreement, "Effective Date" shall mean the "Effective Time" as defined in the Merger Agreement.

2. Terms of Employment.

(a) Duties.

(i) Reporting; Duties. During the Employment Period, the Employee shall report to the chief executive officer of the Company (or his or her designee), and shall perform such services and special projects on behalf of the Company as may be requested from time-to-time by him or her.

(ii) Location. During the Employment Period, the Employee shall perform the services required by this Agreement at the Company's principal offices located in Downey, California, except for travel to other locations as may be necessary to fulfill the Employee's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Employee shall receive a base salary of [redacted] per annum (the "Base Salary"), pro rated for any partial year of service. The Base Salary shall be paid in installments in accordance with the Company's applicable payroll practices, as in effect from time to time, but no less often than monthly.

(ii) Retirement and Welfare Benefit Plans. During the Employment Period, the Employee and the Employee's dependents shall be eligible to participate in the retirement and welfare benefit plans, practices, policies and programs (including, as applicable, medical, dental, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its similarly situated employees.

(iii) Expenses. During the Employment Period, the Employee shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Employee in accordance with the policies, practices and procedures of the Company provided to similarly situated employees of the Company. Notwithstanding any other provisions of this Agreement to the contrary, nothing contained in this Agreement shall, or shall be construed to, obligate the Company to adopt or maintain any incentive, savings, retirement, welfare, fringe benefit or other plan(s) or program(s) at any time.

(iv) Paid-Time-Off. During the Employment Period, the Employee shall be entitled to annual paid-time-off in accordance with the plans, policies, programs and practices of the Company applicable to its similarly situated employees.

3. Termination of Employment. The Employee's employment may be terminated by the Employee at any time upon delivery of written notice to the Company in accordance with Section 9(b) below at least fifteen (15) days in advance of the effective date of termination. The Company may only terminate this Agreement and the Employee's employment upon the occurrence of any one or more of the following events, which shall constitute termination of the Employee for "Cause":

(a) the Employee's interference with the business or operations of the Company;

(b) the Employee's commission of an act of fraud, dishonesty or embezzlement in the performance of the Employee's duties;

(c) the Employee's commission of, or entry by the Employee of a guilty or no contest plea to, a felony or other crime involving moral turpitude;

(d) a material breach by the Employee of the Employee's fiduciary duty to the Company, or gross negligence or willful misconduct by the Employee in the performance of the Employee's duties with the Company;

(e) the Employee's material breach of this Agreement; or

(f) the Employee's willful and continued violation of any of the Company's written policies or procedures.

4. Termination Payments. Upon the Employee's termination of employment with the Company, the Employee shall be paid, in a single lump-sum payment on the date of such termination of employment, the aggregate amount of the Employee's earned but unpaid Base Salary and accrued but unpaid paid-time-off (if any) through the date of such termination, in each case, to the extent not previously paid.

5. Termination of Offices and Directorships; Full Settlement. Upon termination of the Employee's employment, unless otherwise specified in a written agreement between the Employee and the Company, the Employee shall be deemed to have resigned from all offices, directorships, and other employment positions then held with the Company, if any, and shall take all actions reasonably requested by the Company to effectuate the foregoing. Except as expressly provided in this Agreement, the Company shall have no further obligations, and the Employee shall have no further rights or entitlements, in connection with the Employee's termination of employment.

6. Indemnification Agreement. The Company acknowledges that the Employee is currently a party to an indemnification agreement with the Company, dated as of March 18, 2009, and agrees to perform its obligations as required in accordance with the terms and conditions of such agreement.

7. Anti-Disparagement. Following the Employee's termination of employment with the Company, Employee agrees that he/she will not defame, disparage, or make derogatory statements, directly or indirectly, in any forum, about or concerning the Company, or any of its officers, directors, shareholders or affiliates.

8. Effectiveness. This Agreement shall become effective upon Closing. Notwithstanding anything contained herein, in the event that the Closing does not occur for any reason, this Agreement shall automatically, and without notice, terminate without any obligation due to the other party and the provisions of this Agreement shall be of no force or effect. As of the Effective Date of this Agreement, the Employee shall be deemed to have resigned from all other offices, directorships and other employment positions held with the Company on or prior to the Effective Date and shall take all actions reasonably requested by the Company to effectuate the foregoing.

9. Confidential Information and Non-Solicitation. The Employee hereby acknowledges that the Employee has agreed to certain confidentiality requirements as set forth in the Merger Agreement, and that the Employee is and shall remain bound by the terms and conditions of the Merger Agreement.

10. Representations. The Employee hereby represents and warrants to the Company that (a) the Employee is entering into this Agreement voluntarily and that the performance of the Employee's obligations hereunder will not violate any agreement between the Employee and any other person, firm, organization or other entity, and (b) the Employee is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Employee's entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

11. Successors. This Agreement is personal to the Employee and, without the prior written consent of the Company, shall not be assignable by the Employee otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

12. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to principles of conflict of laws thereof. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices, demands, requests, consents, statements, satisfactions, waivers, designations, refusals, confirmations, denials and other communications that may be required or otherwise provided for or contemplated hereunder shall be in writing and shall be deemed to be properly given and received (a) upon delivery, if delivered in person or by e-mail or facsimile transmission with receipt acknowledged, (b) one business day after having been deposited for overnight delivery with Federal Express or another comparable overnight courier service, or (c) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, addressed as provided below (or sent to such other address as one party hereto may specify to the other(s) in writing in accordance herewith):

If to the Employee: at the Employee's most recent address on the records of the Company.

If to the Company:

Park Water Company

9750 Washburn Road
Downey, CA 90241-7002
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Carlyle Investment Management L.L.C.
1001 Pennsylvania Avenue, NW
Washington DC, 20004-2505
Attn: Robert Dove

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Section 409A of the Code.

(i) General. To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code and related Department of Treasury guidance, the Company may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code, and/or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance; provided, however, that this Section 9(c) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

(ii) Separate Payments. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code and Section 3(e) hereof to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A of the Code.

(d) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(e) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(f) No Waiver. The Employee's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Employee or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(g) Entire Agreement. As of the Effective Date, this Agreement, together with the Confidentiality Agreement, constitutes the final, complete and exclusive agreement between the Employee and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates, or representative thereof.

(h) Amendment. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto.

(i) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Employee has hereunto set the Employee's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

Park Water Company,
a California corporation

By: _____
Name: Christopher Schilling
Title: Chief Executive Officer

EMPLOYEE

_____
Nyri A. Wheeler

EMPLOYMENT AGREEMENT

This **Employment Agreement** (this *"Agreement"*) is made and entered into effective as of December 21, 2010 by and between PWC Merger Sub, Inc., a California corporation (the *"Company"*), and Christopher Schilling (the *"Executive"*). The Company and the Executive are hereinafter collectively referred to as the *"Parties"*, and individually referred to as a *"Party"*.

RECITALS

A. The Executive currently serves as the Co-Chief Executive Officer of the Company with its current Chief Executive Officer and principal shareholder, Henry H. Wheeler, Jr. (*"Wheeler"*) under an Employment Agreement with the Company, dated March 4, 2009 (the "***Original Employment Agreement***").

B. Park Water Company, a California corporation ("***Seller***"), Western Water Holdings, LLC, a Delaware limited liability company ("***Buyer***"), the Company and certain other parties have entered into that certain Agreement and Plan of Merger, dated as of December 21, 2010 (the "***Merger Agreement***"), pursuant to which the Company will merge with and into the Seller, with the Seller surviving the merger as a wholly-owned subsidiary of Buyer (the "***Merger***").

C. Buyer and the Company desire that Executive continue as the Company's sole Chief Executive Officer following the closing of the Merger (the "***Closing***").

D. The Executive and the Company intend that this Agreement will supersede and replace the Original Employment Agreement.

E. This Agreement will become effective only if the Closing occurs.

AGREEMENT

In consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 Employment Term. Subject only to the termination provisions set forth in Section 3 below, the term of Employee's employment hereunder shall be for a four (4)-year period beginning upon the Effective Date (as defined below) and ending on the fourth anniversary of the Effective Date (the "***Initial Term***"), unless earlier terminated in accordance herewith, which period shall be extended and continue for additional one (1) year periods (each, an "***Extension Term***") that begin on the fourth anniversary of the Effective Date and each succeeding anniversary thereof, unless either Party elects in writing not to so renew at least ninety (90) days prior to any such anniversary (such period, the "***Employment Period***"). For purposes of this Agreement, "***Effective Date***" will mean the "Effective Time" as defined in the Merger Agreement.

1.2 Titles, Duties and Responsibilities. The Executive agrees to serve the Company and the Company agrees to employ the Executive as its Chief Executive Officer. The Executive shall perform the duties requested by the Board of Directors of the Company (the "***Board***") that are consistent with his position and agrees to serve as a director of the Company during the Employment Period, if elected to the Board. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing consistent with the Executive's role as Chief Executive Officer of the Company. If the Executive serves in any one or more of such additional capacities during the Employment Period (including without limitation, on the Board), the Executive's compensation shall not be increased beyond that specified in Section 2 hereof. The Executive shall devote all of his professional efforts on a full-time basis to the business and affairs of the Company.

1.3 Location. Unless the Parties otherwise agree in writing, the Executive shall perform his services pursuant to this Agreement during the Term at the Company's headquarters in Downey, California, or within a fifty (50) mile radius thereof; provided, however, the Company may from time to time require the Executive to travel temporarily to other locations in connection with the Company's business.

2. COMPENSATION OF THE EXECUTIVE.

2.1 Base Salary. During the Employment Period, the Company shall pay the Executive an initial base salary of five hundred thousand ($500,000) per year (as may be increased from time to time, the "***Base Salary***"), subject to payroll deductions and all required withholdings, payable regularly in installments in accordance with the Company's normal payroll practices, but in no event less often than monthly. The Executive's base salary shall be prorated for any partial year of the Employment Period on the basis of a 365-day calendar year. During the Employment Period, the Executive shall be entitled to an annual review by the Board of his Base Salary to determine if any increase in the Base Salary is warranted, which determination shall be made by the Board in its sole discretion based on the Company's and the Executive's performance.

2.2 Bonus. During the Employment Period, the Executive shall be eligible to receive annual bonuses. Any such bonuses (if any), shall be determined by the Company in its sole discretion.

2.3 Benefits. During the Employment Period, the Executive shall be eligible to participate in the benefit plans and programs that the Company provides generally to the other senior executives of the Company and their dependents on comparable terms and conditions, including, but not limited to the following plans and programs: life insurance, disability insurance, medical, dental, long term care insurance and accidental death and dismemberment insurance, pension, post-retirement benefits and 401(k) plans. Notwithstanding the foregoing, while the Company has no present intention to terminate any benefit or retirement plan or program, the Company may amend or terminate any benefit or retirement plan or program at any time in accordance with its applicable terms and shall have no obligation to adopt or maintain any benefit plans or programs at any time or for any specified period.

2.4 Paid-Time-Off. During the Employment Period, the Executive shall be entitled to annual paid-time-off accruing at a rate of thirty-one (31) days per calendar year, pro-rated for any partial calendar year and otherwise in accordance with the plans, policies, programs and practices of the Company applicable to its similarly situated executives, which shall include 38.3 days of paid-time-off (306.5 hours) of paid-time-off accrued as of the date of this Agreement, to be used in accordance with applicable Company policy as in effect from time to time.

2.5 Equity Participation Plan. The Executive has been presented with a non-binding equity term sheet that summarizes the proposed terms of an equity incentive program to be implemented in the future, under which certain equity awards are expected to be issued to the Executive and other key members of the Company's management. As soon as reasonably practicable following the Effective Date of this Agreement, the Company and the Executive will negotiate in good faith to complete and implement an equity incentive program that is reasonably acceptable to the Parties, it being understood that this Section 2.5 shall impose no obligation on the Company to adopt any particular equity incentive program or grant any specific equity awards at any time.

2.6 Business Expenses. The Company shall reimburse the Executive promptly for usual and customary business expenditures incurred and substantiated in furtherance of the Company's business and in accordance with procedures established from time-to-time by the Company.

2.7 Use of Company Car. During the Employment Period, the Executive shall be entitled to use a Company-owned fleet car for transportation in lieu of a car allowance. The Company shall have no obligation to acquire or retain ownership of any particular vehicle at any time as a result of this provision, and the Executive shall be solely liable for any taxes (if any) arising in connection with the Executive's use of such car.

3. TERMINATION.

3.1 Termination by the Company. The Executive's employment with the Company may be terminated at any time by either Party, with or without "Cause" or "Good Reason", as those terms are defined hereafter, in accordance with the terms of this Agreement. The obligations of the Parties upon a termination of employment are set forth hereafter.

3.1.1 Termination by the Company for Cause. The Company may terminate the Executive's employment under this Agreement for Cause by delivering written notice to the Executive specifying the Cause or Causes relied upon for such termination. Any notice of termination given pursuant to this Section 3.1.1 shall effect termination either as of the date of the notice, or as of such other later date as specified in the notice, subject to the thirty (30)-day cure provision provided in Section 3.6.3(i).

3.1.2 Termination by the Company Without Cause. The Company may terminate the Executive's employment under this Agreement without

"Cause" during the Employment Period by providing the Executive written notice of such termination, which notice shall effect termination either as of the date of the notice, or as of such other later date as specified in the notice.

3.1.3 Termination Upon Company Non-Renewal. The Company may terminate the Executive's employment in connection with a non-renewal of the Initial Term or any Extension Term.

3.2 Termination by the Executive. The Executive may terminate his employment with the Company at any time during the Employment Period as follows:

3.2.1 Good Reason. The Executive may terminate his employment under this Agreement for "Good Reason" (as defined hereafter) in accordance with the procedures specified in Section 3.6.2 below.

3.2.2 Without Good Reason or Executive Non-Renewal. The Executive may terminate his employment under this Agreement without "Good Reason", by providing the Company written notice of termination at least ninety (90) days prior to such termination date. The Executive may terminate his employment by electing not to renew the Employment Period at least ninety (90) days prior to the end of the Initial Term or any Extension Term in accordance with Section 1.1 above. The terminations described in this Section 3.2.2 are referred to as "***Voluntary Terminations***".

3.3 Termination Upon Death or Complete Disability. The Executive's employment with the Company shall automatically terminate effective upon the date of the Executive's death or Complete Disability (as defined hereafter).

3.4 Termination by Mutual Agreement of the Parties. The Executive's employment pursuant to this Agreement may be terminated at any time by the written agreement of the Parties. Any such termination of employment shall have the consequences, if any, specified in such agreement.

3.5 Compensation Upon Termination of Agreement.

3.5.1 Death or Complete Disability. If the Executive's employment is terminated by his death or Complete Disability, as provided in Section 3.3, the Company shall pay to the Executive, or to the Executive's legal representatives, heirs or estate, the following amounts (such amounts, together, the ***"Accrued Obligations***): (i) the Executive's earned but unpaid Base Salary through the Date of Termination (as defined below), (ii) the Executive's accrued and unused paid-time-off earned through the Date of Termination (if any), (iii) the Executive's accrued but unpaid annual bonus(es) through the Date of Termination (if any), and (iv) any benefits or amounts in which the Executive has vested as of such termination under any Company benefit plans or programs (if any), in each case, less standard deductions and withholdings. Payments pursuant to clauses (i), (ii) and (iii) of this Section 3.5.1 shall be made in a single lump-sum payment within thirty (30) days after such termination (or such shorter period as may be required by applicable law); payments pursuant to clause (iv) of this Section 3.5.1. shall be made as and when due in accordance with the terms and conditions of the applicable plan or program.

3.5.2 With Cause or Without Good Reason; Other Terminations. If the Executive's employment is terminated by the Company for Cause, if the Executive terminates his employment hereunder in a Voluntary Termination or the Executive's employment with the Company terminates for any other reason not described in Section 3.5.1 above or Section 3.5.3 below, the Company shall pay the Executive the Accrued Obligations in the manner described in Section 3.5.1 above.

3.5.3 Without Cause, for Good Reason or upon a Company Non-Renewal. If, during the Employment Period, (i) the Executive terminates his employment for Good Reason, (ii) the Company terminates the Executive without Cause, or (iii) the Company elects not to renew the Employment Period and, at the time of such election, the Executive is willing and able to continue providing services under this Agreement on terms and conditions substantially similar to those in effect at the time of such non-renewal (a "***Company Non-Renewal***" and, together with the terminations described in clauses (i) and (ii), "***Severance Terminations***"), then the Company shall pay to the Executive the Accrued Obligations in the manner described in Section 3.5.1. In addition, if the Executive experiences a "separation from service" (within the meaning of Section 409A (as defined below)) from the Company (a "***Separation from Service***") as a result of a Severance Termination during the Employment Period (the date of any Separation from Service, the "***Date of Termination***"), subject to Section 3.7 below and the Executive's timely execution and non-revocation of a Release (as defined and provided below):

(a) *Salary Continuation.* The Executive shall be entitled to receive as a severance payment an amount equal to (I) if the Severance Termination occurs during the Initial Term, other than by reason of a Company Non-Renewal at the end of the Initial Term, two times his Base Salary in effect on the Date of Termination, and (II) if the Severance Termination occurs as the result of a Company Non-Renewal at the end of the Initial Term or by reason of any Severance Termination (including without limitation, a Company Non-Renewal) during any Extension Term, one times his Base Salary in effect on the Date of Termination. The Company shall pay the Base Salary severance payments in substantially equal installments beginning on the fifteenth (15th) day of the first month following the month in which the Date of Termination occurs (the "***Initial Payment Date***") with additional payments on the three (3) succeeding six-month anniversaries of the Initial Payment Date (or, in the case of payments under Section 3.5.3(a)(II), one additional payment on the six-month anniversary of the Initial Payment Date); provided, however, that if the Initial Payment Date occurs prior to the first payroll date occurring on or after the 30th day following the Date of Termination (the "***First Payroll Date***"), then the first installment of Base Salary severance shall instead be paid on the First Payroll Date without interest thereon; and

(b) *Healthcare Continuation.* In addition, during the period commencing on the Date of Termination and ending on the earlier to occur of (i) if a Severance Termination occurs during the Initial Term other than by reason of a Company Non-Renewal, the eighteen (18)-month anniversary of the Date of Termination, (ii) if the Severance Termination occurs as a result of a Company Non-Renewal and/or during any Extension Term (including, for the avoidance of doubt, in connection with a non-renewal of the Initial Term), the twelve (12)-month anniversary of the Date of Termination, or

(iii) in either, case, if earlier, the date on which the Executive becomes eligible to receive health benefits under the benefit plans of another employer (of which eligibility the Executive hereby agrees to give the Company prompt notice) (in any case, the "***COBRA Period***"), subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code and the regulations thereunder ("***COBRA***"), the Company shall continue to provide the Executive and the Executive's eligible dependants with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not so terminated, based on the Executive's elections in effect on the Date of Termination), provided, however, that (1) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (2) the Company is otherwise unable to continue to cover the Executive under its group health plans without adverse tax consequences or otherwise, then, in either case, an amount equal to each remaining Company subsidy otherwise payable on behalf of the Executive in accordance with this Section 3.5.3(b) shall thereafter be paid to the Executive as currently taxable compensation in substantially equal monthly installments over the COBRA Period (or the remaining portion thereof). For the avoidance of doubt, nothing herein shall limit the Executive's legal rights under COBRA; however, to the extent that COBRA entitles the Executive (and his dependents, if applicable) to healthcare continuation beyond the periods specified in this Section 3.5.3(b), such healthcare continuation shall be at the Executive's sole expense.

(c) *Pension Replacement.* If (and only if) the Executive experiences a Severance Termination prior to the date on which the Executive first vests in benefits under the Company's Park Water Company Pension Plan, currently expected to occur on June 15, 2014, in addition to the foregoing amounts, the Company shall pay to the Executive a one-time payment of two hundred thousand dollars ($200,000), payable on the First Payroll Date.

The payments and benefits described in Section 3.5.3(a), (b) and (c) above are referred to herein as the "***Severance***." Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the Severance that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit A (the "***Release***") within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the Date of Termination and that the Executive (or the Executive's estate or beneficiaries, if applicable) not revoke such Release during any applicable revocation period.

3.6 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

3.6.1 Complete Disability. "***Complete Disability***" shall mean that the Executive has become disabled within the meaning of any applicable Company policy of long-term disability income insurance covering the Executive. If the Company has no policy of long-term disability income insurance covering the Executive at the relevant determination time, the term "***Complete Disability***" shall mean the inability of the Executive to perform the Executive's duties under this Agreement, whether with or

without reasonable accommodation, by reason of any incapacity, physical or mental, which the Company's Board, based upon medical advice reasonably acceptable to the Board, determines to have incapacitated the Executive from satisfactorily performing the Executive's usual services for the Company, with or without reasonable accommodation, for a period of at least one hundred twenty (120) days during any twelve (12) month period (whether or not consecutive). Based upon such medical advice, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Complete Disability for purposes of this Agreement.

3.6.2 Good Reason. *"Good Reason"* for the Executive to terminate his employment hereunder shall mean the occurrence of any of the following events without the Executive's prior written consent:

(i) a material reduction in the Executive's title, duties, authority or responsibilities with the Company, as in effect from time-to-time hereunder;

(ii) a reduction in the Executive's Base Salary as then in effect, other than in connection with a Company-wide expense reduction;

(iii) a change or relocation of the Executive's place of employment that constitutes a "material change in geographic location" (within the meaning of Section 409A), which, in any event, shall include only a change or relocation to a location not within a fifty (50)-mile radius of the location designated in Section 1.3;

(iv) any other substantial material and adverse change in the Executive's conditions of employment imposed upon him by the Board without the Executive's consent; or

(v) a material breach by the Company of any of its material contractual obligations under this Agreement.

provided, however, that termination by the Executive of his employment shall only be deemed for Good Reason pursuant to the foregoing definition if: (i) the Executive gives the Company written notice of his intent to terminate for Good Reason within sixty (60) days following the occurrence of the event(s) that the Executive believes constitutes Good Reason, which notice shall describe such event(s); (ii) the Company fails to remedy such event(s) within sixty (60) days following receipt of the written notice (the "***Company Cure Period***"); and (iii) the Executive delivers written notice of his termination of employment to the Company within thirty (30) days following the end of the Company Cure Period.

3.6.3 Cause. ***"Cause"*** for the Company to terminate the Executive's employment hereunder shall mean a termination of employment directly resulting from:

(i) the Board's good faith determination that the Executive has willfully or repeatedly failed to substantially perform his primary or

regular duties or obligations under this Agreement or under written policies of the Company, (other than any such failure resulting from the Executive's Complete Disability), provided, that, to the extent such failure can be fully cured, the Company shall have provided the Executive with at least thirty (30) days' notice of such failure and the Executive shall not have remedied the failure within the thirty (30)-day period;

(ii) the Executive having engaged in misconduct that caused or would have caused, if the Company did not intervene, a violation by the Company or any of its affiliates of any applicable law;

(iii) the Executive having engaged in a theft of corporate funds or corporate assets or in a material act of fraud upon the Company;

(iv) an act of personal dishonesty taken by the Executive that was intended to result in personal enrichment of the Executive at the expense of the Company;

(v) the Executive's repeated failure to meet performance objectives as mutually agreed with the Board from time-to-time, *provided, however*, that the Executive shall have received two written warnings by the Board, the first of which specifies each area of Executive's failure, a time-frame and plan for correction of such failures that has been determined by the Board in consultation with the Executive, and the second of which coming after Executive's failure to accomplish such remedial measures derived after the first notice;

(vi) the Executive's use of illegal drugs;

(vii) the Executive's commission (including without limitation, as evidenced by the entry of a plea of nolo contendere or equivalent plea in a court of competent jurisdiction) of a felony or other crime involving dishonesty; or

(viii) a material breach by the Executive of the provisions of this Agreement.

3.7 Full Settlement. Except as expressly provided in this Agreement, the Company shall have no further obligations and the Executive shall have no further rights or entitlements upon or in connection with the Executive's termination of employment.

3.8 Six Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any Severance payable under Section 3 hereof, shall be paid to the Executive during the six (6)-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the

Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

4. EXECUTIVE TERMINATION OBLIGATIONS.

Upon termination of the Executive's employment, the Executive shall be deemed to have resigned from all offices, directorships and other employment positions then held with the Company or any of its subsidiaries or affiliates, if any (including without limitation, the Board), and shall take all actions reasonably requested by the Company to effectuate the foregoing. Following any termination of employment, the Executive shall cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. The Executive further agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by the Executive incident to the Executive's employment belongs to the Company and shall be promptly returned to the Company upon termination of the Executive's employment.

5. INDEMNITY AGREEMENTS.

The Company hereby acknowledges, and agrees to perform, in accordance with their terms, the Company's obligations under those certain indemnity agreements between the Executive and the Company and between the Executive and Apple Valley Ranchos Water Company, both dated July 15, 2009.

6. EFFECTIVENESS.

This Agreement shall become effective upon Closing. Notwithstanding anything contained herein, in the event that the Closing does not occur for any reason, this Agreement shall automatically, and without notice, terminate without any obligation due to the other party and the provisions of this Agreement shall be of no force or effect.

7. CONFIDENTIAL INFORMATION AND NON-SOLICITATION.

The Executive hereby acknowledges that, concurrent with the execution of this Agreement, the Executive has entered into an agreement with the Company containing confidentiality, non-solicitation and other protective covenants (the "***Confidentiality Agreement***"), and that the Executive shall remain bound by the terms and conditions of the Confidentiality Agreement.

8. REPRESENTATIONS. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of the Executive's obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Executive's entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. ASSIGNMENT AND BINDING EFFECT.

This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. The Company agrees that the Company shall cause the express assumption of this Agreement by any acquiring or successor entity in connection with any transaction in which this Agreement would not otherwise become the binding legal obligation of such acquiring or successor entity by operation of applicable law.

10. NOTICES.

All notices, demands, requests, consents, statements, satisfactions, waivers, designations, refusals, confirmations, denials and other communications that may be required or otherwise provided for or contemplated hereunder shall be in writing and shall be deemed to be properly given and received: (a) upon delivery, if delivered in person or by e-mail or facsimile transmission with receipt acknowledged, (b) one business day after having been deposited for overnight delivery with Federal Express or another comparable overnight courier service, or (c) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, addressed as provided below (or sent to such other address as one party hereto may specify to the other(s) in writing in accordance herewith):

If to the Company:

Park Water Company
9750 Washburn Road
Downey, CA 90241
Facsimile: (562) 923-1186
Attention: Chairman of the Board of Directors

If to the Executive: to the Executive's most recent address on file with the Company.

or such other addresses as either party shall have furnished to the other in writing in accordance with this Section 10. Notice and communications shall be effective when actually received by the addressee.

11. CHOICE OF LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to the conflict of laws principles thereof. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

12. SECTION 409A OF THE CODE.

12.1 General. To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder (together, "***Section 409A***"). Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section

409A; provided, however, that this Section 12 shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

12.2 Separate Payments. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A.

13. INTEGRATION.

As of the Effective Date, this Agreement, together with the Confidentiality Agreement, constitutes the complete, final and exclusive agreement between the Parties with respect to the subject matter hereof, and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates, or representative thereof. The Executive agrees that the Original Employment Agreement shall be terminated and will be of no further force or effect from and after the Effective Date.

14. AMENDMENT.

No amendment or modification of this Agreement shall be effective unless it is made in writing and signed by the Executive and the Company.

15. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

16. SEVERABILITY.

The unenforceability or invalidity of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

17. INTERPRETATION; CONSTRUCTION.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. The Parties acknowledge that each Party and its counsel has reviewed, or had an opportunity to review, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

18. COUNTERPARTS.

This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[*signature page follows*]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

COMPANY:

PWC Merger Sub, Inc.

By: _____
Name: Robert Dove
Title: President

EXECUTIVE:

_____
Christopher Schilling

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

COMPANY:

PWC Merger Sub, Inc.

By: _____
Name: Robert Dove
Title: President

EXECUTIVE:

_____
Christopher Schilling

EXHIBIT A

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of Park Water Company, a California corporation (the "Company") and each of its partners, subsidiaries, associates, parents, subsidiaries, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this general release (the "Release") shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 3.5 of that certain Employment Agreement, dated as of December 21, 2010, between PWC Merger Sub, Inc. and the undersigned (the "Employment Agreement"), (ii) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, or (iii) to any Claims, including claims for indemnification and/or advancement of expenses, arising under any indemnification agreement between the undersigned and the Company or under the bylaws, certificate of incorporation of other similar governing document of the Company.

THE UNDERSIGNED ACKNOWLEDGES THAT THE EXECUTIVE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS THE EXECUTIVE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) THE EXECUTIVE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) THE EXECUTIVE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT; AND

(C) THE EXECUTIVE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which the Executive may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if the Executive hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this ____ day of _____, ____.

_____

Christopher Schilling

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated as of December 15, 2011, is entered into by and between Park Water Company, a California corporation (the "Company") and Leigh Jordan (the "Executive") (collectively, the "Parties").

RECITALS

A. The Company, Western Water Holdings, LLC, a Delaware limited liability company ("Buyer"), PWC Merger Sub, Inc., a California corporation ("Merger Sub") and certain other parties have entered into that certain Agreement and Plan of Merger, dated as of December 21, 2010 (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Buyer (the "Merger");

B. The Executive is a long-time employee of the Company;

C. The Company and the Executive desire that, immediately upon the closing of the transactions contemplated by the Merger Agreement (the "Closing"), the Company shall continue to employ the Executive, and the Executive shall continue such employment, on the terms and subject to the conditions set forth herein; and

D. This Agreement will become effective only if the Closing occurs.

AGREEMENT

In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive's employment hereunder shall be for a term commencing on the Effective Date and ending on the second (2nd) anniversary of the Effective Date (the "Initial Term"). For purposes of this Agreement, "Effective Date" shall mean the "Effective Time" as defined in the Merger Agreement. From the second anniversary of the Effective Date, the Employment Period shall continue for one additional year (the "Extension Term"), subject to termination by notice given by either party to the other at least ninety (90) days prior to the commencement of such renewal year (the Initial Term, together with the Extension Term, are referred to herein as the "Employment Period").

2. Terms of Employment.

(a) Position and Duties.

(i) Title; Reporting. During the Employment Period, the Executive shall serve as the Company's Executive Vice President, reporting to the Company's

Chief Executive Officer (currently Christopher Schilling), or his or her designee, and shall perform such duties as are usual and customary for such position, including those which the Executive is performing at the date of this Agreement. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing consistent with the Executive's role as Executive Vice President of the Company. If the Executive serves in any one or more of such additional capacities during the Employment Period, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof.

(ii) Full Business Time. During the Employment Period, and excluding any periods of paid absence taken in accordance with applicable Company policy, the Executive agrees to devote the Executive's full business time and attention to the business and affairs of the Company.

(iii) Location. During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's principal offices located in Downey, California, except for travel to other locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Executive shall receive an initial base salary of $299,603.20 per annum (the "Base Salary"), prorated for any partial year of service. The Base Salary shall be reviewed annually by the Company and the Executive may receive merit increases (but no decreases) from time to time in the Company's sole discretion. The Executive shall also be entitled to annual COLA increases at the levels awarded to other senior executives of the Company during the Employment Period. The Base Salary shall be paid in installments in accordance with the Company's applicable payroll practices, as in effect from time to time, but no less often than monthly.

(ii) Bonus. During the Employment Period, the Executive shall be eligible to receive bonuses pursuant to any bonus plan(s) adopted or maintained by the Company for its similarly situated executives. Bonuses payable (if any) shall be determined by the Company in its sole discretion.

(iii) Savings and Retirement Plans. During the Employment Period, the Executive shall be eligible to participate in such savings and retirement practices, policies and programs, including any pension plan, any post-retirement benefits plan and any 401(k) plan, as the Company may establish from time to time, in each case, to the extent available generally to similarly situated executives of the Company.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and the Executive's dependents shall be eligible to participate in the welfare benefit plans, practices, policies and programs (including, as applicable, medical, dental, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its similarly situated executives. Notwithstanding any other provisions of this Agreement to the contrary, while the Company has no present

intention to terminate any benefit or retirement plan or program, nothing contained in this Agreement shall, or shall be construed to, obligate the Company to adopt or maintain any incentive, savings, retirement, welfare, fringe benefit or other plan(s) or program(s) at any time.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to similarly situated executives of the Company.

(vi) Paid Absences. During the Employment Period, the Executive shall be entitled to annual paid absences in accordance with the plans, policies, programs and practices of the Company applicable to its similarly situated executives.

3. Termination of Employment. The Executive's employment may be terminated at any time by the Company, for Cause or without Cause, or by the Executive for any reason, including with or without Good Reason, in any case, in accordance with the terms of this Agreement.

(a) Termination by the Company Without Cause or by the Executive For Good Reason. Subject to Section 3(e) hereof, if the Executive incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Period (such date, the "Date of Termination") by reason of (1) a termination of the Executive's employment by the Company without Cause or (2) a termination of the Executive's employment by the Executive for Good Reason:

(i) Accrued Obligations. The Executive shall be paid, in a single lump-sum payment on the date of the Executive's termination of employment, the aggregate amount of the Executive's earned but unpaid Base Salary, accrued but unpaid bonus(es) (if any), and accrued days of paid absence that remain unpaid (if any) through the date of such termination (the "Accrued Obligations"), in each case, to the extent not previously paid, in accordance with California law.

(ii) Severance. In addition, subject to Section 3(e) hereof and the Executive's timely execution and non-revocation of a Release (as described below), if the Executive's employment terminates during the Initial Term, the Executive (or the Executive's estate or beneficiaries, if applicable) shall be paid an amount equal to the greater of (a) the portion of his Base Salary which would, absent the Executive's termination, be paid from the Date of Termination through the expiration of the Initial Term (if any), or (b) three (3) months of his Base Salary. For the avoidance of doubt, if the Executive's employment terminates (1) in connection with a non-renewal of this Agreement during the Initial Term or any Extension Term or (2) after the second (2nd) anniversary of the Effective Date, the Executive shall not be entitled to any payment under this Section 3(a)(ii). The Company shall pay any amounts payable under this Section 3(a)(ii) in substantially equal installments in accordance with the Company's normal payroll procedures during the period commencing on the Date of Termination and

ending on the last day of the Initial Term (or, if applicable, on the last day of the three (3)-month severance period); provided, however, that no payments under this Section 3(a)(ii) shall be made prior to the first payroll date occurring on or after the thirtieth (30th) day following the Date of Termination (such payroll date, the "First Payroll Date") (with amounts otherwise payable prior to the First Payroll Date paid on the First Payroll Date without interest thereon).

(iii) COBRA. In addition, subject to Section 3(e) hereof and conditioned upon the Executive's timely execution and non-revocation of a Release, during the period commencing on the Date of Termination and ending on the twelve (12)-month anniversary of the Date of Termination or, if earlier, the date on which the Executive becomes eligible for coverage under the group health plan of a subsequent employer (of which eligibility the Executive hereby agrees to give prompt notice to the company) (in any case, the "COBRA Period"), subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code and the regulations thereunder, the Company shall continue to provide the Executive and the Executive's eligible dependants with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated, based on the Executive's elections in effect on the Date of Termination), provided, however, that (1) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section 1.409A-1(a)(5), or (2) the Company is otherwise unable to continue to cover the Executive under its group health plans, or is unable to do so on a pre-tax basis, then, in either case, an amount equal to each remaining Company subsidy shall thereafter be paid to the Executive as currently taxable compensation in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof). For the avoidance of doubt, nothing herein shall limit the Executive's legal rights under COBRA; however, to the extent that COBRA entitles the Executive (and the Executive's dependents, if applicable) to healthcare continuation beyond the periods specified in this Section 3.5.3(b), such healthcare continuation shall be at the Executive's sole expense.

The payments and benefits described in the preceding Sections 3(a)(ii) and (iii) are referred to herein as the "Severance." Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the Severance that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit A (the "Release") within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the Date of Termination and that the Executive (or the Executive's estate or beneficiaries, if applicable) not revoke such Release during any applicable revocation period.

(b) Cause. For purposes of this Agreement, "Cause" shall mean a termination of employment directly resulting from:

(i) the Board's good faith determination that the Executive has willfully or repeatedly failed to substantially perform the Executive's primary or regular duties or obligations under this Agreement or under written policies of the Company (other than any such willful failure resulting from the Executive's disability), and that such failure has resulted or is reasonably expected to result in material and demonstrable

harm to the Company or any of its affiliates (provided, that, to the extent such failure can be fully cured, the Company shall have provided the Executive with at least thirty (30) days' notice of such failure and the Executive shall not have remedied the failure within the thirty (30)-day period);

(ii) except where done at the written instruction or with the written approval of the Company, the Executive having engaged in misconduct that caused or, but for intervening factors, would have caused, a violation by the Company or any of its affiliates of any applicable law;

(iii) the Executive having engaged in a theft of corporate funds or corporate assets or in a material act of fraud upon the Company;

(iv) an act of personal dishonesty taken by the Executive that was intended to result in personal enrichment of the Executive at the expense of the Company;

(v) the Executive's repeated failure to meet performance objectives as mutually agreed with the Board from time-to-time provided, however, that the Executive shall have received two written warnings by the Board, the first of which specifies each area of Executive's failure, a time-frame and plan for correction of such failures that has been determined by the Board in consultation with the Executive, and the second of which coming after Executive's failure to accomplish such remedial measures derived after the first notice;

(vi) the Executive's use of illegal drugs;

(vii) the Executive's commission (including without limitation, as evidenced by the entry of a plea of nolo contendere or equivalent plea in a court of competent jurisdiction) of a felony or other crime involving dishonesty; or

(viii) a material breach by the Executive of the provisions of this Agreement (provided, that, to the extent such failure can be fully cured, the Company shall have provided the Executive with at least thirty (30) days' notice of such failure and the Executive shall not have remedied the failure within the thirty (30)-day period).

(c) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following events, in any case, without the Executive's prior written consent:

(i) the material diminution of the Executive's authority, duties, responsibilities or title;

(ii) a material reduction in the Executive's Base Salary other than as part of a Company-wide expense reduction; or

(iii) the Company's material breach of the provisions of this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive gives the Company written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within sixty (60) days after the date of the occurrence of the event(s) that the Executive believes constitutes Good Reason; (2) the Company fails to cure such acts or omissions within sixty (60) days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than sixty (60) days after the expiration of the Company's cure period.

(d) Other Terminations. If the Executive's employment is terminated for Cause, by the Executive voluntarily without Good Reason or for any other reason not described in Section 3(a) above, including without limitation, in connection with a non-renewal of the Employment Period, the Company shall pay to the Executive the Accrued Obligations in cash in a single lump-sum payment on the date of the Executive's termination of employment, in accordance with California law.

(e) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any Severance payable under Section 3 hereof, shall be paid to the Executive during the six (6)-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(f) Termination of Offices and Directorships; Full Settlement. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions then held with the Company and its affiliates, if any, and shall take all actions reasonably requested by the Company to effectuate the foregoing. Except as expressly provided in this Agreement, the Company shall have no further obligations, and the Executive shall have no further rights or entitlements, in connection with the Executive's termination of employment; provided, however, that nothing herein shall affect the rights of the Executive to indemnification under the Company's charter documents or pursuant to any indemnification agreement between Executive and the Company, as pursuant to Section 2802 of the California Labor Code, if applicable.

(g) Indemnification Agreement. The Company acknowledges that the Executive is currently a party to an indemnification agreement with the Company, dated as of March 18, 2009, and agrees to perform its obligations as required in accordance with the terms and conditions of such agreement.

4. Effectiveness. This Agreement shall become effective upon Closing. Notwithstanding anything contained herein, in the event that the Closing otherwise does not occur for any reason, this Agreement shall automatically, and without notice, terminate without

any obligation due to the other party and the provisions of this Agreement shall be of no force or effect.

5. Confidential Information and Non-Solicitation. The Executive hereby acknowledges that, concurrent with the execution of this Agreement, the Executive has entered into an agreement with the Company containing confidentiality, non-solicitation and other protective covenants (the "Confidentiality Agreement"), a copy of which is attached hereto as Exhibit B, and that the Executive shall remain bound by the terms and conditions of the Confidentiality Agreement.

6. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of the Executive's obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Executive's entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

7. Successors. This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes this Agreement by operation of law, or otherwise.

8. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to principles of conflict of laws thereof. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices, demands, requests, consents, statements, satisfactions, waivers, designations, refusals, confirmations, denials and other communications that may be required or otherwise provided for or contemplated hereunder shall be in writing and shall be deemed to be properly given and received (a) upon delivery, if delivered in person or by e-mail or facsimile transmission with receipt acknowledged, (b) one business day after having been deposited for overnight delivery with Federal Express or another comparable overnight courier service, or (c) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, addressed as provided below (or sent to such other address as one party hereto may specify to the other(s) in writing in accordance herewith):

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the Company:

Park Water Company
P.O. Box 7002
Downey, CA 90241-7002
Attention: Christopher Schilling

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Section 409A of the Code.

(i) General. To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder ("Section 409A"). Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate (after consultation with the Executive) to avoid the imposition of taxes under Section 409A, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; provided, however, that this Section 8(c) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so; provided further, that to the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the extent reasonably possible, maintain the original intent and economic benefit to both the Executive and the Company of the applicable provision without violating the provisions of Section 409A and without the effect of materially increasing the Company's cost of providing the payments or benefits contemplated by this Agreement.

(ii) Separate Payments. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A.

(d) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(e) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(f) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(g) Entire Agreement. As of the Effective Date, this Agreement, together with the Confidentiality Agreement and the Indemnification Agreement, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates, or representative thereof. Unless otherwise set forth in this Agreement, the Executive agrees that all prior agreements between the Company and the Executive shall be terminated and will be of no further force or effect from and after the Effective Date.

(h) Amendment. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto.

(i) Interpretation; Construction. The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. The Executive and the Company acknowledge that each of the Executive and the Company and their respective counsel have reviewed, or had an opportunity to review, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

(j) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(k) Authority. The Parties represent and warrant that they are authorized to enter into this Agreement on behalf of themselves.

[*SIGNATURE PAGE FOLLOWS*]

Executed as of the date first written above.

Park Water Company,
a California corporation

By: _____
Name: CHRISTOPHER SCHILLING
Title: CEO

EXECUTIVE

_____
Leigh Jordan

EXHIBIT A

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of Park Water Company, a California corporation (the "Company") and each of its partners, subsidiaries, associates, parents, subsidiaries, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this general release (the "Release") shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 3(a) of that certain Employment Agreement, dated as of December 15, 2011, between the Company and the undersigned (the "Employment Agreement"), (ii) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (iii) to any Claims, including claims for indemnification and/or advancement of expenses, arising under any indemnification agreement between the undersigned and the Company, or under the bylaws, certificate of incorporation of other similar governing document of the Company; or (iv) to any Claims which cannot be waived as a matter of law.

THE UNDERSIGNED ACKNOWLEDGES THAT THE EXECUTIVE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS THE EXECUTIVE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) THE EXECUTIVE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) THE EXECUTIVE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT; AND

(C) THE EXECUTIVE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which the Executive may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if the Executive hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim. Notwithstanding the foregoing, nothing in this release agreement shall preclude Executive from filing a charge with the Equal Employment Opportunity Commission (the "EEOC") or from participating in the EEOC's investigation of a charge of discrimination, provided, however, that Executive waives any right to seek or receive any damages or other relief resulting from the prosecution or investigation of such charge.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this ____ day of _____, _____.

_____

Leigh Jordan

EXHIBIT B

NON-DISCLOSURE, INVENTION ASSIGNMENT AND NON-SOLICITATION AGREEMENT

This Non-Disclosure, Invention Assignment and Non-Solicitation Agreement ("***Agreement***") is entered into by and between Leigh Jordan ("***Employee***") and Park Water Company, a California corporation, and each and any of its parents, subsidiaries, affiliates, successors or assigns (collectively, the "***Company***"), in consideration of the compensation now and hereafter paid to Employee and Employee's continued employment with the Company, as of December 15, 2011.

1. Definitions. As used in this Agreement, the following capitalized terms shall have the meanings indicated; other capitalized terms shall have the meanings indicated elsewhere in this Agreement.

   a. "***Confidential Information***" means confidential, secret or proprietary information and materials that are owned by the Company or are received from a third party by the Company under an obligation to keep such information or materials confidential, regardless in what form or medium such information and materials may exist, and (i) that derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from disclosure or use of the information or materials, and (ii) are subject to reasonable efforts by the Company (and, as applicable third parties) to maintain such information in confidence. Such information and materials include, but are not limited to, all information that relate to any of the following:

      i. inventions, methods, processes, formulas, designs, developments, technology, technical data, research and development, products, policies and practices of the Company;

      ii. investments and investment strategies of the Company;

      iii. markets, marketing plans and proposals of the Company;

      iv. client lists, files and all information relating to individual clients and persons for whom the Company performs services, or with whom Employee has contact during the course of Employee's employment related to the Company's current or planned business or business activities;

      v. information that the Company designates as "confidential" or "proprietary"; and

      vi. all other information that Employee or the Company would reasonably expect to be confidential or proprietary information of the Company or of a third party from whom the Company received the information in confidence.

Confidential Information shall not include any information that is or becomes known to the general public or within the Company's industry, provided such information did not or does not become known due to disclosures made in violation of this Agreement or applicable law by Employee or another person obligated to maintain such information in confidence.

b. "***Business***" means the business of the Company of collecting, treating, storing, distributing and selling of domestic drinking water to residential, commercial, industrial, institutional, public sector and distributing and selling recycled water to recycled water account customers.

c. "***Inventions***" means inventions, original works of authorship, developments, concepts, improvements and trade secrets.

d. "***Prior Inventions***" means Inventions that Employee solely or jointly conceived or developed or reduced to practice, or caused to be conceived or developed or reduced to practice, prior to Employee's employment with the Company, and which relate to the Company's current or planned business or business activities, products or research and development.

2. Maintaining Confidential Information. Employee acknowledges and agrees as follows:

a. All Confidential Information constitutes trade secrets of the Company and shall be entitled to all protections given by law to trade secrets;

b. All Confidential Information shall be the sole and exclusive property of the Company;

c. Unless authorized in writing by the Company's Board of Directors, Employee will not, during Employee's employment with the Company or at any time after the termination of that employment for any reason whatsoever, (i) disclose or make known to any person, firm, corporation or other entity, any Confidential Information, or (ii) use for Employee's own benefit, or the benefit of others, any Confidential Information (except as required in the course of employment with the Company); and

d. Employee will not directly or indirectly help or assist any other person to do any of the prohibited acts listed in this Section 2.

3. Retaining and Assigning Inventions and Original Works.

a. Inventions and Original Works Retained by Employee. Attached hereto as Attachment A is a list describing all of Employee's Prior Inventions or Employee's written acknowledgement that Employee has no Prior Inventions. Any and all such Prior Inventions are not assigned to the Company. If, in the course of Employee's employment with the Company, Employee incorporates into a Company product, process or machine a Prior Invention owned by Employee or in which Employee has an interest, Employee hereby grants to Company, and Company shall have, a non-exclusive, royalty free, irrevocable, perpetual, worldwide license (with rights to sublicense) to make, have made, modify, use, offer for sale, sell and distribute such Prior Invention. Notwithstanding the

foregoing, Employee agrees that Employee will not incorporate, or permit to be incorporated, Prior Inventions into any Company product, process or machine without the Company's prior written consent.

b. Inventions and Original Works Assigned to the Company.

i. Employee agrees that Employee will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and will transfer, convey, release and assign to the Company all Employee's right, title, and interest, if any, in and to any and all Inventions, whether or not patentable or registrable under copyright or similar laws, which Employee has solely or jointly conceived or developed or reduced to practice, or caused to be conceived or developed or reduced to practice, during the period of time that Employee is employed with the Company.

ii. If Employee has been employed by the Company for any period of time prior to the execution of this Agreement, by execution of this Agreement, Employee hereby transfers, conveys, releases and assigns to the Company all of Employee's right, title and interest, if any, in and to any and all Inventions which Employee has solely or jointly conceived or developed or reduced to practice, or caused to be conceived or developed or reduced to practice, during the period of time that Employee has been employed with the Company.

iii. Employee acknowledges that all original works of authorship which are made by Employee (solely or jointly with others) within the scope of Employee's employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act.

c. Maintenance of Records. Employee agrees to keep and maintain adequate and current written records of all Inventions made by Employee (solely or jointly with others) during the term of Employee's employment with the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

d. Inventions Assigned to the United States. Employee agrees to assign to the United States government all of Employee's right, title, and interest in and to any and all Inventions whenever such full title is required to be in the United States by a contract between the Company and the United States or any of its agencies.

e. Patent and Copyright Registrations. Employee agrees to assist the Company, or its designee, at the Company's expense, in every proper way to secure and enforce the Company's rights in the Inventions as set forth above and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for, obtain and maintain such rights and in order to assign and convey to the Company, its successors, assigns and nominees the sole and exclusive rights, title and interest in and to

conflict with Employee's obligations to the Company, including but not limited to, any activities in which Employee calls upon customers or clients of the Company on behalf of another business.

5. Non-Solicitation of Customers, Suppliers and Service Providers. During Employee's employment and thereafter, Employee shall not, directly or indirectly, use Confidential Information to solicit or influence or attempt to solicit or influence any customers, suppliers or service providers of the Company to terminate or limit their relationship as customers, suppliers or service providers to the Company or to divert their purchases, sales, supplies or other activities with respect to the Business to any Competitor.

6. Non-Solicitation of Employees. Employee agrees that during Employee's employment with the Company and for a period of one (1) year after termination of Employee's employment for any reason, whether voluntary or involuntary, Employee will not request, solicit or induce (or attempt to engage in or assist others in engaging in any of these actions) any employee or other person who performed work or services for the Company within two (2) years prior to the termination of Employee's employment with the Company, to perform work or services for any person or entity other than the Company.

7. General Provisions.

   a. Returning Company Documents. At the time of leaving the employ of the Company, Employee shall deliver to the Company (and will not keep in Employee's possession or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, its successors or assigns. In the event of the termination of Employee's employment, Employee agrees to sign and deliver the "Termination Certification" attached hereto as Attachment B.

   b. Representations. Employee shall execute any proper oath or verify any proper document required to carry out the terms of this Agreement. Employee represents that Employee's performance of all the terms of this Agreement will not breach any agreement (i) to keep in confidence proprietary information acquired by Employee in confidence or in trust prior to Employee's employment by the Company or (ii) to assign inventions, original works of authorship, developments, concepts, improvements and trade secrets to any former employer or any other third party. Employee shall not disclose to the Company or use on its behalf any confidential information belonging to others, including but not limited to confidential information belonging to the Employee's former employers. Employee has not entered into, and will not enter into, any oral or written agreement in conflict herewith.

   c. Equitable Relief. Employee agrees that it would be impossible to adequately compensate the Company for the damage suffered by the Company as a result of Employee's breach of any of the covenants and obligations set forth herein. Accordingly, Employee agrees that if Employee breaches any such covenants or obligations hereunder, the Company may, in addition to any other right or remedy available, obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and mandating

specific performance of any such provision of this Agreement. Employee further agrees that no bond or other security shall be required in obtaining such equitable relief and Employee hereby consents to the issuance of such injunction and to the ordering of specific performance.

d. Acknowledgment. Employee acknowledges that Employee has had the opportunity to consult legal counsel in regard to this Agreement, that Employee has read and understood this Agreement, that Employee is fully aware of its legal effect, and that Employee has entered into it freely and voluntarily and based on Employee's own judgment and not on any representations, understandings, or promises other than those contained in this Agreement.

e. Governing Law, Jurisdiction and Venue. This Agreement will be governed by the laws of the State of California without giving effect to the conflicts of law principles thereof and the parties irrevocably consent to the exclusive jurisdiction and venue of the state and federal courts located in Los Angeles, California for any dispute, interpretation, controversy or claim arising out of or relating to this Agreement.

f. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Company and Employee relating to the subject matter herein and merges all prior discussions between them. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by both parties. Any subsequent change or changes in Employee's duties, salary or compensation will not affect the validity or scope of this Agreement.

g. Severability. If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

h. Successors and Assigns. This Agreement will be binding upon Employee's heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

i. Future Agreements. From time to time during Employee's employment, Employee may be asked to sign updated agreements concerning proprietary information, assignment of inventions, non-solicitation and/or similar agreements. Signing updated versions of such agreements, as Employee may be requested to do from time to time, is a condition to continued employment.

Date: 12/16/11

(Employee's Signature)

Leigh K. Jordan
Print Name

LA\2198257.6

ATTACHMENT A

To

NON-DISCLOSURE, INVENTION ASSIGNMENT AND NON-SOLICITATION AGREEMENT

LIST OF PRIOR INVENTIONS
AND ORIGINAL WORKS OF AUTHORSHIP

Pursuant to the Non-Disclosure, Invention Assignment and Non-Solicitation Agreement, I, _____, hereby identify the following "Prior Inventions" that are not assigned to the Company:

Title	Date	Identifying Number or Brief Description

_____

Employee Signature Date

****

Pursuant to the Employee Agreement Regarding Confidential Information, Invention Assignment and Non-Solicitation, I, Leigh Jordan, hereby represent that I have no "Prior Inventions."

_____ 12/16/11

Employee Signature Date

LA\2198257.6

ATTACHMENT B

TO

NON-DISCLOSURE, INVENTION ASSIGNMENT AND NON-SOLICITATION AGREEMENT

TERMINATION CERTIFICATION

I certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to Park Water Company or any of its parents, subsidiaries, affiliates, successors and/or assigns (collectively, the "*Company*").

I further certify that I have complied with all the terms of the Company's Non-Disclosure, Invention Assignment and Non-Solicitation Agreement signed by me, including the reporting of any Inventions (as defined therein), conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Non-Disclosure, Invention Assignment and Non-Solicitation Agreement signed by me, I will preserve as confidential all confidential, secret or proprietary information and materials that are owned by the Company, that are received from a third party by the Company under an obligation to keep such information or materials confidential, or that relate to the Company's historical, current or planned business or business activities, regardless in what form or medium such information and materials may exist. Such information and materials include, but are not limited to, all information not generally known to the public that relate to any of the following:

i. inventions, methods, processes, formulas, designs, developments, technology, technical data, research and development, products, policies and practices of the Company;

ii. investments and investment strategies of the Company;

iii. markets, marketing plans and proposals of the Company;

iv. client lists, files and all information relating to individual clients and persons for whom the Company performs services, or with whom Employee has contact during the course of Employee's employment related to the Company's current or planned business or business activities;

v. information that the Company designates as "confidential" or "proprietary"; and

vi. all other information that Employee or the Company would reasonably expect to be confidential or proprietary information of the Company or of a third party from whom the Company received the information in confidence.

Date: _____

Employee Signature: _____

ANCILLARY MATTERS AGREEMENT

This Ancillary Matters Agreement (this "Agreement"), dated as of February 28, 2012, is made by and between Western Water Holdings, LLC, a Delaware limited liability company (the "Company") and Christopher Schilling (the "Executive").

WHEREAS, the Company, PWC Merger Sub, Inc., a California corporation and wholly owned subsidiary of the Company ("Merger Sub"), Park Water Company, a California corporation ("Park Water"), and certain other parties have entered into that certain Agreement and Plan of Merger, dated as of December 21, 2010 (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into Park Water, with Park Water surviving the merger as a wholly owned subsidiary of the Company;

WHEREAS, at the time of the execution of the Merger Agreement, the Executive and Merger Sub entered into an employment agreement, which became effective upon the Closing (as defined in the Merger Agreement);

WHEREAS, as of the date hereof, the sole member of the Company has entered into that certain Second Amended and Restated Limited Liability Company Agreement of the Company, dated as of the date hereof (the "LLC Agreement");

WHEREAS, the LLC Agreement authorizes the grant of certain Class B Units (as defined in the LLC Agreement) and, as of the date hereof, the Executive and the Company have entered into a Class B Unit Grant Agreement, granting to the Executive certain such Class B Units;

WHEREAS, the Company and the Executive desire to agree to certain additional provisions regarding the rights of the Executive to receive additional grants of Class B Units and certain other rights and obligations as further described herein; and

WHEREAS, capitalized terms used herein without definition shall have the meanings assigned to such terms in the LLC Agreement.

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

1. Tag-Along Obligations.

(a) In the event of an Approved Sale, the Company shall have the obligation (the "Tag-Along Obligation") to use its commercially reasonable efforts to cause the proposed acquirer (the "Approved Buyer") to purchase from the Executive up to the number of Vested Class B Units then held by the Executive which is derived by multiplying (i) the total number of Vested Class B Units then held by the Executive, by (ii) a fraction, (x) the numerator of which is the total number of Class A Units to be acquired by the Approved Buyer in connection with the Approved Sale, and (y) the denominator of which is the sum of the total number of Class A Units then held by all Class A Holders, at a price equal to the Deemed Liquidation Value of such Vested Class

B Units and otherwise on substantially the same terms and conditions as apply to the Class A Holders party to such Approved Sale. For purposes hereof, "Deemed Liquidation Value" means the amount, as determined by the Board in good faith, which would be distributable to the Executive in respect of the Vested Class B Units subject to the Tag-Along Obligation if the assets of the Company as a going concern were sold for aggregate consideration equal to the Implied Transaction Value and the proceeds therefrom were distributed in accordance with Section 9.2 of the LLC Agreement. For purposes hereof, "Implied Transaction Value" means the amount that if distributed pursuant to Section 9.2 of the LLC Agreement would result in the Class A Holders receiving aggregate distributions in respect of the Class A Units sold by them in the Approved Sale giving rise to the Tag-Along Obligation equal to the amount that such Class A Holders actually receive for such Class A Units in such Approved Sale. For the avoidance of doubt, the intent of this Section 1 is to accord to the Executive the opportunity to divest the same percentage of his Vested Class B Units as the Class A Holders propose to divest with respect to their Class A Units in such transaction.

(b) The Company shall notify the Executive in writing in the event of an Approved Sale giving rise to its Tag-Along Obligation at least ten (10) days prior to the date on which the Investor expects to consummate such Approved Sale (the "Sale Notice") which notice shall specify the number of Class A Units which the Approved Buyer intends to purchase in such Approved Sale and shall describe the terms of such Approved Sale. If the Executive desires to sell Class B Units in such Approved Sale, the Executive must notify the Company in writing (the "Tag-Along Notice") within two (2) days following receipt of the Sale Notice. The Tag-Along Notice shall state the number of Vested Class B Units that the Executive proposes to include in such Approved Sale to the Approved Buyer (not to exceed the number as determined above). The Executive agrees to cooperate in good faith with the Company's efforts to discharge its Tag-Along Obligation. Without limiting the effect of clause (d) below, in the event that the Approved Buyer does not agree to purchase the specified number of Vested Class B Units from the Executive, nothing in this Agreement shall prohibit the Approved Buyer from consummating the Approved Sale.

(c) If the Executive participates in the Approved Sale pursuant to the Company's discharge of its Tag-Along Obligation, then, at the closing of the Approved Sale, the Approved Buyer shall remit to the Executive the consideration for the total sales price of the Vested Class B Units held by the Executive sold pursuant hereto minus (x) any such consideration to be escrowed or otherwise held back in accordance with the terms of the Approved Sale or pursuant to the terms of the LLC Agreement, and minus (y) an amount to be paid by the Approved Buyer to the Company and/or the selling Class A Holder(s), as applicable, reflecting the Executive's proportional share of any fees and expenses incurred by the Company and/or the selling Class A Holder(s) directly relating to the Approved Sale.

(d) In the event that the Approved Buyer does not agree to purchase the specified number of Vested Class B Units from the Executive as set forth in the Tag-Along Notice, then, as soon as practicable after the consummation of the Approved Sale, but in no event more than ninety (90) days thereafter, the Company shall have the

obligation to repurchase the Vested Class B Units designated in the Tag-Along Notice for a purchase price equal to the Deemed Liquidation Value of such Vested Class B Units minus such amount as would be withheld pursuant to clause (c) above had the Approved Buyer agreed to purchase such Vested Class B Units. Amounts deducted from the Deemed Liquidation Value pursuant to clause (c)(x) above will be held back by the Company and forfeited to the Company or paid to the Executive in the same percentages and at the same times that amounts are paid out of any such escrow or withheld amounts. Amounts deducted from the Deemed Liquidation Value pursuant to clause (c)(y) will be paid to the selling Class A Holder(s) or retained by the Company in the same proportion as such fees and expenses were incurred by the selling Class A Holder(s) and the Company. The remaining portion of such purchase price shall be paid by first offsetting any amounts owed by the Executive to the Company, to the greatest extent permitted by applicable law, and then paying any remaining amounts by cash and/or a cashier's check and checks payable to the Executive.

(e) Notwithstanding anything to the contrary in this Agreement, the Tag-Along Obligation granted to the Executive under the terms of this Agreement shall be subject to, and shall in no way limit, the obligations of the Executive as a Holder for purposes of Section 8.5 of the LLC Agreement.

(f) Notwithstanding the foregoing, (i) if the price to be paid by the Approved Buyer for such Class A Units is less than the aggregate Unpaid Preferred Return and Unreturned Capital with respect to such Class A Units, the Company shall have no obligations under this Section 1 and the Tag-Along Obligation will not apply to such Approved Sale and (ii) the Company's Tag-Along Obligation shall not require it to use efforts to cause any Approved Buyer to purchase the Executive's Class B Units at a price per Class B Unit greater than a price equal to quotient of (x) the difference between (1) the price to be paid by the Approved Buyer for all Class A Units, minus (2) the aggregate Unpaid Preferred Return and Unreturned Capital with respect to such Class A Units, divided by (y) the total number of Class A Units to be acquired in the Approved Sale.

2. Right of First Refusal.

(a) Subject to the terms and conditions contained in this Section 2, the Company hereby grants to the Executive the right of first refusal (the "Right of First Refusal") to purchase the Executive's Pro Rata Portion of any New Capital Units or Related Party Debt (as each term is defined below, and together, "New Issuances") which the Company may, from time to time, propose to issue and sell.

(b) For purposes hereof:

(i) "New Capital Units" means any capital Units of the Company, whether authorized or not, and rights, options, or warrants to purchase said Units; provided, however, that the term "New Capital Units" does not include (i) Units or securities issued to employees, consultants, officers, and directors of the Company, pursuant to any compensation arrangement approved by the Board or otherwise for payments in respect of services by any of the foregoing Persons; (ii) securities issued

pursuant to any rights or agreements, including, without limitation, convertible securities, options, and warrants, provided that the Company shall have complied with the right of first offer established by this Section 2 with respect to the initial sale or grant by the Company of such rights or agreements; (iii) securities issued in connection with any equity split, equity dividend, or recapitalization by the Company; (iv) securities issued pursuant to a Public Offering; (v) securities issued pursuant to the acquisition of another business entity by the Company by merger, purchase of all or any portion of the assets or shares; (vi) securities issued pursuant to a reorganization whereby the Company will own not less than a majority of the voting power of the surviving or successor entity; (vii) securities issued in connection with obtaining lease financing, whether issued to a lessor, guarantor, or other person; (viii) securities issued to vendors or customers of the Company, or to other persons in similar commercial arrangements with the Company; (ix) securities issued in connection with corporate partnering transactions; and/or (x) any right, option, or warrant to acquire any security convertible into the securities excluded from the definition of New Capital Units pursuant to clauses (i) through (ix) above.

(ii) "Pro Rata Portion" means the ratio, as reasonably determined by the Board, that (x) the Fair Market Value of Vested Class B Units held by the Executive immediately prior to the issuance of New Capital Units, bears to (y) the aggregate Fair Market Value of all Units then held by all Holders; provided, however, that if the Fair Market Value of the Vested Class B Units is zero dollars ($0), then the Pro Rate Portion shall be zero percent (0%) and the Executive shall have no Right of First Refusal with respect to such issuance of New Capital Units.

(iii) "Related Party Debt" means any indebtedness for borrowed money issued or incurred in a single transaction or a series of related transactions by the Company with respect to which the Investor and/or any of its Affiliates constitutes the lender and/or purchaser of more than 90% of the amount of such indebtedness; provided, however, that Related Party Debt will not include (x) indebtedness incurred to finance the acquisition of another business entity by the Company; (y) indebtedness incurred and owed to vendors or customers of the Company, or to other persons in similar commercial arrangements with the Company; and/or (z) securities issued in connection with corporate partnering transactions.

(c) In the event the Company proposes to undertake an issuance of New Issuances to which this Section 2 applies, it shall give the Executive written notice of its intention, describing the type of New Issuances and the price and terms upon which the Company proposes to issue the same. The Executive shall have ten (10) days from the date of delivery of any such notice to agree to exercise his Right of First Refusal and, pursuant thereto, purchase up to the Executive's Pro Rata Portion of such New Issuances, for the price and upon the terms specified in the notice, by delivering written notice to the Company and stating therein the quantity of New Issuances to be purchased.

(d) The Company shall have up to one hundred twenty (120) days following the ten (10)-day period described in Section 2(c) to sell or enter into an agreement to sell the New Issuances with respect to which the Right of First Refusal was not exercised, at a price and upon terms substantially equivalent to those of the purchasers of such securities

specified in the Company's notice. In the event the Company has not sold and/or issued the New Issuances or entered into an agreement to sell the New Issuances within said one hundred twenty (120)-day period, the Company shall not thereafter issue or sell any New Issuances without first offering such securities to the Executive in the manner provided above.

(e) The Right of First Refusal granted hereunder may not be assigned or transferred by the Executive.

(f) Notwithstanding the requirements of this Section 2, in the event it is impractical after using commercially reasonable efforts to deliver the notice to the Executive specified in Section 2(c), the Company may proceed with any issuance or sale of New Issuances to which this Section 2 applies prior to having complied with the provisions of this Section 2; provided that the Company shall:

(i) provide the Executive with written notice of such issuance as soon as reasonably practical but in any event at least five (5) days after such issuance, describing the type of New Issuances issued and the price and terms of such issuance;

(ii) offer to the Executive the right to purchase the Executive's Pro Rata Portion of such New Issuances at a price and upon terms substantially equivalent to those of the purchasers of such securities than specified in the Company's notice described in clause (i) above; and

(iii) keep such offer open for a period of ten (10) days, during which period, the Executive may accept such offer by delivering written notice to the Company and stating therein the quantity of New Issuances to be purchased (not in any event to exceed the Executive's Pro Rata Portion of the New Issuances set forth in the notice delivered by the Company to the Executive pursuant to clause (i) above).

(g) Notwithstanding anything to the contrary in this Agreement, the Executive shall have no Right of First Refusal with respect to any New Issuance if such issuance of such debt or equity to the Executive would, in the good faith discretion of the Board, violate any law or regulation applicable to the Company or such New Issuance.

3. Issuance of Initial Class B Units in Connection with a Liquidity Event. In the event that the Company experiences a Liquidity Event, then, immediately prior to such Liquidity Event, sixty percent (60%) of all Initial Class B Units (if any) of the Company shall be deemed to be automatically issued to the Executive, provided that the Executive is employed as the Chief Executive Officer of Park Water on the date of such Liquidity Event and, provided further, that if the Executive is not employed as the Chief Executive Officer of Park Water on the date of such Liquidity Event, such sixty percent (60%) portion of any Initial Class B Units otherwise issuable to the Executive may instead be cancelled or issued, in either case, in whole or in part, to such Person or Persons, as the Board may determine in its sole discretion pursuant to Section 3.10 of the LLC Agreement. The Company hereby affirms that the terms of this Section 3 have been agreed to by the Board acting in its sole discretion pursuant to Section 3.10 of the LLC Agreement.

4. Notices. All notices required under this Agreement shall be delivered in accordance with the terms of the LLC Agreement.

5. Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile, *.pdf* or email), each of which when executed shall be deemed an original and all of which together shall constitute one and the same instrument.

6. Entire Understanding; Amendments. This Agreement, together with the LLC Agreement states the entire understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior oral and written communications and agreements with respect to the subject matter hereof. This Agreement may not be amended except in an instrument in writing signed on behalf of each of the parties hereto. No amendment, supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby.

7. Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned (whether by operation of law, through a change in control or otherwise) by the Company without the prior written consent of the Executive, or by the Executive without the prior written consent of the Company. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, and no other Person shall have any right, benefit or obligation hereunder.

8. Governing Law. This Agreement (and any claim or controversy arising out of or relating to this Agreement) shall be governed by the laws of the State of Delaware without regard to conflict of law principles that would result in the application of any law other than the laws of the State of Delaware.

9. Titles; References. The titles, captions or headings of the Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

10. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms or other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party.

11. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person (including without limitation, any Holder other than the Executive) other than the parties hereto any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, and no Person shall be deemed a third party beneficiary under or by reason of this Agreement.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties have caused this Ancillary Matters Agreement to be executed and delivered as of the date and year first above written.

THE COMPANY

Western Water Holdings, LLC

By:_____
Name: Robert W. Dove
Title: President

THE EXECUTIVE

_____
Christopher Schilling

[*Signature Page to Ancillary Matters Agreement*]

IN WITNESS WHEREOF, the parties have caused this Ancillary Matters Agreement to be executed and delivered as of the date and year first above written.

THE COMPANY

Western Water Holdings, LLC

By:_____
Name: Robert W. Dove
Title: President

THE EXECUTIVE

Christopher Schilling

[*Signature Page to Ancillary Matters Agreement*]

WESTERN WATER HOLDINGS, LLC
AMENDED AND RESTATED
CLASS B UNIT GRANT AGREEMENT

THIS AMENDED AND RESTATED CLASS B UNIT GRANT AGREEMENT (as amended and restated, this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Effective Date**"), by and between Christopher Schilling (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Second Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). This Agreement amends and restates in its entirety that certain Class B Unit Grant Agreement (the "**Prior Agreement**") by and between Christopher Schilling and the Company, dated as of February 28, 2012 (the "**Grant Date**").

In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting; Acknowledgement.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company (a) granted to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not then a Member, admitted Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder then confirmed and represented, and hereby reaffirms and represents, that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units were issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder was, automatically and without further action on Holder's part, deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units were and shall remain subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute (to the extent not previously executed) the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall continue to have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units subject hereto shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of December 22, 2011 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh (7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

(c) Holder hereby acknowledges and agrees that, as of the Effective Date, 1.2 Class B Units (the "**Forfeited Units**") granted to Holder pursuant to the Prior Agreement shall be cancelled and forfeited. From and after the Effective Date, Holder will have no further rights with respect to or in respect of the Forfeited Units and the Company shall have no obligation or liability with respect thereto or in respect thereof, and any references to the Class B Units subject hereto shall mean and refer to 7,340 Class B Units.

2. Transfer Restrictions. Subject to Section 3 below, Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber (collectively, "**Transfer**" or "**Transferred**") the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may Transfer the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any Transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The Transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Initial Transfer Period; Company's Right of First Refusal.

(a) *Initial Transfer Period.* Notwithstanding the provisions of Section 2 above or any other provisions of this Agreement to the contrary, but subject to Section 8.1 of the LLC Agreement and Section 3(b) below, during the period beginning on the Effective Date and ending at 5:00 p.m. on the thirtieth (30th) day following the Effective Date (such period, the "**Initial Transfer Period**"), Holder may Transfer any of the Class B Units subject hereto (including, for the avoidance of doubt, Class B Units that have not yet conditionally vested and ceased to be subject to forfeiture and deemed repurchase in accordance with Section 1(b) above) (such Class B Units, the "**Transferable Class B Units**") and, upon such Transfer, the Transferable Class B Units so Transferred shall no longer be subject to the forfeiture and deemed

repurchase provisions of this Agreement in the hands of the transferee. Holder's right to Transfer any Transferable Class B Units pursuant to this Section 3 shall expire and the Transferable Class B Units shall cease to be eligible for Transfer pursuant to this Section 3: (i) if, as of the first to occur of (A) the expiration of the Initial Transfer Period or (B) the date on which Holder's continued status as a Service Provider terminates for any reason (the earlier of such events, the "**Transfer Termination Event**"), such Class B Units are not subject to a valid and timely Notice (as defined below), upon the Transfer Termination Event, and (ii) if, as of the Transfer Termination Event, such Class B Units are subject to a valid and timely Notice, upon the expiration of the applicable periods set forth in Section 3(b) below. For the avoidance of doubt, without limiting the generality of any other provision hereof, if Holder's continued status as a Service Provider terminates prior to the last date on which a Transfer of Transferable Class B Units may be validly effected pursuant to this Section 3 (based on a timely Notice provided during the Initial Transfer Period and subject to the time limits contained in Section 3(b) below), then any Transferable Class B Units that have not conditionally vested in accordance with Section 1(b) above at the time of such termination shall be forfeited in accordance with Section 4(c)(ii) below: (I) if subject to a valid and timely Notice at the time of such termination, upon the expiration of the thirty (30)-day period described in Section 3(b)(v) below (except to the extent that the Transfer of such Transferable Class B Units is consummated in accordance with this Section 3, which Transferred Class B Units shall not be forfeited), and (II) if not subject to a valid and timely Notice at the time of such termination, upon such termination.

(b) *Right of First Refusal.* Before any Transferable Class B Units held by Holder may be Transferred (including by gift or operation of law) during the Initial Transfer Period, the Company shall have a right of first refusal to purchase the Transferable Class B Units on the terms and conditions set forth in this Section 3(b) (the "**Right of First Refusal**").

(i) *Notice of Proposed Transfer.* In the event that Holder proposes to Transfer any Transferable Class B Units, Holder shall deliver to the Company a written notice (the "**Notice**") during the Initial Transfer Period stating: (A) Holder's bona fide intention to sell or otherwise Transfer such Transferable Class B Units; (B) the name of each proposed purchaser or other transferee ("**Proposed Transferee**"); (C) the number of Transferable Class B Units to be Transferred to each Proposed Transferee; and (D) the purchase price for which Holder proposes to Transfer the Transferable Class B Units as determined in accordance with subsection (iii) below, and Holder shall offer the Transferable Class B Units at the purchase price to the Company.

(ii) *Exercise of Right of First Refusal.* Within thirty (30) days after receipt of the Notice, the Company may elect in writing to purchase any or all of the Transferable Class B Units proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with subsection (iii) below.

(iii) *Purchase Price.* The purchase price (the "**Purchase Price**") for the Transferable Class B Units repurchased under this Section 3(b) shall be the Fair Market Value of the Transferable Class B Units (determined as of the date of such repurchase).

(iv) *Payment.* Payment of the Purchase Price shall be made, at the option of the Company, in cash (by check), by cancellation of all or a portion of any outstanding

indebtedness of Holder to the Company, or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. To the extent that any of the Transferable Class B Units proposed in the Notice to be Transferred to a given Proposed Transferee are not purchased by the Company as provided in this Section 3(b), then Holder may sell or otherwise Transfer such Transferable Class B Units to that Proposed Transferee at the Purchase Price or at a higher price, provided, that such sale or other Transfer is consummated within thirty (30) days after the expiration of the Company's right to purchase the Transferable Class B Units in accordance with Section 3(b)(ii) above and, provided further, that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Agreement (other than the forfeiture and deemed repurchase provisions hereof) shall continue to apply to the Transferable Class B Units in the hands of such Proposed Transferee. If the Transferable Class B Units described in the Notice are not Transferred to the Proposed Transferee within such period, then all Class B Units described in the Notice shall cease to be Transferable Class B Units as of the expiration of such period (and any and all other Class B Units subject hereto shall cease to be Transferable Class B Units as of the expiration of the Initial Transfer Period).

(vi) *Acknowledgements*. Holder acknowledges and agrees that the $57.97 price per Unit set forth in the Company's independent valuation report by The BVA Group LLC, dated as of November 19, 2012, represents the current Fair Market Value of a Class B Unit.

4. Forfeiture; Termination of Service.

(a) *Termination for Cause*. In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined in that certain Employment Agreement between the Participant and the Company, dated December 21, 2010 (the "**Employment Agreement**"), but excluding subsection (v) of such definition of Cause)) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units subject hereto shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement), the Board shall determine, in its sole discretion, whether the Service Provider's termination is in fact a Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason*. In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which, for purposes of this Agreement, shall include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination

shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date, (ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations.* In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided*, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

5. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

6. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming under or through Holder.

7. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

8. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors,

administrators and legal successors.

9. Tax Representations. Holder understands that Holder may suffer adverse tax consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder acknowledges and agrees that the Transferability of the Transferable Class B Units contemplated by Section 3 above may cause the Class B Units covered hereby to constitute ordinary taxable income to Holder as of the Effective Date, and that corresponding tax withholding and reporting obligations may accordingly apply as of the Effective Date. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

10. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 10(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever such action is reasonably appropriate in order to prevent dilution or enlargement of the benefits provided under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 10, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole

discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

11. Miscellaneous.

(a) *No Right to Continue as Service Provider*. Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding*. The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A*. The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Class B Units, including without limitation, actions intended to (a) exempt the Class B Units from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any

failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with the provisions of Code Section 409A.

(d) *Conformity to Securities Laws.* This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment.* This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability.* In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 11(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 11(g).

(h) *Captions.* Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law.* This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority.* The Board shall have the power to interpret this Agreement and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any

action, determination or interpretation made in good faith with respect to this Agreement and, to the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
Christopher Schilling

[*Signature Page to Western Water Holdings, LLC Class B Unit Grant Agreement*]

EXHIBIT A

CONSENT OF SPOUSE

I, Betsy K. Everitt, spouse of Christopher Schilling, have read and approve the foregoing Amended and Restated Class B Unit Grant Agreement (the "**Agreement**"). In consideration of the issuance to my spouse of Class B Units of Western Water Holdings, LLC as set forth in the Agreement (the "**Class B Units**"), I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights therein or in or to any Class B Units under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Agreement.

Dated: 21 November, 2012

Signature of Spouse

EXHIBIT B

FORM OF 83(b) ELECTION AND INSTRUCTIONS

These instructions are provided to assist you in making an election under Section 83(b) of the Internal Revenue Code, as amended, with respect to the Class B Units of Western Water Holdings, LLC transferred to you. **You should consult with your personal tax advisor as to whether an election of this nature will be in your best interests in light of your personal tax situation.**

An executed original of the Section 83(b) election must be filed with the Internal Revenue Service not later than 30 days after the date the units are granted to you. ~~**Please Note: There is no remedy for failure to file on time.** The steps outlined below should~~ be followed to ensure the election is mailed and filed correctly and in a timely manner. If you make the Section 83(b) election, the election is irrevocable.

In order to make a Section 83(b) Election:

1. Complete the Section 83(b) Election Form (attached as Attachment 1 to this Exhibit) and make four (4) copies of the signed election form. Your spouse, if any, should sign the Section 83(b) Election Form as well.

2. Prepare the cover letter to the Internal Revenue Service (sample letter attached as Attachment 2 to this Exhibit).

3. Send the cover letter with the originally executed Section 83(b) Election Form and one (1) copy via certified mail, return receipt requested to the Internal Revenue Service at the address of the Internal Revenue Service where you file your personal tax returns. We suggest that you have the package date-stamped at the post office. The post office will provide you with a white certified receipt that includes a dated postmark. Enclose a self-addressed, stamped envelope so that the Internal Revenue Service may return a date-stamped copy to you. However, your postmarked receipt is your proof of having timely filed the Section 83(b) election if, for any reason, you do not receive confirmation from the Internal Revenue Service.

4. One (1) copy of the Section 83(b) Election Form and cover letter must be sent to Western Water Holdings, LLC for its records and one (1) copy must be attached to your federal income tax return for the applicable calendar year.

5. Retain the Internal Revenue Service file stamped copy (when returned) for your records.

Please consult your personal tax advisor for the address of the office of the Internal Revenue Service to which you should mail your election form.

WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS CLASS B UNIT GRANT AGREEMENT (this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Grant Date**"), by and between Chris Alario (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company hereby (a) grants to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not already a Member, admits Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder hereby confirms and represents that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units are hereby issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder shall, automatically and without further action on Holder's part, be deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units shall be subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of September 17, 2012 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh

(7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

2. Transfer Restrictions. Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may make transfers of the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Forfeiture; Termination of Service.

(a) *Termination for Cause.* In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined in that certain Employment Agreement between Holder and the Company, dated September 17, 2012 (the "**Employment Agreement**"), but excluding subsection (v) of such definition of Cause)) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units granted hereunder shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement), the Board shall determine, in its sole discretion, whether the Service Provider's termination is in fact a Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason.* In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which, for purposes of this Agreement, shall include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date,

(ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations*. In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided*, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

4. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

5. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming under or through Holder.

6. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

7. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Tax Representations. Holder understands that Holder may suffer adverse tax

consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

9. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 9(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 9, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number

and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

10. Miscellaneous.

(a) *No Right to Continue as Service Provider*. Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding*. The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A*. The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Class B Units, including without limitation, actions intended to (a) exempt the Class B Units from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with the provisions of Code Section 409A.

(d) *Conformity to Securities Laws*. This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as

amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment.* This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability.* In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 10(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 10(g).

(h) *Captions.* Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law.* This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority.* The Board shall have the power to interpret this Agreement and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement and, to the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
Chris Alario

EXHIBIT A

CONSENT OF SPOUSE

I, Bridget Alario, spouse of Chris Alario, have read and approve the foregoing Class B Unit Grant Agreement (the "**Agreement**"). In consideration of the issuance to my spouse of Class B Units of Western Water Holdings, LLC as set forth in the Agreement (the "**Class B Units**"), I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights therein or in or to any Class B Units under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Agreement.

Dated: November 26, 2012

Bridget M. Alario
Signature of Spouse

EXHIBIT B

FORM OF 83(b) ELECTION AND INSTRUCTIONS

These instructions are provided to assist you in making an election under Section 83(b) of the Internal Revenue Code, as amended, with respect to the Class B Units of Western Water Holdings, LLC transferred to you. **You should consult with your personal tax advisor as to whether an election of this nature will be in your best interests in light of your personal tax situation.**

An executed original of the Section 83(b) election must be filed with the Internal Revenue Service not later than 30 days after the date the units are granted to you. Please Note: There is no remedy for failure to file on time. The steps outlined below should be followed to ensure the election is mailed and filed correctly and in a timely manner. If you make the Section 83(b) election, the election is irrevocable.

In order to make a Section 83(b) Election:

1. Complete the Section 83(b) Election Form (attached as Attachment 1 to this Exhibit) and make four (4) copies of the signed election form. Your spouse, if any, should sign the Section 83(b) Election Form as well.

2. Prepare the cover letter to the Internal Revenue Service (sample letter attached as Attachment 2 to this Exhibit).

3. Send the cover letter with the originally executed Section 83(b) Election Form and one (1) copy via certified mail, return receipt requested to the Internal Revenue Service at the address of the Internal Revenue Service where you file your personal tax returns. We suggest that you have the package date-stamped at the post office. The post office will provide you with a white certified receipt that includes a dated postmark. Enclose a self-addressed, stamped envelope so that the Internal Revenue Service may return a date-stamped copy to you. However, your postmarked receipt is your proof of having timely filed the Section 83(b) election if, for any reason, you do not receive confirmation from the Internal Revenue Service.

4. One (1) copy of the Section 83(b) Election Form and cover letter must be sent to Western Water Holdings, LLC for its records and one (1) copy must be attached to your federal income tax return for the applicable calendar year.

5. Retain the Internal Revenue Service file stamped copy (when returned) for your records.

Please consult your personal tax advisor for the address of the office of the Internal Revenue Service to which you should mail your election form.

ATTACHMENT 1 TO EXHIBIT B

ELECTION UNDER INTERNAL REVENUE CODE SECTION 83(b)

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in taxpayer's gross income for the current taxable year the amount of any compensation taxable to taxpayer in connection with taxpayer's receipt of Class B Units (the "**Class B Units**") of Western Water Holdings, LLC (the "**Company**").

1. The name, address and taxpayer identification number of the undersigned taxpayer are:

_____

_____

_____

SSN: _____

The name, address and taxpayer identification number of the Taxpayer's spouse are (complete if applicable):

_____

_____

_____

SSN: _____

Description of the property with respect to which the election is being made:

_____ (_____) Class B Units of the Company.

3. The date on which the property was transferred was [DATE]. The taxable year to which this election relates is calendar year [YEAR].

4. Nature of restrictions to which the property is subject:

   The Class B Units are subject to forfeiture if unvested as of the date of termination of employment, directorship or consultancy with the Company.

   The Class B Units are subject to certain transfer restrictions.

5. The fair market value at the time of transfer (determined without regard to any lapse restrictions, as defined in Treasury Regulation Section 1.83-3(a)) of the Class B Units was $_____ per Class B Unit.

6. The amount paid for the above property by the undersigned was $_____ per Class B Unit.

7. A copy of this statement has been furnished to the Company, and the original will be filed with the income tax return of the undersigned to which this election relates.

Dated: [___] Taxpayer Signature _____

The undersigned spouse of Taxpayer joins in this election. (Complete if applicable).

Dated: [___] Spouse's Signature _____

Signature(s) Notarized by:

_____

_____

ATTACHMENT 2 TO EXHIBIT B

SAMPLE COVER LETTER TO INTERNAL REVENUE SERVICE

[DATE]

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
Internal Revenue Service
[Address where taxpayer files returns]

Re: Election under Section 83(b) of the Internal Revenue Code of 1986
Taxpayer: _____
Taxpayer's Social Security Number: _____
Taxpayer's Spouse: _____
Taxpayer's Spouse's Social Security Number: _____

Ladies and Gentlemen:

Enclosed please find an original and one copy of an Election under Section 83(b) of the Internal Revenue Code of 1986, as amended, being made by the taxpayer referenced above. Please acknowledge receipt of the enclosed materials by stamping the enclosed copy of the Election and returning it to me in the self-addressed stamped envelope provided herewith.

Very Truly Yours,

_____

Enclosures

cc: Western Water Holdings, LLC

FIRST AMENDMENT TO
WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS FIRST AMENDMENT TO WESTERN WATER HOLDINGS, LLC CLASS B UNIT GRANT AGREEMENT (this "**First Amendment**"), dated as of February 13, 2014 (the "**Effective Date**") is entered into by and between Western Water Holdings, LLC (the "**Company**"), and Chris Alario ("**Holder**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Class B Unit Grant Agreement (as defined below).

RECITALS

WHEREAS, the Company and Holder are parties to that certain Western Water Holdings, LLC Class B Unit Grant Agreement, dated as of November 27, 2012 (the "**Class B Unit Grant Agreement**"), pursuant to which the Company granted Holder certain Class B Units of the Company; and

WHEREAS, the Company and Holder mutually desire to amend certain provisions of the Class B Unit Grant Agreement, as set forth in this First Amendment.

NOW, THEREFORE, in consideration of Holder's continued employment with the Company, the payment to Holder of additional compensation by the Company of [redacted] in connection herewith (collectively, the "**Consideration**"), and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, effective as of the Effective Date, the Company and Holder hereby agree as follows:

1. Cancellation. The Company and Holder acknowledge and agree that, effective as of the Effective Date [redacted] of the currently unvested Class B Units granted to Holder under the Class B Unit Grant Agreement (the "**Terminated Units**") shall be terminated and cancelled in respect of the Consideration provided above. From and after the Effective Date, Holder shall have no further rights or interests in, and the Company shall have no further obligations with respect to, such Terminated Units.

2. Amendment.

   (a) The reference to [redacted] Class B Units of the Company" in the first sentence of Section 1(a) of the Class B Unit Grant Agreement shall mean and refer to "[redacted] Class B Units of the Company."

   (b) Section 1(b) of the Class B Unit Grant Agreement is hereby deleted in its entirety and replaced with the following:

   "(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to [redacted] Class B Units on the first (1st) anniversary of September 17, 2012 (the "**Vesting Commencement Date**"), (ii) with respect to [redacted] Class B Units on the second (2nd) anniversary of the Vesting Commencement Date, (ii) with respect to [redacted] Class B Units on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to [redacted] Class B Units on each of the sixth (6th) and seventh (7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date."

3. Incorporation. This First Amendment shall be and hereby is incorporated into and forms a part of the Class B Unit Grant Agreement.

4. Full Force and Effect. Except as expressly provided herein, all terms and conditions of the Class B Unit Grant Agreement shall remain in full force and effect.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Company and Holder have executed this First Amendment as of the date first above written.

COMPANY
Western Water Holdings, LLC

Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

Chris Alario

LA\3455224.2

RECEIVED

MAY 14 2015

MONT. P.S. COMMISSION

WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS CLASS B UNIT GRANT AGREEMENT (this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Grant Date**"), by and between Jeanne-Marie Bruno (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting; Acknowledgement.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company hereby (a) grants to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not already a Member, admits Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder hereby confirms and represents that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units are hereby issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder shall, automatically and without further action on Holder's part, be deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units shall be subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of December 22, 2011 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh

(7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

(c) Holder hereby acknowledges and agrees that (i) the grant of Class B Units effected hereby is made in full and final satisfaction of the Company's obligations under that certain letter from the Company to Holder (including without limitation, any and all obligations to grant Class B Units to Holder created thereunder), dated as of August 28, 2012 (the "**Class B Unit Letter**"), and (ii) to the extent that the terms and conditions of this Award are inconsistent with the Class B Unit Letter (if at all), then, effective as of the Grant Date, this Agreement supersedes and replaces, in its entirety the Class B Unit Letter. From and after the Grant Date, Holder will have no further rights with respect to or in respect of the Class B Unit Letter and the Company shall have no obligation or liability with respect thereto or in respect thereof.

2. Transfer Restrictions. Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may make transfers of the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Forfeiture; Termination of Service.

(a) *Termination for Cause.* In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined in that certain Employment Agreement between Holder and the Company, dated December 15, 2011 (the "**Employment Agreement**"), but excluding subsection (v) of such definition of Cause)) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units granted hereunder shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement), the Board shall determine, in its sole discretion, whether the Service Provider's termination is in fact a

Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason.* In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which, for purposes of this Agreement, shall include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date, (ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations.* In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided*, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

4. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

5. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming under or through Holder.

6. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

7. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Tax Representations. Holder understands that Holder may suffer adverse tax consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

9. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 9(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event

described in this Section 9, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

10. Miscellaneous.

(a) *No Right to Continue as Service Provider*. Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding*. The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A*. The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Class B Units, including without limitation, actions intended to (a) exempt the Class B Units

from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with the provisions of Code Section 409A.

(d) *Conformity to Securities Laws*. This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment*. This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability*. In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices*. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 10(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 10(g).

(h) *Captions*. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law*. This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority*. The Board shall have the power to interpret this Agreement

and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement and, to the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
Jeanne-Marie Bruno

EXHIBIT A

CONSENT OF SPOUSE

I, William M. Bruno, spouse of Jeanne-Marie Bruno, have read and approve the foregoing Class B Unit Grant Agreement (the "**Agreement**"). In consideration of the issuance to my spouse of Class B Units of Western Water Holdings, LLC as set forth in the Agreement (the "**Class B Units**"), I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights therein or in or to any Class B Units under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Agreement.

Dated: 11/27, 2012

William M. Bruno
Signature of Spouse

WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS CLASS B UNIT GRANT AGREEMENT (this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Grant Date**"), by and between Leigh Jordan (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting; Acknowledgement.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company hereby (a) grants to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not already a Member, admits Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder hereby confirms and represents that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units are hereby issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder shall, automatically and without further action on Holder's part, be deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units shall be subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of December 22, 2011 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh

(7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

(c) Holder hereby acknowledges and agrees that (i) the grant of Class B Units effected hereby is made in full and final satisfaction of the Company's obligations under that certain letter from the Company to Holder (including without limitation, any and all obligations to grant Class B Units to Holder created thereunder), dated as of August 28, 2012 (the "**Class B Unit Letter**"), and (ii) to the extent that the terms and conditions of this Award are inconsistent with the Class B Unit Letter (if at all), then, effective as of the Grant Date, this Agreement supersedes and replaces, in its entirety the Class B Unit Letter. From and after the Grant Date, Holder will have no further rights with respect to or in respect of the Class B Unit Letter and the Company shall have no obligation or liability with respect thereto or in respect thereof.

2. Transfer Restrictions. Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may make transfers of the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Forfeiture; Termination of Service.

(a) *Termination for Cause*. In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined below, but excluding subsection (v) of such definition of Cause) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units granted hereunder shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause), the Board shall determine, in its sole discretion, whether the Service Provider's termination is in fact a Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason.* In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which shall include a termination pursuant to subsection (v) of the definition of Cause) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date, (ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations.* In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided*, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(d) *Cause.* For purposes of this Agreement, "**Cause**" shall mean a termination of employment directly resulting from:

(i) the Board's good faith determination that Holder has willfully or repeatedly failed to substantially perform Holder's primary or regular duties or obligations under this Agreement or under written policies of the Company (other than any such willful failure resulting from Holder's disability), and that such failure has resulted or is reasonably expected to result in material and demonstrable harm to the Company or any of its affiliates (provided, that, to the extent such failure can be fully cured, the Company shall have provided Holder with at least thirty (30) days' notice of such failure and Holder shall not have remedied the failure within the thirty (30)-day period);

(ii) except where done at the written instruction or with the written approval of the Company, Holder having engaged in misconduct that caused or, but for intervening factors, would have caused, a violation by the Company or any of its affiliates of any applicable law;

(iii) Holder having engaged in a theft of corporate funds or corporate

assets or in a material act of fraud upon the Company;

(iv) an act of personal dishonesty taken by Holder that was intended to result in personal enrichment of Holder at the expense of the Company;

(v) Holder's repeated failure to meet performance objectives as mutually agreed with the Board from time-to-time provided, however, that the Executive shall have received two written warnings by the Board, the first of which specifies each area of Holder's failure, a time-frame and plan for correction of such failures that has been determined by the Board in consultation with Holder, and the second of which coming after Holder's failure to accomplish such remedial measures derived after the first notice;

(vi) Holder's use of illegal drugs;

(vii) Holder's commission (including without limitation, as evidenced by the entry of a plea of nolo contendere or equivalent plea in a court of competent jurisdiction) of a felony or other crime involving dishonesty; or

(viii) a material breach by Holder of the provisions of this Agreement (provided, that, to the extent such failure can be fully cured, the Company shall have provided Holder with at least thirty (30) days' notice of such failure and Holder shall not have remedied the failure within the thirty (30)-day period).

4. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

5. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming under or through Holder.

6. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

7. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Tax Representations. Holder understands that Holder may suffer adverse tax consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

9. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 9(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 9, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

10. Miscellaneous.

(a) *No Right to Continue as Service Provider.* Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding.* The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A.* The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Class B Units, including without limitation, actions intended to (a) exempt the Class B Units from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with

the provisions of Code Section 409A.

(d) *Conformity to Securities Laws.* This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment.* This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability.* In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 10(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 10(g).

(h) *Captions.* Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law.* This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority.* The Board shall have the power to interpret this Agreement and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement and, to

the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
Leigh Jordan

EXHIBIT A

CONSENT OF SPOUSE

I, _____, spouse of _____, have read and approve the foregoing Class B Unit Grant Agreement (the "**Agreement**"). In consideration of the issuance to my spouse of Class B Units of Western Water Holdings, LLC as set forth in the Agreement (the "**Class B Units**"), I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights therein or in or to any Class B Units under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Agreement.

Dated: _____, _____

_____
Signature of Spouse

EXHIBIT B

FORM OF 83(b) ELECTION AND INSTRUCTIONS

These instructions are provided to assist you in making an election under Section 83(b) of the Internal Revenue Code, as amended, with respect to the Class B Units of Western Water Holdings, LLC transferred to you. **You should consult with your personal tax advisor as to whether an election of this nature will be in your best interests in light of your personal tax situation.**

An executed original of the Section 83(b) election must be filed with the Internal Revenue Service not later than 30 days after the date the units are granted to you. Please Note: There is no remedy for failure to file on time. The steps outlined below should be followed to ensure the election is mailed and filed correctly and in a timely manner. If you make the Section 83(b) election, the election is irrevocable.

In order to make a Section 83(b) Election:

1. Complete the Section 83(b) Election Form (attached as Attachment 1 to this Exhibit) and make four (4) copies of the signed election form. Your spouse, if any, should sign the Section 83(b) Election Form as well.

2. Prepare the cover letter to the Internal Revenue Service (sample letter attached as Attachment 2 to this Exhibit).

3. Send the cover letter with the originally executed Section 83(b) Election Form and one (1) copy via certified mail, return receipt requested to the Internal Revenue Service at the address of the Internal Revenue Service where you file your personal tax returns. We suggest that you have the package date-stamped at the post office. The post office will provide you with a white certified receipt that includes a dated postmark. Enclose a self-addressed, stamped envelope so that the Internal Revenue Service may return a date-stamped copy to you. However, your postmarked receipt is your proof of having timely filed the Section 83(b) election if, for any reason, you do not receive confirmation from the Internal Revenue Service.

4. One (1) copy of the Section 83(b) Election Form and cover letter must be sent to Western Water Holdings, LLC for its records and one (1) copy must be attached to your federal income tax return for the applicable calendar year.

5. Retain the Internal Revenue Service file stamped copy (when returned) for your records.

Please consult your personal tax advisor for the address of the office of the Internal Revenue Service to which you should mail your election form.

ATTACHMENT 1 TO EXHIBIT B

ELECTION UNDER INTERNAL REVENUE CODE SECTION 83(b)

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in taxpayer's gross income for the current taxable year the amount of any compensation taxable to taxpayer in connection with taxpayer's receipt of Class B Units (the "**Class B Units**") of Western Water Holdings, LLC (the "**Company**").

1. The name, address and taxpayer identification number of the undersigned taxpayer are:

_____

_____

_____

SSN: _____

The name, address and taxpayer identification number of the Taxpayer's spouse are (complete if applicable):

_____

_____

_____

SSN: _____

Description of the property with respect to which the election is being made:

_____ (_____) Class B Units of the Company.

3. The date on which the property was transferred was [DATE]. The taxable year to which this election relates is calendar year [YEAR].

4. Nature of restrictions to which the property is subject:

   The Class B Units are subject to forfeiture if unvested as of the date of termination of employment, directorship or consultancy with the Company.

   The Class B Units are subject to certain transfer restrictions.

5. The fair market value at the time of transfer (determined without regard to any lapse restrictions, as defined in Treasury Regulation Section 1.83-3(a)) of the Class B Units was $_____ per Class B Unit.

6. The amount paid for the above property by the undersigned was $_____ per Class B Unit.

7. A copy of this statement has been furnished to the Company, and the original will be filed with the income tax return of the undersigned to which this election relates.

Dated: [___] Taxpayer Signature _____

The undersigned spouse of Taxpayer joins in this election. (Complete if applicable).

Dated: [___] Spouse's Signature _____

Signature(s) Notarized by:

_____

_____

ATTACHMENT 2 TO EXHIBIT B

SAMPLE COVER LETTER TO INTERNAL REVENUE SERVICE

[DATE]

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Internal Revenue Service
[Address where taxpayer files returns]

Re: Election under Section 83(b) of the Internal Revenue Code of 1986
Taxpayer: _____
Taxpayer's Social Security Number: _____
Taxpayer's Spouse: _____
Taxpayer's Spouse's Social Security Number: _____

Ladies and Gentlemen:

Enclosed please find an original and one copy of an Election under Section 83(b) of the Internal Revenue Code of 1986, as amended, being made by the taxpayer referenced above. Please acknowledge receipt of the enclosed materials by stamping the enclosed copy of the Election and returning it to me in the self-addressed stamped envelope provided herewith.

Very Truly Yours,

_____

Enclosures

cc: Western Water Holdings, LLC

WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS CLASS B UNIT GRANT AGREEMENT (this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Grant Date**"), by and between John Kappes (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting; Acknowledgement.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company hereby (a) grants to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not already a Member, admits Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder hereby confirms and represents that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units are hereby issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder shall, automatically and without further action on Holder's part, be deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units shall be subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of December 22, 2011 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh

(7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

(c) Holder hereby acknowledges and agrees that (i) the grant of Class B Units effected hereby is made in full and final satisfaction of the Company's obligations under that certain letter from the Company to Holder (including without limitation, any and all obligations to grant Class B Units to Holder created thereunder), dated as of August 28, 2012 (the "**Class B Unit Letter**"), and (ii) to the extent that the terms and conditions of this Award are inconsistent with the Class B Unit Letter (if at all), then, effective as of the Grant Date, this Agreement supersedes and replaces, in its entirety the Class B Unit Letter. From and after the Grant Date, Holder will have no further rights with respect to or in respect of the Class B Unit Letter and the Company shall have no obligation or liability with respect thereto or in respect thereof.

2. Transfer Restrictions. Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may make transfers of the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Forfeiture; Termination of Service.

(a) *Termination for Cause.* In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined below, but excluding subsection (v) of such definition of Cause) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units granted hereunder shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause), the Board shall determine, in its sole discretion, whether the Service Provider's termination is in fact a Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason.* In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which shall include a termination pursuant to subsection (v) of the definition of Cause) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date, (ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations.* In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided*, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(d) *Cause.* For purposes of this Agreement, "**Cause**" shall mean a termination of employment directly resulting from:

(i) the Board's good faith determination that Holder has willfully or repeatedly failed to substantially perform Holder's primary or regular duties or obligations under this Agreement or under written policies of the Company (other than any such willful failure resulting from Holder's disability), and that such failure has resulted or is reasonably expected to result in material and demonstrable harm to the Company or any of its affiliates (provided, that, to the extent such failure can be fully cured, the Company shall have provided Holder with at least thirty (30) days' notice of such failure and Holder shall not have remedied the failure within the thirty (30)-day period);

(ii) except where done at the written instruction or with the written approval of the Company, Holder having engaged in misconduct that caused or, but for intervening factors, would have caused, a violation by the Company or any of its affiliates of any applicable law;

(iii) Holder having engaged in a theft of corporate funds or corporate

assets or in a material act of fraud upon the Company;

(iv) an act of personal dishonesty taken by Holder that was intended to result in personal enrichment of Holder at the expense of the Company;

(v) Holder's repeated failure to meet performance objectives as mutually agreed with the Board from time-to-time provided, however, that the Executive shall have received two written warnings by the Board, the first of which specifies each area of Holder's failure, a time-frame and plan for correction of such failures that has been determined by the Board in consultation with Holder, and the second of which coming after Holder's failure to accomplish such remedial measures derived after the first notice;

(vi) Holder's use of illegal drugs;

(vii) Holder's commission (including without limitation, as evidenced by the entry of a plea of nolo contendere or equivalent plea in a court of competent jurisdiction) of a felony or other crime involving dishonesty; or

(viii) a material breach by Holder of the provisions of this Agreement (provided, that, to the extent such failure can be fully cured, the Company shall have provided Holder with at least thirty (30) days' notice of such failure and Holder shall not have remedied the failure within the thirty (30)-day period).

4. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

5. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming under or through Holder.

6. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

7. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Tax Representations. Holder understands that Holder may suffer adverse tax consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

9. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 9(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 9, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

10. Miscellaneous.

(a) *No Right to Continue as Service Provider.* Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding.* The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A.* The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Class B Units, including without limitation, actions intended to (a) exempt the Class B Units from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with

the provisions of Code Section 409A.

(d) *Conformity to Securities Laws*. This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment*. This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability*. In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices*. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 10(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 10(g).

(h) *Captions*. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law*. This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority*. The Board shall have the power to interpret this Agreement and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement and, to

the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
John Kappes

EXHIBIT A

CONSENT OF SPOUSE

I, Stephanie Kappes, spouse of John Kappes, have read and approve the foregoing Class B Unit Grant Agreement (the "**Agreement**"). In consideration of the issuance to my spouse of Class B Units of Western Water Holdings, LLC as set forth in the Agreement (the "**Class B Units**"), I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights therein or in or to any Class B Units under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Agreement.

Dated: November 26, 2012

Stephanie A. Kappes
Signature of Spouse

WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS CLASS B UNIT GRANT AGREEMENT (this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Grant Date**"), by and between Gary Lynch (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting; Acknowledgement.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company hereby (a) grants to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not already a Member, admits Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder hereby confirms and represents that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units are hereby issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder shall, automatically and without further action on Holder's part, be deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units shall be subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of December 22, 2011 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh

(7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

(c) Holder hereby acknowledges and agrees that (i) the grant of Class B Units effected hereby is made in full and final satisfaction of the Company's obligations under that certain letter from the Company to Holder (including without limitation, any and all obligations to grant Class B Units to Holder created thereunder), dated as of August 28, 2012 (the "**Class B Unit Letter**"), and (ii) to the extent that the terms and conditions of this Award are inconsistent with the Class B Unit Letter (if at all), then, effective as of the Grant Date, this Agreement supersedes and replaces, in its entirety the Class B Unit Letter. From and after the Grant Date, Holder will have no further rights with respect to or in respect of the Class B Unit Letter and the Company shall have no obligation or liability with respect thereto or in respect thereof.

2. Transfer Restrictions. Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may make transfers of the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Forfeiture; Termination of Service.

(a) *Termination for Cause*. In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined in that certain Employment Agreement between Holder and the Company, dated December 15, 2011 (the "**Employment Agreement**"), but excluding subsection (v) of such definition of Cause)) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units granted hereunder shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement), the Board shall determine, in its sole discretion, whether the Service Provider's termination is in fact a

Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason.* In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which, for purposes of this Agreement, shall include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date, (ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations.* In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided,* that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

4. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

5. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming under or through Holder.

6. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

7. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Tax Representations. Holder understands that Holder may suffer adverse tax consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

9. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 9(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event

described in this Section 9, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

10. Miscellaneous.

(a) *No Right to Continue as Service Provider*. Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding*. The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A*. The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Class B Units, including without limitation, actions intended to (a) exempt the Class B Units

from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with the provisions of Code Section 409A.

(d) *Conformity to Securities Laws.* This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment.* This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability.* In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 10(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 10(g).

(h) *Captions.* Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law.* This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority.* The Board shall have the power to interpret this Agreement

and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement and, to the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
Gary Lynch

EXHIBIT A

CONSENT OF SPOUSE

I, Ruth W Lynch, spouse of Gary R Lynch, have read and approve the foregoing Class B Unit Grant Agreement (the "**Agreement**"). In consideration of the issuance to my spouse of Class B Units of Western Water Holdings, LLC as set forth in the Agreement (the "**Class B Units**"), I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights therein or in or to any Class B Units under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Agreement.

Dated: 11/28, 2012

Ruth W Lynch
Signature of Spouse

WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS CLASS B UNIT GRANT AGREEMENT (this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Grant Date**"), by and between Doug Martinet (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting; Acknowledgement.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company hereby (a) grants to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not already a Member, admits Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder hereby confirms and represents that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units are hereby issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder shall, automatically and without further action on Holder's part, be deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units shall be subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of December 22, 2011 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh

(7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

(c) Holder hereby acknowledges and agrees that (i) the grant of Class B Units effected hereby is made in full and final satisfaction of the Company's obligations under that certain letter from the Company to Holder (including without limitation, any and all obligations to grant Class B Units to Holder created thereunder), dated as of August 28, 2012 (the "**Class B Unit Letter**"), and (ii) to the extent that the terms and conditions of this Award are inconsistent with the Class B Unit Letter (if at all), then, effective as of the Grant Date, this Agreement supersedes and replaces, in its entirety the Class B Unit Letter. From and after the Grant Date, Holder will have no further rights with respect to or in respect of the Class B Unit Letter and the Company shall have no obligation or liability with respect thereto or in respect thereof.

2. Transfer Restrictions. Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may make transfers of the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Forfeiture; Termination of Service.

(a) *Termination for Cause.* In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined in that certain Employment Agreement between Holder and the Company, dated December 15, 2011 (the "**Employment Agreement**"), but excluding subsection (v) of such definition of Cause)) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units granted hereunder shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement), the Board shall determine, in its sole discretion, whether the Service Provider's termination is in fact a

Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason.* In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which, for purposes of this Agreement, shall include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date, (ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations.* In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided*, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

4. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

5. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming under or through Holder.

6. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

7. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Tax Representations. Holder understands that Holder may suffer adverse tax consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

9. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 9(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event

described in this Section 9, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

10. Miscellaneous.

(a) *No Right to Continue as Service Provider.* Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding.* The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A.* The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Class B Units, including without limitation, actions intended to (a) exempt the Class B Units

from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with the provisions of Code Section 409A.

(d) *Conformity to Securities Laws*. This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment*. This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability*. In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices*. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 10(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 10(g).

(h) *Captions*. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law*. This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority*. The Board shall have the power to interpret this Agreement

and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement and, to the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
Doug Martinet

EXHIBIT A

CONSENT OF SPOUSE

I, Teena Hostovich spouse of Doug Martinet, have read and approve the foregoing Class B Unit Grant Agreement (the "**Agreement**"). In consideration of the issuance to my spouse of Class B Units of Western Water Holdings, LLC as set forth in the Agreement (the "**Class B Units**"), I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights therein or in or to any Class B Units under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Agreement.

Dated: 11/26, 2012

Signature of Spouse

WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS CLASS B UNIT GRANT AGREEMENT (this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Grant Date**"), by and between Scott Weldy (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting; Acknowledgement.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company hereby (a) grants to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not already a Member, admits Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder hereby confirms and represents that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units are hereby issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder shall, automatically and without further action on Holder's part, be deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units shall be subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of December 22, 2011 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh

(7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

(c) Holder hereby acknowledges and agrees that (i) the grant of Class B Units effected hereby is made in full and final satisfaction of the Company's obligations under that certain letter from the Company to Holder (including without limitation, any and all obligations to grant Class B Units to Holder created thereunder), dated as of August 28, 2012 (the "**Class B Unit Letter**"), and (ii) to the extent that the terms and conditions of this Award are inconsistent with the Class B Unit Letter (if at all), then, effective as of the Grant Date, this Agreement supersedes and replaces, in its entirety the Class B Unit Letter. From and after the Grant Date, Holder will have no further rights with respect to or in respect of the Class B Unit Letter and the Company shall have no obligation or liability with respect thereto or in respect thereof.

2. Transfer Restrictions. Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may make transfers of the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Forfeiture; Termination of Service.

(a) *Termination for Cause*. In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined in that certain Employment Agreement between Holder and Apple Valley Ranchos Water Company, dated December 15, 2011 (the "**Employment Agreement**"), but excluding subsection (v) of such definition of Cause)) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units granted hereunder shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement), the Board shall determine, in its sole discretion, whether the

Service Provider's termination is in fact a Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason.* In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which, for purposes of this Agreement, shall include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date, (ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations.* In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided*, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

4. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

5. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming

under or through Holder.

6. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

7. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Tax Representations. Holder understands that Holder may suffer adverse tax consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

9. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 9(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the

avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 9, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

10. Miscellaneous.

(a) *No Right to Continue as Service Provider.* Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding.* The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A.* The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the

Class B Units, including without limitation, actions intended to (a) exempt the Class B Units from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with the provisions of Code Section 409A.

(d) *Conformity to Securities Laws.* This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment.* This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability.* In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 10(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 10(g).

(h) *Captions.* Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law.* This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority.* The Board shall have the power to interpret this Agreement and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement and, to the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
Scott Weldy

EXHIBIT A

CONSENT OF SPOUSE

I, Kim Weldy, spouse of Scott Weldy, have read and approve the foregoing Class B Unit Grant Agreement (the "**Agreement**"). In consideration of the issuance to my spouse of Class B Units of Western Water Holdings, LLC as set forth in the Agreement (the "**Class B Units**"), I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights therein or in or to any Class B Units under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the Agreement.

Dated: November 29, 2012

Kim Weldy
Signature of Kim Weldy, Spouse

WESTERN WATER HOLDINGS, LLC
CLASS B UNIT GRANT AGREEMENT

THIS CLASS B UNIT GRANT AGREEMENT (this "**Agreement**") is made and entered into as of November 27, 2012 (the "**Grant Date**"), by and between Mary Young (together with any Permitted Transferee, "**Holder**") and Western Water Holdings, LLC, a Delaware limited liability company (the "**Company**"). Capitalized terms used herein and not defined shall have the meanings provided in that certain Amended and Restated Limited Liability Company Agreement of Western Water Holdings, LLC, dated as of February 28, 2012 (as amended from time to time, the "**LLC Agreement**"). In consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Class B Units; Vesting; Acknowledgement.

(a) As of the Grant Date and subject to the terms, conditions and restrictions contained in this Agreement and the LLC Agreement, the Company hereby (a) grants to Holder [redacted] Class B Units of the Company, in consideration of past and/or future services provided and/or to be provided to the Company by Holder, and (b) if not already a Member, admits Holder as a Member of the Company, on the terms and conditions set forth herein and in the LLC Agreement. In order to induce the Company to grant such Class B Units to Holder, Holder hereby confirms and represents that each of the representations and warranties made by the Class B Members in the LLC Agreement are true and correct with respect to Holder. The Company and Holder acknowledge and agree that the Class B Units are hereby issued to Holder for the performance of services to or for the benefit of the Company in Holder's capacity as a Member or in anticipation of Holder becoming a Member. Upon receipt of the Units, Holder shall, automatically and without further action on Holder's part, be deemed to be a party to, signatory of and bound by the LLC Agreement, and the Class B Units shall be subject to the terms and conditions of the LLC Agreement. Notwithstanding the foregoing, at the request of the Company, Holder shall execute the LLC Agreement or a joinder or counterpart signature page thereto. Subject to the terms and conditions of this Agreement and the LLC Agreement, Participant shall have all the rights and obligations associated with ownership of the Class B Units, as provided under and subject to the limitations contained in the LLC Agreement, from the Grant Date and through such time as the Class B Units are disposed of or forfeited by Participant. The Class B Units shall conditionally vest, be earned and cease to be subject to forfeiture and deemed repurchase in accordance with the provisions of Section 1(b) below (each such Class B Unit which, from time to time, continues to be subject to forfeiture and deemed repurchase, an "**Unvested Class B Unit**").

(b) The Class B Units granted hereby shall conditionally vest and cease to be subject to forfeiture and deemed repurchase (but shall not yet be earned for any purposes) (i) with respect to fourteen percent (14%) of the Class B Units subject hereto on each of the first two (2) anniversaries of December 22, 2011 (the "**Vesting Commencement Date**"), (ii) with respect to twenty percent (20%) of the Class B Units subject hereto on each of the third (3rd), fourth (4th) and fifth (5th) anniversaries of the Vesting Commencement Date, and (iii) with respect to six percent (6%) of the Class B Units subject hereto on the sixth (6th) and seventh

(7th) anniversaries of the Vesting Commencement Date, in each case, subject to Holder's continued status as a Service Provider through each applicable vesting date (each such date, a "**Conditional Vesting Date**"), such that all of the Class B Units subject hereto shall be conditionally vested (but not yet earned) as of the seventh (7th) anniversary of the Vesting Commencement Date.

(c) Holder hereby acknowledges and agrees that (i) the grant of Class B Units effected hereby is made in full and final satisfaction of the Company's obligations under that certain letter from the Company to Holder (including without limitation, any and all obligations to grant Class B Units to Holder created thereunder), dated as of August 28, 2012 (the "**Class B Unit Letter**"), and (ii) to the extent that the terms and conditions of this Award are inconsistent with the Class B Unit Letter (if at all), then, effective as of the Grant Date, this Agreement supersedes and replaces, in its entirety the Class B Unit Letter. From and after the Grant Date, Holder will have no further rights with respect to or in respect of the Class B Unit Letter and the Company shall have no obligation or liability with respect thereto or in respect thereof.

2. Transfer Restrictions. Holder hereby agrees that Holder shall not sell, transfer, dispose of, hypothecate, assign, pledge or otherwise encumber the Class B Units (a) at any time prior to Holder's termination, provided, that, if the Board permits in its sole discretion, Holder may make transfers of the Class B Units for estate planning purposes on such terms and conditions as the Board may permit, and (b) following Holder's termination, to the extent the Class B Units vest unconditionally in connection therewith and are not forfeited, only to the extent permitted in accordance with the LLC Agreement. Any transfer of the Class B Units which is not made in compliance with the LLC Agreement and this Agreement shall be null and void and of no force or effect. The transfer restrictions imposed under this Section 2 are additional to the restrictions and requirements imposed upon the Class B Units pursuant to the LLC Agreement, including without limitation, Article VIII of the LLC Agreement. For the avoidance of doubt, in no event shall the provisions of this Section 2 limit in any way any affirmative requirements imposed on Holder with respect to the Class B Units under the LLC Agreement, including without limitation, pursuant to Sections 8.5, 8.6 and/or 8.7 of the LLC Agreement.

3. Forfeiture; Termination of Service.

(a) *Termination for Cause.* In the event that Holder's employment with the Company is terminated by the Company for Cause (as defined in that certain Employment Agreement between Holder and the Company, dated December 15, 2011 (the "**Employment Agreement**"), but excluding subsection (v) of such definition of Cause)) at any time (whether before or after an applicable Conditional Vesting Date) (the date of Holder's Termination for any reason, the "**Termination Date**"), all Class B Units granted hereunder shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date. For the avoidance of doubt, if circumstances surrounding the Holder's termination of employment are sufficient to constitute both Cause and Company Good Reason (defined to include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement), the Board shall determine, in its sole discretion, whether the Service Provider's termination is in fact a

Termination for Cause or a Termination for Company Good Reason.

(b) *Termination for Company Good Reason.* In the event that Holder's employment with the Company is terminated by the Company for Company Good Reason (which, for purposes of this Agreement, shall include a termination pursuant to subsection (v) of the definition of Cause contained in the Employment Agreement) at any time, (i) fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8(a) of the LLC Agreement upon such Termination Date, (ii) the remaining fifty percent (50%) of the Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination, provided, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (iii) all Class B Units in which Holder has not conditionally vested as of such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

(c) *Other Terminations.* In the event that Holder experiences a Termination for any reason other than for Cause or Company Good Reason, (i) all Class B Units in which Holder has conditionally vested prior to such Termination shall fully vest and be earned immediately prior to such Termination; *provided*, that such vested Class B Units shall be subject to the Company's right to repurchase pursuant to Section 8.10 of the LLC Agreement, and (ii) all Class B Units in which Holder has not conditionally vested prior to such Termination shall automatically and without further action be cancelled and forfeited by Holder, shall not be earned by Holder and shall be deemed to be reacquired by the Company (without payment therefor) in accordance with Section 3.8 of the LLC Agreement upon such Termination Date.

4. Escrow. The Secretary of the Company, or such other escrow holder as the Company may appoint, may retain physical custody of any certificates representing the Class B Units until Holder unconditionally vests in such Class B Units; in such event, Holder shall not retain physical custody of any certificates representing Unvested Class B Units issued to Holder. Holder, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Holder's attorney(s)-in-fact to effect any transfer of forfeited Unvested Class B Units (or Class B Units otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the LLC Agreement or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

5. Rights as Unit Holder. Neither Holder nor any person claiming under or through Holder shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units have been issued or recording in book entry form on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to Holder or any person claiming under or through Holder.

6. Consent of Spouse. Holder shall, as a condition to and concurrently with this grant of Class B Units, deliver to the Company, if Holder is married, a Consent of Spouse in the form attached hereto as Exhibit A.

7. Survival of Terms. This Agreement shall apply to and bind Holder and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Tax Representations. Holder understands that Holder may suffer adverse tax consequences as a result of Holder's acquisition or disposition of the Class B Units. Holder represents that Holder has consulted with any tax advisors Holder deems advisable in connection with the acquisition or disposition of the Class B Units and that no action or representation by the Company shall be construed as the giving of tax advice and Holder is not relying on the Company for any tax advice. **A FORM OF ELECTION UNDER SECTION 83(b) OF THE CODE IS ATTACHED TO THE GRANT NOTICE AS EXHIBIT B. HOLDER ACKNOWLEDGES THAT, IF HOLDER ELECTS IN HOLDER'S SOLE DISCRETION TO FILE AN ELECTION UNDER SECTION 83(b), IT IS HOLDER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO TIMELY FILE SUCH ELECTION, EVEN IF HOLDER REQUESTS THAT THE COMPANY OR ITS REPRESENTATIVES MAKE SUCH A FILING ON HOLDER'S BEHALF.**

9. Adjustments in Capitalization.

(a) In the event of any dividend, split, combination or exchange of units, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to unit holders, or any other change affecting the Class B Units or the price of the Class B Units, the Board shall make proportionate adjustments to the aggregate number and kind of units (or other equity securities) that are subject to this Agreement.

(b) In the event of any transaction or event described in Section 9(a) above or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Board, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of this Agreement or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination and cancellation of the Class B Units in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the disposition of the Class B Units under this Agreement as of the date of such termination, after which date no such Class B Units shall vest (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event

described in this Section 9, the Board determines in good faith that no amount would have been attained upon the realization of Holder's rights, then the Class B Units may be terminated by the Company without payment), or (B) the replacement of such Class B Units with other rights or property of equal value selected by the Board in its sole discretion;

(ii) To provide that the Class B Units be (A) assumed by a successor or survivor corporation, or a parent or subsidiary thereof, or (B) substituted for by a similar award covering the equity securities of a successor or survivor corporation, or a parent or subsidiary thereof, in either case, with appropriate adjustments as to the number and kind of units and prices;

(iii) To make adjustments in the number and type of Class B Units (or other securities or property); and

(iv) To provide that the Class B Units subject to this Agreement shall be fully and unconditionally vested, notwithstanding anything to the contrary in this Agreement.

10. Miscellaneous.

(a) *No Right to Continue as Service Provider.* Nothing in this Agreement shall confer upon Holder any right to continue as a Service Provider of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Holder at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between Holder and the Company.

(b) *Tax Withholding.* The Company shall have the authority and the right to deduct or withhold, or to require Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including any Holder employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Class B Units. Holder acknowledges and understands that Holder shall be required to satisfy, and shall be solely liable for, all applicable, federal, state, local and foreign tax withholding obligations associated with the Class B Units and Holder hereby agrees to pay such withholding amounts to the Company at such times and in such form as the Company shall require for purposes of timely satisfying such withholding obligations.

(c) *Section 409A.* The Class B Units are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Code Section 409A. Nevertheless, to the extent that the Board determines that the Class B Units may not be exempt from (or compliant with) Code Section 409A, the Board may amend this Agreement in a manner intended to comply with the requirements of Code Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Class B Units, including without limitation, actions intended to (a) exempt the Class B Units

from Code Section 409A, or (b) comply with the requirements of Code Section 409A, provided, that this Section 11(c) does not, and shall not be construed so as to, create any obligation on the part of the Board or the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company, the Board or any other Person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with the provisions of Code Section 409A.

(d) *Conformity to Securities Laws.* This Agreement is intended to conform to the extent necessary with all applicable federal and state securities laws and regulations, including all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Class B Units shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Class B Units issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(e) *Amendment.* This Agreement may only be amended, modified or terminated by a writing executed by Holder and by a duly authorized representative of the Company.

(f) *Severability.* In the event that any provision in this Agreement is held invalid, illegal or unenforceable, such provision will be severable from, and such invalidity, illegality or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

(g) *Notices.* Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or such other person as the Company may designate by notice hereunder, and any notice to be given to Holder shall be addressed to Holder at Holder's then current address on the books and records of the Company. By a notice given pursuant to this Section 10(g), either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to Holder shall, if Holder is then deceased, be given to Holder's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 10(g).

(h) *Captions.* Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) *Governing Law.* This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California without reference to any choice of law provisions thereof that would result in the application of any law other than the law of the State of California.

(j) *Authority.* The Board shall have the power to interpret this Agreement

and to adopt and interpret such rules for its administration, interpretation and application as are consistent with the terms hereof. All actions taken and all interpretations and determinations made by the Board in good faith will be final and binding upon Holder, the Company and any and all other interested persons. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement and, to the greatest extent allowable pursuant to applicable law, each member of the Board shall be fully indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with such administration of this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

WESTERN WATER HOLDINGS, LLC

By: _____
Name: Robert W. Dove
Title: Chairman of the Board

HOLDER

_____
Mary Young

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Recording Requested By
And When Recorded Mail to:

Fulbright & Jaworski L.L.P.
865 South Figueroa Street
Twenty-Ninth Floor
Los Angeles, California 90017
Attention: David A. Ebershoff, Esq.

PARK WATER COMPANY

TO

BNY WESTERN TRUST COMPANY

Trustee

SEVENTH SUPPLEMENTAL INDENTURE

DATED AS OF JUNE 1, 2000

SEVENTH SUPPLEMENTAL INDENTURE

THIS SEVENTH SUPPLEMENTAL INDENTURE is dated as of June 1, 2000, and entered into by and between PARK WATER COMPANY, a California corporation (the *"Company"*), and BNY WESTERN TRUST COMPANY, a California trust company, as trustee, with reference to the following recitals:

RECITALS

WHEREAS, the Company has executed and delivered to Security Pacific National Bank (the *"Corporate Trustee"*) and D.R. McEachren (the *"Individual Trustee"*), as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the *"Original Indenture"*) which provides for the issuance of the Company's First Mortgage Bonds (the *"Bonds"*), which Original Indenture was recorded on May 17, 1974 in Book D6275 at Page 139 of the Official Records of Los Angeles County, in Book 8433 at Page 127 of the Official Records of San Bernardino County, and in Book 2516 at Page 532 of the Official Records of Santa Barbara County; and

WHEREAS, pursuant to the Original Indenture, the Company issued the following series of Bonds: (i) 9-3/4% Series Bonds due 1990 in the principal amount of One Million Seven Hundred and Eighty-Six Thousand Dollars ($1,786,000), none of which is outstanding on the date hereof, (ii) 9-1/2% Series Bonds due 1990 in the principal amount of One Million Thirty-Four Thousand Dollars ($1,034,000), none of which is outstanding on the date hereof, and (iii) 8-1/2% Series Bonds due 1998 in the principal amount of One Million Three Hundred Thousand Dollars ($1,300,000), none of which is outstanding on the date hereof; and

WHEREAS, the Company and the Corporate Trustee and the Individual Trustee entered into that certain First Supplemental Indenture, dated as of September 12, 1979 (the *"First Supplemental Indenture"*), which provides for the amendment and supplement of the Original Indenture in certain respects; and

WHEREAS, the Company and a successor to the original Corporate Trustee entered into that certain Second Supplemental Indenture, dated as of February 1, 1988 (the *"Second Supplemental Indenture"*), which provides for the amendment and supplement of the Original Indenture in certain respects, as theretofore amended and supplemented, and the issuance of the Company's 10.96% Series Bonds due 2012 in the aggregate principal amount of Three Million Five Hundred Thousand Dollars ($3,500,000), of which Two Million Four Hundred Twenty Four Thousand Six Hundred Dollars ($2,424,600) in principal amount is outstanding on the date hereof; and

WHEREAS, the Company and a successor to the original Corporate Trustee entered into that certain Third Supplemental Indenture, dated as of January 15, 1991 (the *"Third Supplemental Indenture"*), which provides for the amendment and supplement of the Original Indenture in certain respects, as therefore amended and supplemented, and the issuance of the Company's 10.70% Series Bonds due 2016 in the aggregate principal amount of Four Million Five Hundred Thousand Dollars ($4,500,000), of which Three Million Nine Hundred Forty Two

Thousand Seventy Two Dollars ($3,942,072) in principal amount is outstanding on the date hereof; and

WHEREAS, the Company and a successor to the original Corporate Trustee entered into that certain Fourth Supplemental Indenture, dated as of March 11, 1993 (the *"Fourth Supplemental Indenture"*), which provides for the amendment and supplement of the Original Indenture in certain respects, as theretofore amended and supplemented; and

WHEREAS, the Company and a successor to the original Corporate Trustee entered into that certain Fifth Supplemental Indenture, dated as of May 20, 1993 (the *"Fifth Supplemental Indenture"*), which provides for the amendment and supplement of the Original Indenture in certain respects, as theretofore amended and supplemented, and the issuance of the Company's 8.18% Series Bonds due 2014 in the aggregate principal amount of Eight Million Dollars ($8,000,000), all of which are outstanding on the date hereof; and

WHEREAS, the Company and a successor to the original Corporate Trustee entered into that certain Sixth Supplemental Indenture, dated as of August 29, 1995 (the *"Sixth Supplemental Indenture"*), which provides for the amendment and supplement of the Original Indenture in certain respects, as theretofore amended and supplemented, and the issuance of the Company's 7.59% Series Bonds due 2025 in the aggregate principal amount of Ten Million Dollars ($10,000,000), all of which are outstanding on the date hereof (the Original Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture and this Seventh Supplemental Indenture is hereinafter collectively referred to as the *"Indenture"*); and

WHEREAS, BNY Western Trust Company, a national banking association, is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to Harris Trust Company of California which succeeded Bank of America National Trust and Savings Association, the successor trustee to Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, Section 1 of Article I of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of additional Bonds which are to be secured by the lien of the Indenture by entering into this Seventh Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Seventh Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

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WHEREAS, the Company desires that the additional Bonds authorized by this Seventh Supplemental Indenture be registered Bonds of the 8.82% Series due 2020 (the *"8.82% Series Bonds due 2020"*) in the aggregate principal amount of Seven Million Dollars ($7,000,000), and that the form of such Bonds, the form of the Trustee's Certificate to be endorsed on such Bonds and the form of endorsement for registration of such Bonds are to be as set forth below in this Seventh Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

CREATION, AUTHENTICATION AND ISSUANCE OF AND PROVISIONS RELATING TO 8.82% SERIES BONDS DUE 2020

SECTION 1. CREATION OF 8.82% SERIES BONDS DUE 2020.

There is hereby created for issuance under the Indenture the 8.82% Series Bonds due 2020 in the aggregate principal amount of Seven Million Dollars ($7,000,000), which Bonds are to be substantially in the form set forth below in Section 3 of this Article I. The Bonds will be dated the date of issue and will bear interest from the date of issue. The parties agree and acknowledge that the 8.82% Series Bonds due 2020 are Bonds authorized by a supplemental indenture as contemplated by Section 1 of Article I of this Seventh Supplemental Indenture, and, as such, are secured by the lien of the Indenture upon all of the properties of the Company, as more particularly described in the Indenture (except for the Excepted Property, as defined in the Indenture), including, without limitation, the power of sale conferred upon the Trustee thereunder.

SECTION 2. OPTIONAL REDEMPTION OF BONDS.

At the option of the Company, the 8.82% Series Bonds due 2020 may be redeemed, in whole or in part, at any time, in the manner, upon the notice and upon the conditions specified in the Indenture, upon payment of (a) the principal amount thereof, or the portion thereof to be redeemed, as the case may be, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the Make-Whole Amount, determined as of two business days prior to the date of such redemption.

"Make Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed, taking into account the application of any mandatory redemption required by Section 3 of Article I of the Seventh Supplemental Indenture and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount

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of the 8.82% Series Bonds due 2020 being so redeemed. If the Reinvestment Rate is equal to or higher than 8.82%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of .5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed (taking into account the application of such redemption under Section 3 of Article I of the Seventh Supplemental Indenture), or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of .5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to such Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Redemption Premium shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 8.82% Series Bonds due 2020.

"Weighted Average Life to Maturity" of the principal amount of the 8.82% Series Bonds due 2020 being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (1) multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 8.82% Series Bonds due 2020 scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date, and (2) totalling the products obtained in (1).

The Company shall calculate any Make-Whole Amount due hereunder and at least one business day prior to the due date of the related redemption, shall provide this information to the Trustee and the holders of the 8.82% Series Bonds due 2020, with a certificate stating that it is true and correct.

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SECTION 3. SINKING FUND.

The Company covenants and agrees that, until the redemption or payment of all of the 8.82% Series Bonds due 2020, it will pay, in cash legal tender money of the United States, to the Trustee on June 1, 2014 and on the first day of each succeeding June prior to June 1, 2020, One Million Dollars ($1,000,000) as a Sinking Fund for the 8.82% Series Bonds due 2020. The Trustee shall apply against the principal amount of the outstanding 8.82% Series Bonds due 2020 the amount payable to the Trustee as a Sinking Fund for the 8.82% Series Bonds due 2020 on the respective June 1 on which such Sinking Fund payment was due, so as to redeem, in the manner provided in Article IV hereto, a principal amount of the 8.82% Series Bonds due 2020, equal to such Sinking Fund payment. Notwithstanding any other provisions of the Indenture, the redemption price of any Bonds redeemed pursuant to the provisions of this Section 3 shall be the principal amount of such Bonds, together with accrued interest thereon, if any, but without premium of any kind. The Company agrees to deposit with the Trustee such sums, if any, as may be necessary to pay the accrued interest on any Bonds redeemed pursuant to this Section 3.

All sums so paid to the Trustee pursuant to the provisions of this Section 3 shall constitute a Sinking Fund for the further security of the 8.82% Bonds due 2020 then outstanding, and shall be held and disbursed by the Trustee as provided in this Section 3.

In the event that the Company shall redeem less than all of the 8.82% Series Bonds due 2020 pursuant to the optional redemption provisions set forth in Section 2 of Article I of this Seventh Supplemental Indenture, the principal so redeemed shall be applied first to reduce principal payments due at maturity and thereafter to satisfy Sinking Fund payments in the inverse order of their respective scheduled maturities.

SECTION 4. FORM OF 8.82% SERIES BONDS DUE 2020.

The form of the 8.82% Series Bonds due 2020, the form of the Trustee's Certificate to be endorsed on all 8.82% Series Bonds due 2020 and the form of the endorsement for registration of the 8.82% Series Bonds due 2020 shall be substantially as follows:

a. *Form of 8.82% Series Bonds due 2020.*

Each of the 8.82% Series Bonds due 2020 shall be in substantially the following form, with necessary or appropriate variations, omissions and insertions as permitted or required by the Indenture:

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PARK WATER COMPANY

First Mortgage Bond

8.82% Series due 2020

No. ____ $_____

PARK WATER COMPANY, a California corporation (hereinafter called the *"Company"*), for value received, hereby promises to pay to _____, the registered holder hereof, or registered assigns, on the 1st day of June, 2020, unless this bond is sooner redeemed, at the principal office of BNY Western Trust Company, in the City of Los Angeles, California, _____ Dollars ($_____) in legal tender money of the United States of America, and to pay interest thereon in like money from the date hereof, at a rate equal to 8.82% per annum until the payment of said principal sum, semiannually on the first day of January and on the first day of June in each year, commencing January 1, 2001; *provided* that if a Default (as hereinafter defined) shall have occurred and be continuing, interest shall accrue and be paid at the "Default Rate". "Default Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) the greater of (1) 9.82% per annum and (2) the rate which Bank of America National Trust and Savings Association, San Francisco, California announces from time to time as its prime lending rate as in effect from time to time plus 1%. Payment of interest will be made by check of the Trustee mailed to the registered holder of this bond or by wire transfer pursuant to a separate agreement with such holder.

This bond is one of an authorized issue of bonds of the Company, not limited in aggregate principal amount, except as provided in the Indenture hereinafter mentioned, which may at any time be issued and outstanding, known as First Mortgage Bonds, all issued and to be issued pursuant to the terms and conditions of, and irrespective of the time of actual issue, equally secured by an Indenture dated as of November 1, 1973, duly executed, acknowledged and delivered by the Company to Security Pacific National Bank (the *"Corporate Trustee"*, which term shall include its corporate successors from time to time) and D.R. McEachren (the *"Individual Trustee"*), as trustees, as amended and supplemented by a First Supplemental Indenture dated as of September 12, 1979, duly executed, acknowledged and delivered by the Company to the Corporate Trustee and the Individual Trustee, a Second Supplemental Indenture dated as of February 1, 1988, duly executed, acknowledged and delivered by the Company to the Corporate Trustee, a Third Supplemental Indenture dated as of January 15, 1991, duly executed, acknowledged and delivered by the Company to the Corporate Trustee, a Fourth Supplemental Indenture dated as of March 11, 1993, duly executed, acknowledged and delivered by the Company to the Corporate Trustee, a Fifth Supplemental Indenture dated as of May 20, 1993, duly executed, acknowledged and delivered by the Company to the Corporate Trustee, a Sixth Supplemental Indenture dated as of August 29, 1995, duly executed, acknowledged and delivered by the Company to the Corporate Trustee and a Seventh Supplemental Indenture dated as of June 1, 2000, duly executed, acknowledged and delivered by the Company to the Corporate Trustee, to which Indenture, First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture,

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Sixth Supplemental Indenture and Seventh Supplemental Indenture (hereinafter collectively referred to as the *"Indenture"*) reference is hereby made for a description of the property, rights and franchises thereby mortgaged and pledged, the nature and extent of the security thereby granted, and the rights of the holders of said bonds and of the Trustee in respect to such security. BNY Western Trust Company, a national banking association, is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to Harris Trust Company of California which succeeded Bank of America National Trust and Savings Association, the successor trustee to Security Pacific National Bank and D.R. McEachren as the original trustees thereunder.

With the consent of the Trustee, except as otherwise provided in the Indenture, any of the provisions of the Indenture, or of any indenture supplemental thereto, may, upon the proposal of the Company, be modified or altered by the affirmative written assents of the holders of at least sixty-six and two-thirds percent (66-2/3%) in principal amount of the bonds then outstanding under the Indenture and any indentures supplemental thereto; *provided,* that no such modification or alteration (a) shall give to any bond or bonds secured by the Indenture preference over any other bond or bonds thereby secured, (b) shall authorize the creation by the Company of any lien prior or equal to the lien of the Indenture upon any of the trust property at the time of such modification subject thereto, (c) shall authorize or permit the extension of the time or times of payment of the principal of or the interest or premium, if any, on the bonds, or the reduction in the principal amount thereof, or in the rate of interest, or in the amount of any premium, if any, thereon, or any other modification in the terms of the payment of the principal thereof or the interest or premium thereon, (d) shall authorize the extension of any waiver of default to a subsequent default or the impairment of any rights consequent thereto, (e) shall reduce the percentage of bonds required by the provisions of Article X of the Indenture for the taking of any action thereunder (and, if such modification or alteration shall affect the rights of the holders of bonds of one or more, but less than all, of the series of bonds then outstanding, such modification or alteration shall be assented to by the holders of at least sixty-six and two-thirds percent (66-2/3%) in principal amount of the bonds of each series so affected), or (f) shall, without the consent of the Trustee, modify or alter the rights, duties or immunities of the Trustee.

At the option of the Company, in the manner, upon the notice, and upon the conditions specified in the Indenture, this bond or any portion hereof may be redeemed at any time upon payment of (a) the principal amount thereof, or the portion thereof to be redeemed, as the case may be, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the Make-Whole Amount, determined as of two business days prior to the date of such redemption.

"Make Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed, taking into account the application of any mandatory redemption required by Section 3 of Article I of the Seventh Supplemental Indenture and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 8.82% Series Bonds due 2020 being so redeemed. If the Reinvestment Rate is equal to or higher than 8.82%, the Make-Whole Amount shall be zero.

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"Reinvestment Rate" shall mean (1) the sum of .5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed (taking into account the application of such redemption under Section 3 of Article I of the Seventh Supplemental Indenture), or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of .5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Redemption Premium shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 8.82% Series Bonds due 2020.

"Weighted Average Life to Maturity" of the principal amount of the 8.82% Series Bonds due 2020 being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (1) multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 8.82% Series Bonds due 2020 scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date, and (2) totalling the products obtained in (1).

As provided in the Indenture, this bond is entitled to the benefits of the Sinking Fund provided for therein and is also subject to redemption in whole or in part by the operation of such Sinking Fund, but in case of redemption from such Sinking Fund, notwithstanding anything else herein contained, no premium shall be paid upon the redemption of this bond or the portion hereof so redeemed.

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This bond may be redeemed from certain condemnation proceeds which are not reinvested by the Company upon payment of the principal amount hereof, accrued interest to the date of redemption and a Make Whole Amount (defined above), as described in the Indenture, and may be redeemed from certain proceeds of casualty insurance upon payment of the principal amount hereof and accrued interest to the date of redemption, without any premium, as described in the Indenture.

If default shall be made in the payment of any installment of interest on this bond, or in the performance of any of the covenants and agreements of the Indenture (a *"Default"*), then the principal of this bond may be declared and become due and payable, on the conditions, in the manner and at the time provided in the Indenture.

This bond is transferable, as prescribed in the Indenture, by the registered holder hereof in person, or by his duly authorized attorney, at the principal office of the Trustee, in the City of Los Angeles, California, upon surrender and cancellation of this bond, and thereupon a new registered bond without coupons, of the same series, shall be issued to the transferee in exchange for this bond as provided in the Indenture, upon payment, if the Company shall so require, of the transfer charges therein prescribed.

The Company, the Trustee and any paying agent may deem and treat the person in whose name this bond is registered as the absolute owner and holder hereof (whether or not this bond shall be overdue) for the purpose of receiving payment hereof, and on account hereof and for all other purposes, and neither the Company nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this bond or for any claim based hereon or on the Indenture or any indenture supplemental thereto against any incorporator, stockholder, director or officer, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being waived and released by every holder hereof by the acceptance of this bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Indenture.

This bond shall not be valid or become obligatory for any purpose unless and until it shall have been authenticated by the certificate of BNY Western Trust Company, the Trustee, or its successor in said trust, endorsed hereon.

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IN WITNESS WHEREOF, Park Water Company has caused this bond to be signed in its name by its President or a Vice President, and its corporate seal to be hereunto affixed, and attested by its Secretary or an Assistant Secretary, as of the _____ day of June, 2000.

PARK WATER COMPANY, a California corporation

By _____
Name: Douglas K. Martinet
Title: Senior Vice President

ATTEST:

By _____
Donald S. Trevitt
Assistant Secretary

[CORPORATE SEAL]

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b. *Form of Trustee's Certificate.*

The Trustee's Certificate to accompany each of the 8.82% Series Bonds due 2020 shall be in substantially the following form, with necessary or appropriate variations, omissions and insertions as permitted or required by the Indenture:

It is hereby certified that the within bond is one of the bonds described in the Indenture therein mentioned.

BNY WESTERN TRUST COMPANY, a California trust company

By _____
Title: _____

Date of Authentication: _____

c. *Form of Endorsement for Registration.*

The endorsement for registration of the 8.82% Series Bonds due 2020 shall be in substantially the following form, with necessary or appropriate variations, omissions and insertions as permitted or required by the Indenture:

For value received, the undersigned hereby assigns and transfers unto _____ the within bond, together with accrued interest thereon, hereby irrevocably constituting and appointing _____ attorney to transfer the said bond on the books of the Company at the office of the Trustee, with full power of substitution in the premises.

Dated: _____, ____.

_____

In the Presence of:

_____

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ARTICLE II

AMENDMENT AND SUPPLEMENT OF INDENTURE

SECTION 1. TRANSACTIONS WITH AFFILIATES.

A new Section 23 is hereby added following Section 22 of Article II which reads as follows:

"SECTION 23.

The Company will not, and will not permit any Subsidiary to, enter into or be a party to any transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate), except in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would obtain in a comparable arm's-length transaction with a Person other than an Affiliate as determined by the Board of Directors of the Company; *provided, however,* that any redemption by the Company of the Company's capital stock held by an Affiliate which is otherwise permitted by Section 16 of Article II of the Indenture shall not be subject to the foregoing requirement that it be in the ordinary course of and pursuant to the reasonable requirements of the Company's business. As used in this Section 23, the term *"Affiliate"* shall mean any person (other than a Subsidiary) (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, (ii) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Company or (iii) 5% or more of the Voting Stock (or in the case of a person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary. The term *"control"* means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of Voting Stock, by contract or otherwise. The term *"Voting Stock"* shall mean securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions)."

SECTION 2. CHANGE OF OWNERSHIP.

Upon the earlier of (x) the retirement or redemption of the Bonds of each series outstanding as of the date hereof, (y) the delivery to the Trustee of the requisite consent from the holders of such Bonds (other than the holders of the 8.82% Series Bonds due 2020 which shall be deemed to have consented to the amendment hereinafter set forth upon the initial issuance of such Bonds), Section 5 of Article XII of the Indenture shall be deleted in its entirety and replaced with the following:

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"SECTION 5.

If at any time any shareholder of the Company (or anyone acting on behalf of said shareholder) proposes selling, transferring or otherwise disposing of shares of the Company's capital stock, or shares of the Company's capital stock are to be transferred by operation of law, which, after giving effect to such sale, transfer or other disposition, would result in Mr. H. H. Wheeler, Jr., the member's of his Immediate Family (as hereinafter defined) and any trusts created solely for the benefit of any members of his Immediate Family, taken as a whole, owning less than twenty-five percent (25%) of the Company's capital stock, then, at least forty-five (45) days prior to effecting such sale, transfer or other disposition of capital stock, the Company shall provide written notice of the sale, transfer or other disposition to each holder of First Mortgage Bonds of any series. Each such holder shall have forty-five (45) days within which to notify the Company, in writing, of its desire to have the Company repurchase all First Mortgage Bonds held by such holder at the principal amount thereof plus accrued interest; *provided, however*, that the holders of the Company's First Mortgage Bonds shall have no right to have the Company repurchase the First Mortgage Bonds if:

(i) the predominant business of the transferee of such capital stock is a business substantially similar to the business of the Company or senior debt of the transferee is rated no lower than Baa3 by Moody's Investors Service, Inc., BBB- by Standard and Poor's Ratings Services, BBB- by Duff & Phelps Credit Rating Company or BBB- by Fitch IBCA, Inc.;

(ii) immediately after such sale, transfer or disposition and giving effect thereto, the transferee of such capital stock of the Company is a corporation, the net worth of which is an amount equal to at least three-hundred percent (300%) of the net worth of the Company prior to such sale, transfer or other disposition.

(iii) the First Mortgage Bonds are expressly assumed and would be a direct obligation of the surviving corporation, not subordinate to any other debt of the surviving corporation, and;

(iv) after giving effect thereto, no default or event of default would exist.

For purposes of this Section 5 of Article XII, a person's *"Immediate Family"* shall mean his spouse, children and grandchildren."

SECTION 3. INDEMNIFICATION OF TRUSTEE.

A new Section 13 is hereby added following Section 12 of Article VIII which reads as follows:

The Company shall at all times protect, indemnify and save harmless the Trustee from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against the Trustee on account of (i) any failure of the Company to comply with any of the terms of or representations in the Indenture or in documents entered into by the Company in connection with the purchase of any Bonds, (ii) any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to any property of the Company, the acquisition or improvement of which was financed by the Company with the proceeds of any Bonds, or the use of any such property so financed, and (iii) failure of any information concerning the Company or pledged property to have been true and correct in all material respects, or the omission of any statement necessary to make any of such information, in light of the circumstances in which it was made, not misleading, in either case at the time it was made or delivered.

ARTICLE III

PARTICULAR COVENANTS OF THE COMPANY AND MISCELLANEOUS

SECTION 1. RECORDATION IN COUNTY RECORDER'S OFFICE.

The Company covenants and agrees that it will cause this Seventh Supplemental Indenture to be duly and properly filed for record and recorded in the Office of the County Recorder of Los Angeles County and of each other county in which it has or shall acquire real property, with all convenient speed, so that due and legal notice of its terms will be given, and that it will be properly and legally filed and recorded and indexed, and that an appropriate financing statement, fixture filing and other statements will be filed in such public offices as may be necessary to establish of record the lien of the Indenture upon the properties described in the Indenture against all persons whomsoever.

SECTION 2. COUNTERPARTS.

This Seventh Supplemental Indenture may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

SECTION 3. CONTINUED EFFECTIVENESS.

The Indenture shall remain in full force and effect, as supplemented and amended by this Seventh Supplemental Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused its corporate name and seal to be hereunto affixed, and this Seventh Supplemental Indenture to be signed by its President or a Vice President and a Secretary or an Assistant Secretary for and on its behalf; and BNY WESTERN TRUST COMPANY has caused its corporate name and seal to be hereunto affixed, and this Seventh Supplemental Indenture to be signed by one of its authorized officers, all done as the date first above written.

[CORPORATE SEAL]

PARK WATER COMPANY, a California corporation

By _____
Name: Douglas K. Martinet
Title: Senior Vice President

By _____
Name: Donald S. Trevitt
Title: Assistant Secretary

[CORPORATE SEAL]

BNY WESTERN TRUST COMPANY, a California trust company

By _____
Name: ALLEN TAYLOR
Title: TRUST OFFICER

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Los Angeles } ss.

On June 26, 2000 (Date), before me, Ericka Edgar Notary Public (Name and Title of Officer (e.g., "Jane Doe, Notary Public")),
personally appeared Douglas K. Martinet and Donald S. Truitt (Name(s) of Signer(s)),

☐ personally known to me
☑ proved to me on the basis of satisfactory evidence

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

WITNESS my hand and official seal.

ERICKA EDGAR
Commission # 1190815
Notary Public - California
Los Angeles County
My Comm. Expires Jul 31, 2002

Place Notary Seal Above

Signature of Notary Public

OPTIONAL

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

Description of Attached Document
Title or Type of Document: Seventh Supplemental Indenture
Document Date: June 1, 2000 Number of Pages: 15
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer
Signer's Name: _____
☐ Individual
☑ Corporate Officer — Title(s): Senior Vice President and Assistant Secretary
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: Park Water Company

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On 6/27/00, 2000 before me, PATTI CRONIN, NOTARY PUBLIC, personally appeared ALLEN TAYLOR known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Patti Cronin

PATTI CRONIN
Commission # 1204670
Notary Public - California
Los Angeles County
My Comm. Expires Dec 12, 2002

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Recording Requested by and when
Recorded return to:

Fulbright & Jaworski L.L.P.
865 South Figueroa Street
Los Angeles, California 90017
Attention: David A. Ebershoff

EIGHTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

To

BNY WESTERN TRUST COMPANY,
as Trustee

Dated as of May 1, 2002

SUPPLEMENTING, AMENDING AND RESTATING
INDENTURE DATED AS OF NOVEMBER 1, 1973

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ATTACHMENTS TO INDENTURE:

EXHIBIT A — Form of Bond

EXHIBIT B — Form of Available Income Certificate

EXHIBIT C — Form of Capitalization Certificate

EIGHTH SUPPLEMENTAL INDENTURE

This Eighth Supplemental Indenture is dated as of May 1, 2002 and entered into by and between PARK WATER COMPANY, a California corporation (the *"Company"*) and BNY WESTERN TRUST COMPANY, a California banking corporation, as trustee, with reference to the following recitals:

RECITALS

The background of this Eighth Supplemental Indenture is:

A. The Company has executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the *"Original Indenture"*) and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995 and (g) a Seventh Supplemental Indenture dated as of June 1, 2000 (which Original Indenture and any and all supplemental indentures thereto (including this Eighth Supplemental Indenture) being sometimes collectively referred to as the *"Indenture"*) for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture.

B. BNY Western Trust Company is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to Harris Trust Company of California which was the successor to Bank of America National Trust and Savings Association which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder.

C. There are presently issued and outstanding under the Indenture the following bonds in the following principal amounts (rounded to the nearest dollar) and with the maturity dates indicated:

(i) $2,151,800 aggregate principal amount of the Company's 10.96% Series Bonds due November 1, 2012;

(ii) $8,000,000 aggregate principal amount of the Company's 8.18% Series Bonds due May 20, 2014;

(iii) $3,729,590 aggregate principal amount of the Company's 10.70% Series Bonds due January 15, 2016;

(iv) $10,000,000 aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025; and

(v) $7,000,000 aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020.

D. The Company, in the exercise of the power and authority conferred upon or reserved to it by the provisions of the Original Indenture as heretofore supplemented and amended by prior supplemental indentures and pursuant to appropriate resolutions of its Board of Directors, has duly resolved and determined to make, execute and deliver to the Trustee this Eighth Supplemental Indenture (hereinafter sometimes referred to as the *"Eighth Supplemental Indenture"*) in order to amend the Indenture by (i) restating Articles I through XVI of the Indenture and (ii) amending certain other provisions of the Indenture.

E. The Company has obtained and filed with the Trustee the written consent of the holders of all of the outstanding bonds to the restatement of and the other amendments to the Indenture which are hereinafter set forth.

F. The Company has determined that all conditions and requirements necessary to make this Eighth Supplemental Indenture, in the form and terms hereof, a valid, binding and legal agreement in accordance with its terms and the purposes herein expressed, have been performed and fulfilled, and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and of the sum of One Dollar ($1.00) duly paid by the Trustee to the Company at or before the delivery of these presents, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Company hereby covenants and agrees with the Trustee, and its successors in the trust under the Indenture, for the equal benefit of all present and future bondholders as follows:

PART ONE
RESTATEMENT OF INDENTURE

The first WHEREAS paragraph and all provisions of the Original Indenture as heretofore amended and supplemented which follows such paragraph including, without limitation, the Granting Clauses and Articles I through XVI of such Original Indenture, are hereby restated in their entirety to read as follows, *provided* that this restatement shall not affect any specific terms or provisions of the bonds outstanding contained in the bonds or in the supplemental indenture pursuant to which such bonds were issued except as herein or hereinafter otherwise provided and the form of bond hereinafter issued under the Indenture shall only be in registered form and the form of such bond to be used hereinafter is set forth in Exhibit A hereto:

WHEREAS, the Company, for purpose of acquiring properties, and of adding to, enlarging, extending and developing its properties, and for other corporate purposes, deemed it necessary to borrow money and issue its bonds therefor, and to mortgage and pledge its properties to secure the payment of said bonds, said bonds to be known and designated as its First Mortgage Bonds, to be in the form of registered bonds without coupons, to be issued in series from time to time, to mature at such times, to bear interest at such rates, to be subject to redemption before maturity on

such terms and conditions (if so subject to redemption) and to contain such other terms, conditions and provisions as to each particular series, as may be determined by the Board of Directors of the Company at the time of authorizing the original issue of bonds of each such series, such bonds to be signed in its corporate name by its President or a Vice President and authenticated by the certificate of the Trustee; and

WHEREAS, the Company has determined that all acts, conditions and things necessary to make said bonds, when executed by the Company and authenticated by the Trustee, valid, binding and legal obligations of the Company, and to make this Indenture a valid, binding and legal mortgage and lien for the security thereof (and of all bonds of any series as may be issued hereunder) upon all of the properties of the Company, whether now owned or hereafter acquired (excepting property of the character hereinafter defined as Excepted Property) have happened and have been done and performed:

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Company, in consideration of the premises and of One Dollar ($1) to it duly paid by the Trustee, at or before the delivery of these presents, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and the interest on all bonds of the Company at any time outstanding hereunder, according to their tenor and effect, and the performance and observance of each and every covenant, agreement and condition herein or in said bonds set forth, does by these presents grant, bargain, sell, release, assign, transfer, mortgage, warrant, convey, pledge, hypothecate, set over and confirm unto the Trustee, and to its respective successors in the trust, and its respective assigns forever the following described property, rights, titles and interests of the Company (collectively, the *"Mortgaged Property"*) and grants a security interest therein as permitted by applicable law: all property, real, personal and mixed, now owned or hereafter acquired or to be acquired by the Company, and wheresoever situated (except the property expressly excluded from the lien thereof), including (without in any wise limiting or impairing by the enumeration of the same the scope or the intent of the foregoing or of any general description contained in this Indenture) all lands, easements and rights of way, buildings, structures and improvements, and other appurtenances; all pipes, mains and transmission and distribution systems for the transportation, transmission and distribution of water above, over, across and through the surface, and in and through the ground of any land, and all extensions, branches, additions or improvements of the same; all water rights, appropriations and water right locations and any and all rights to appropriate, take, divert, use, enjoy and possess any waters, whether such rights be used, enjoyed or possessed in connection with or appertaining to any land or lands aforesaid, or by virtue of any deed, or notice of water locations, or location and appropriation of waters, or otherwise; all ordinances, privileges, rights, franchises, permits, licenses, patents, patent rights and inventions; all shares of stock of each of its Subsidiaries other than the shares of stock of SICC (the *"SICC Shares"*); and all leases and books of account belonging to the Company (certain of said properties being more specifically described in the schedule attached to the Original Indenture as Schedule A and in prior supplemental indentures thereto, to which reference is hereby made, and the same are made a part hereof with the same force and effect as if herein set forth at length); and it is hereby agreed by the Company that all the property, rights and franchises acquired by the Company after the date hereof (except Excepted Property as hereinafter defined) shall be fully embraced

within the lien hereof as if such property were now owned by the Company and specifically described herein and conveyed hereby.

Together with the tenements, hereditaments and appurtenances thereunto belonging or in any wise appertaining to the aforesaid property, or any part thereof, with reversion and reversions, remainder and remainders, tolls, rents and revenues, issues, income, products and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and each and every part and parcel thereof.

Also, all rights, interests and property, real or personal (not specifically excepted), of every kind and nature whatsoever, now owned or possessed by the Company, or in which it may have any interest whatsoever, and all rights, interests and property, real or personal (not specifically excepted), of every kind and nature whatsoever, which the Company or its successors may hereafter acquire, enjoy, own or possess, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any wise appertaining, and the reversion and reversions, remainder and remainders, rents, incomes, issues and profits thereof.

It is not intended to include in the lien hereof, and this grant shall not be deemed to apply to the SICC Shares or to, (1) any cash, or any bills, notes or accounts receivable, contracts or choses in action (except cash deposited with the Trustee pursuant to any of the provisions of this Indenture and except any bills, notes or accounts receivable, contracts or choses in action specifically subjected or required to be subjected to the lien hereof), or (2) any bonds, notes, evidences of indebtedness, shares of stock or other securities, except such as are or may be specifically subjected or required to be subjected to the lien hereof, or (3) any automobiles or trucks or trailers or other automotive equipment, or (4) any water or other materials or products produced or purchased by the Company for sale, distribution or use in the ordinary course of business, and all fuel, materials, supplies, and similar personal property which is consumable in its use in the operation of the plants or the systems of the Company (property of the character described in the foregoing Clauses (1), (2), (3) and (4) being herein sometimes called *"Excepted Property"*); *provided, however*, that is an Event of Default as defined in Section 6.01 hereof shall happen and be continuing and if thereafter the Trustee or a receiver or trustee shall enter upon and take possession of the mortgaged property, such Trustee or receiver or trustee may, to the extent not prohibited by law, take possession of any and all of the Excepted Property then on hand and use and administer and consume the same to continue the operations of the mortgaged property in all respects as if such Excepted Property were part of the mortgaged property, accounting therefor, if required by law, to such persons, if any, as may be lawfully entitled to such an accounting.

TO HAVE AND TO HOLD, all and singular, the said property, real, personal and mixed, mortgaged, pledged or conveyed by the Company, as aforesaid, or intended so to be, unto the Trustee, its successors and assigns, forever, but in trust, nevertheless, with power of sale, for the equal and proportionate benefit and security of all present and future holders of the bonds issued and to be issued hereunder, and to secure the payment of such bonds and to secure the performance and observance of and compliance with all of the covenants, agreements and

conditions of this Indenture, and of said bonds, without preference, priority of distinction as to lien, or otherwise, of one bond over any other bond by reason of priority of issue, negotiation or sale thereof, or by reason of other cause, so that every bond issued hereunder shall have the same right, lien and privilege under and by virtue of this Indenture, and shall be equally and proportionately secured hereby, as if all had been duly issued, sold or negotiated simultaneously with the execution and delivery of this Indenture, it being intended that the lien of this Indenture shall take effect on the date of the execution and delivery of the Original Indenture, and without regard to actual issue, sale or negotiation of said bonds, and as though on such date all such bonds were actually sold and delivered to and were in the hands of the holders thereof for value.

AND IT IS HEREBY COVENANTED AND DECLARED, that all of the bonds secured hereby are to be issued, certified and delivered, and that the property, real, personal and mixed, is to be held by the Trustee subject to the covenants, conditions, uses and trusts hereinafter set forth as follows, to wit:

ARTICLE ONE
DEFINITIONS

Section 1.01. General. For all purposes of this Indenture (except as in this Indenture otherwise expressly provided or unless the context otherwise requires) the terms defined in this Article One shall have the respective meanings specified in this Section 1.01 and in Section 1.02.

All references in this instrument to designated Articles, Sections or other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words herein, hereof and hereunder and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision.

All other terms used in this Indenture that are defined in the Trust Indenture Act of 1939, as amended, either directly or by reference therein to the Securities Act of 1933, as amended, shall have the meanings assigned to such terms therein.

Section 1.02. Specific Definitions.

"Acceptable Bank" means any bank or trust company (including the Trustee and its affiliates) (i) which is organized under the laws of the United States of America or any State thereof, (ii) which has capital, surplus and undivided profits aggregating at least $100,000,000, and (iii) whose long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning all of the capital stock of such bank or trust company) shall have been given a rating of "A" or better by S&P, "A2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"Acceptable Broker-Dealer" means any Person other than a natural person (i) which is registered as a broker or dealer pursuant to the Securities Exchange Act of 1934, as amended and (ii) whose long-term unsecured debt obligations shall have been given a rating of "A" or better by S&P, "A2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"Accounting Requirements" means generally accepted accounting principles consistently applied or such other system of accounts prescribed by the California Public Utilities Commission at the time in effect or any substitute system of accounts prescribed by any successor commission or commissions empowered to regulate the rates and charges of the Company.

"Additional Bonds" shall have the meaning set forth in Section 4.01.

"Affiliate" shall have the meaning set forth in Section 5.16.

"Appeal Determination" shall mean a decision by the court or other governmental body appealed to with respect to an IRS decision denying an extension request made pursuant to the provisions of Section 11.04 or 11.05.

"Appraiser" means a Person engaged in the business of appraising real or personal property whether or not employed by or in any way affiliated with the Company.

"Authorized Newspaper" means The Wall Street Journal (all United States editions) or if The Wall Street Journal ceases publication, any newspaper printed in the English language, nationally known in the United States, and customarily published on each business day of the year, whether or not such newspaper is published on Saturdays, Sundays and legal holidays.

"Available Income Certificate" has the meaning stated in Section 4.01.

"Board of Directors" means the Board of Directors of the Company.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect, and delivered to the Trustee.

"Bond or *Bonds"* means any bond or bonds that have been or may be issued and delivered under this Indenture and supplements hereto.

"Bond Register" and *"Bond Registrar"* shall have the respective meanings stated in Section 2.09. The term Bond Registrar shall include any co-registrar of the Bonds named pursuant to such Section and the term Bond Register shall include any duplicate kept by such co-registrar as required by such Section.

"Bondholder" or *"holder of Bonds"*, or other similar term, when used with respect to any Bond, means the Person in whose name such Bond is registered in the Bond Register.

"Capitalized Lease" shall mean any lease the obligation for Rentals with respect to which is required to be capitalized on a balance sheet of the lessee in accordance with generally accepted accounting principles.

"Capitalized Rentals" of any Person shall mean as of the date of any determination the amount at which the aggregate Rentals due and to become due under all Capitalized Leases under which such Person is a lessee would be reflected as a liability on the balance sheet of such Person.

"Casualty" shall mean a particular casualty resulting in damage or destruction to the Mortgaged Property exceeding $250,000.

"Casualty Proceeds" shall have the meaning set forth in Section 11.07.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, or if at any time hereafter such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act of 1939, then the body performing such duties on such date.

"Company" means Park Water Company, a California corporation, and, subject to the provisions of Article Ten, shall also include its successors and assigns.

"Company Order" and *"Company Request"* mean, respectively, any written order or request signed in the name of the Company by its President or a Vice President and by its Secretary or an Assistant Secretary or its Chief Financial Officer or its Director of Accounting.

"Condemnation" shall mean a taking by eminent domain or a sale under threat of a taking by eminent domain or pursuant to the exercise by the United States of America or any state, municipality or other governmental authority of any right which it may then have to purchase, or to designate a purchaser or to order to sell all or any part of Property of the Company or any Subsidiary.

"Condemnation Proceeds" shall mean the award or proceeds received by the Company or a Subsidiary from the Condemnation of any of its property.

"Consolidated Debt" shall mean as of any date of determination, the total of all Debt of the Company and its Subsidiaries outstanding on such date, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Consolidated Net Worth" shall mean (i) Stockholders Equity of the Company less (ii) to the extent included in (i), all amounts properly attributable to minority interests, if any, in the stock and surplus of Subsidiaries.

"Consolidated Tangible Assets" means, at any time, the total assets of the Company and its Subsidiaries which would be shown as tangible assets on a consolidated balance sheet of the Company and its Subsidiaries as of such time prepared in accordance with GAAP, after eliminating all amounts properly attributable to minority interests, if any, in the stock and surplus of Subsidiaries; *provided,* that if the calculation at any time under Section 11.06 to determine if

there are any Excess Proceeds is based upon Consolidated Tangible Assets as of the end of the immediately preceding fiscal quarter and such Consolidated Tangible Assets determined under GAAP in accordance with the preceding provisions of this definition do not reflect Condemnation Proceeds received pursuant to Sections 11.04 or 11.05 after the end of such fiscal quarter and on or prior to the date of such calculation, Consolidated Tangible Assets shall be adjusted for purposes of such calculation to reflect the replacement of such Condemnation Proceeds for the tangible assets of the Company and its Subsidiaries which were the subject of such Condemnation, all as though such Condemnation Proceeds had been so received as of the last day of such fiscal quarter.

"Consolidated Tangible Net Worth" shall mean (i) Consolidated Net Worth less (ii) good will, patents, trademarks, trade names, service marks, brand names, copyrights, unamortized debt discount and expense, organizational expenses, the excess of equity in any Subsidiary over the cost of the investment in such Subsidiary and any other assets properly classified as "intangible assets" in accordance with GAAP.

"Consolidated Total Assets" shall mean, at any time, the total assets of the Company and its Subsidiaries which would be shown as assets on a consolidated balance sheet of the Company and its Subsidiaries as of such time prepared in accordance with GAAP.

"Consolidated Total Capitalization" shall mean, as of the date of any determination, the sum of (i) the aggregate principal amount of Consolidated Debt then outstanding, plus (ii) Stockholders Equity of the Company.

"Consolidated Total Capitalization Applicable Percentage" shall mean 50% for the period beginning on the Restatement Date and ending on and including the day next preceding the Percentage Adjustment Date and 55% thereafter.

"Debt" means, with respect to any Person, without duplication.

(a) its liabilities for borrowed money;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including, without limitation, all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) its Capitalized Rentals;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and

(e) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under generally accepted accounting principles; *provided*, that there shall be excluded in determining Debt (i) any indebtedness for consumers' credit deposits or for advances for construction and (ii) any Debt for the redemption of which funds sufficient to pay or discharge such Debt in full (either on the date of maturity or such earlier date with respect to which such Debt was duly called for redemption) are being held for such purpose by the Trustee or other proper depository under the instrument under which the Debt was issued.

"Default" means any event or condition, the occurrence of which would, with the lapse of time or the giving of notice, or both, constitute an Event of Default as defined in Section 6.01.

"Engineer" means any Person engaged in the engineering profession whether or not employed by, or in any way affiliated with, the Company.

"Event of Default" has the meaning stated in Section 6.01.

"Excepted Property" has the meaning stated in the paragraph following the Granting Clauses.

"Funded Debt" of any Person shall mean all Debt of such Person having a final maturity of more than one year from the date of origin thereof or that is directly renewable or extendible at the option of the obligor for a period or periods more than one year from the date of origin, including all payments in respect thereof required to be made within one year from the date of determination of Funded Debt, whether or not the obligation to make such payments shall constitute a current liability of the obligor under GAAP.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Granting Clauses" shall mean the granting clauses of this Indenture.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing (whether by reason of being a general partner of a partnership or otherwise) any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet

condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Income Available for Interest Charges" for any twelve month period shall mean Net Income for such period plus, to the extent deducted in computing Net Income, an amount equal to the aggregate for such period of (i) Interest Charges and (ii) income or other taxes imposed on or measured by income or excess profits.

"Indenture" has the meaning set forth in paragraph A of the Recitals.

"Independent" when used with respect to any specified Person means such a Person, who, or firm or corporation that, (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in the Company or in any other obligor upon the Bonds or in any Affiliate of the Company or of such other obligor, and (3) is not connected with the Company or such other obligor or any Affiliate of the Company or of such other obligor, as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions. Whenever it is herein provided that the opinion or certificate of any Independent Person shall be furnished to the Trustee, such Person shall be appointed by a Company Order and approved by the Trustee in the exercise of reasonable care, and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

"Interest Charges" shall mean all interest and all amortization of debt discount or premium and expense on any Debt of the Person for which calculations are being made. Computation of Interest Charges on a pro forma basis for Debt having a variable interest rate shall be calculated at the rate in effect on the date of any determination.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute or statutes thereto.

"Investment" means any investment or acquisition, made in cash or by delivery of property, by the Company or any of its Subsidiaries (i) in any Person, whether by acquisition of stock, indebtedness or other obligation or security, or by loan, guaranty, advance, capital contribution or otherwise, or (ii) in any property.

"IRS" means the Internal Revenue Service.

"Moody's" means Moody's Investors Service, Inc.

"Mortgaged Property" means all property conveyed, assigned, pledged or mortgaged to the Trustee hereunder to secure the Bonds from time to time outstanding.

"Net Income" shall mean net income of the Company for any period calculated as follows: From total operating revenues and nonoperating income of the Company and its Subsidiaries from all sources (excluding any gain or loss from the sale or other disposition of capital assets) for the period in question, there shall be deducted all operating expenses, including salaries, rentals, taxes (except as hereinafter provided), insurance charges, depreciation, license fees and expenditures for ordinary repairs and maintenance but excluding from such deductions charges or reserves for property abandoned or otherwise retired from service.

"Officers' Certificate" shall mean a certificate signed by the President or a Vice President and by the Chief Financial Officer, the Director of Accounting, the Secretary or an Assistant Secretary of the Company.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who must be satisfactory to the Trustee and who may be counsel for the Company and in rendering such opinion, such legal counsel may rely on such certificates as to factual matters from officers of the Company, governmental agencies and other Persons that such counsel deems necessary for purposes of its opinion.

"Outstanding" when used with respect to Bonds means, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

(1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation and those portions of the principal of Bonds that have been paid;

(2) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the holders of such Bonds; *provided,* that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(3) Bonds alleged to have been destroyed, lost or stolen that have been replaced as provided in Section 2.12;

provided, however, that in determining whether the holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Company or any other obligor upon the Bonds or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon

any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that the Trustee knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Company or any other obligor upon the Bonds or any Affiliate of the Company or such other obligor.

"Paying Agent" means any Person authorized by Board Resolution to pay the principal of (and premium, if any) or interest on any Bonds on behalf of the Company.

"Percentage Adjustment Date" shall mean the first date on which none of the Company's 10.96% Series Bonds due 2012 and 10.70% Series Bonds due 2016 shall be Outstanding.

"Permitted Encumbrances" means any of the following:

(1) The lien of this Indenture.

(2) Liens for taxes and assessments for the then current year and taxes and assessments not delinquent.

(3) Defects in the title to lands traversed by easements or rights-of-way in favor of the Company, or liens on such lands securing indebtedness issued by Persons other than the Company, not assumed by the Company and on which the Company does not customarily pay interest, *provided,* in any of the above cases, that, either (i) such defects or liens do not materially impair the use by the Company of such easement or rights-of-way or (ii) in the opinion of counsel for the Company, the power under eminent domain or similar statutes is available to the Company to condemn or acquire easements or rights-of-way sufficient for its purposes over the land traversed by such easements or rights-of-way or over other lands adjacent thereto.

(4) Liens of judgments (i) the execution of which has been stayed, or (ii) with respect to which the time for appeal shall not have expired, or (iii) that shall be in the course of appeal, or (iv) the payment of which, in the opinion of counsel, has been adequately secured otherwise than by such liens, or (v) that do not aggregate more than $250,000.

(5) Undetermined liens or charges incidental to construction so long as the Company has no actual notice that any action has been taken in or before any court to perfect such liens and charges.

(6) Rights reserved to or vested in any municipality or public authority by the terms of any franchise, grant, license or permit or by any provision of law to purchase or recapture or to designate a purchaser of any property of the Company.

(7) Easements or reservations in any property of the Company for the purpose of roads, railroads, pipe, sewer, telephone, electric and power lines and other like

purposes that do not impair the use of such property in the operation of the business of the Company.

(8) Rights reserved to or vested in any municipality or public authority to use or control or regulate any property of the Company, including zoning laws and ordinances.

(9) If the Company shall have acquired any property subject to terms, conditions, agreements, leases, covenants, exceptions, restrictions or reservations that do not secure any obligation and that do not materially impair the use of such property in the operation of the business of the Company, any such term, condition, agreement, lease, covenant, exception, restriction or reservation.

(10) Liens, the validity of which is being contested or disputed in good faith by the Company and in respect of which the Company has set aside adequate reserves.

(11) Any liens in respect of which cash sufficient to pay or redeem all obligations secured thereby shall be held in trust for the purpose by the Trustee.

(12) Any landlord's liens, liens for workmen's compensation awards and other statutory liens.

(13) Irregularities or deficiencies in the record evidence of title to real property that (i) in the opinion of counsel for the Company are inconsequential or (ii) exist with respect to real property of which the Company has been in possession for a sufficient period of time to have acquired title thereto by adverse possession under applicable law.

(14) Permitted Prior Liens.

In determining, for the purpose of any opinion to be delivered under this Indenture, whether any of the encumbrances referred to in paragraphs (7) and (9) above impair the use of the property subject thereto in the operation of the business of the Company, counsel giving such opinion may rely on an Officers' Certificate.

Any cash deposited with the Trustee in accordance with paragraph (11) above shall be held by the Trustee and applied by it to the discharge of the lien in respect of which it was deposited when and if such lien shall have been finally determined by a court of competent jurisdiction or when so directed by the Company prior to such adjudication. Any cash so deposited remaining after the discharge of such lien shall be returned to the Company. The Trustee may rely upon an Opinion of Counsel as to any such adjudication and as to the discharge of such lien.

Any cash deposited with the Trustee pursuant to paragraph (11) above held at the date of discharge of this Indenture shall be repaid to the Company upon Company Order.

"Permitted Prior Lien" means any mortgage, security interest, lien or encumbrance described in Section 5.08(a) but only to the extent permitted therein.

"Person" shall mean an individual, partnership, corporation, limited liability company, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Pre-Restatement Series" shall have the meaning set forth in Article Three.

"Prime Rate" shall have the meaning set forth in Section 5.13.

"Pro Forma Interest Charges" for any twelve month period shall mean as of the date of any determination thereof, the aggregate amount of all Interest Charges which would be payable by the Company in such period. This amount shall be determined on a pro forma basis after giving effect to the issuance of any Bonds then proposed to be issued, including all Debt of another Person outstanding on the date of determination secured by a lien which shall be prior to or rank equally with the lien of the Indenture and calculated based upon all such Debt and Debt of the Company which is outstanding on the date of determination.

"Pro Forma Interest Charges Applicable Ratio" shall mean (i) so long as any 10.96% Series Bonds or any 10.70% Series Bonds are Outstanding, a ratio of one and three-fourths (1-3/4) and (ii) at all times after both Series of Bonds referred to in clause (i) shall no longer be Outstanding, a ratio of one and one-half (1-1/2).

"Reinvestment Period" means, in the case of any Condemnation Proceeds, the period beginning (i) on the date of receipt by (A) the Trustee in the case of Condemnation Proceeds subject to Section 11.04 or (B) a Subsidiary in the case of Condemnation Proceeds from the Condemnation of assets of such Subsidiary subject to Section 11.05, and ending (ii) at the end of the second fiscal year of the Company next following the fiscal year in which such Condemnation Proceeds were so received; *provided*, that in the case of any such Proceeds described above which are so received, if, prior to the expiration of the above applicable period for such Proceeds, the Company shall deliver to the Trustee an Opinion of Counsel which contains an opinion that under the Internal Revenue Code without regard to any extensions the IRS may grant, the period in which all or part of such Proceeds may be reinvested to avoid recognition of gain, if any, under Section 1033(a) of the Internal Revenue Code from the sale or conversion of the assets from which such Proceeds were received, is greater than the period specified above, then such period shall be increased to the greater period specified in such opinion for such Proceeds but not greater than the period beginning with such date such Proceeds were so received and ending at the end of the third fiscal year next following the fiscal year in which such Proceeds were so received; *provided, further*, that "Reinvestment Period" shall mean with respect to any Condemnation Proceeds, the period determined pursuant to the foregoing provisions of this definition and shall include any extension or extensions thereof permitted pursuant to the provisions of Section 11.04 or 11.05.

"Reinvestment Proceeds" shall mean any Condemnation Proceeds, Casualty Proceeds and Sale Proceeds (including Subsidiary Stock Sale Proceeds) which may be invested pursuant to the provisions of Section 11.11.

"Rentals" shall mean and include all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Company, as lessee or sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by the Company (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges.

"Repurchase Agreement" means any written agreement

(a) that provides for (i) the transfer of one or more United States Governmental Securities in an aggregate principal amount at least equal to the amount of the Transfer Price (defined below) to the Company or any of its Subsidiaries from an Acceptable Bank or an Acceptable Broker-Dealer against a transfer of funds (the *"Transfer Price"*) by the Company or such Subsidiary to such Acceptable Bank or Acceptable Broker-Dealer, and (ii) a simultaneous agreement by the Company or such Subsidiary, in connection with such transfer of funds, to transfer to such Acceptable Bank or Acceptable Broker-Dealer the same or substantially similar United States Governmental Securities for a price not less than the Transfer Price plus a reasonable return thereon at a date certain not later than 365 days after such transfer of funds,

(b) in respect of which the Company or such Subsidiary shall have the right, whether by contract or pursuant to applicable law, to liquidate such agreement upon the occurrence of any default thereunder, and

(c) in connection with which the Company or such Subsidiary, or an agent thereof, shall have taken all action required by applicable law or regulations to perfect a lien in such United States Governmental Securities.

"Responsible Officer", when used with respect to the Trustee, shall mean (i) when BNY Western Trust Company is acting as Trustee, any Vice President or any officer in the Corporate Trust Department, or (ii) when any successor to BNY Western Trust Company is acting as Trustee, any Vice President or any officer in the department of such successor which is responsible for the administration of the trust under the Indenture.

"Restatement Date" shall mean May 16, 2002.

"Restated Indenture" shall mean the Indenture as restated in the Eighth Supplemental Indenture dated as of May 1, 2002.

"Retired Bonds" shall have the meaning set forth in Section 4.02.

"SICC" shall mean SICC, Inc., a California corporation which is a Subsidiary of the Company.

"SICC Capital Contributions" shall mean any capital contributions made to SICC by the Company or any other Subsidiary, excluding the $9,479,000 capital contribution made by the Company to SICC prior to the Restatement Date, and shall include any other distribution to SICC by the Company or any such Subsidiary which is not an SICC Loan.

"SICC Loan" shall mean any loan or advance to SICC made by the Company or any Subsidiary the obligation for repayment of which is evidenced by an instrument in writing which contains other commercially reasonable terms with a maturity not to exceed three years.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc.

"Stockholders Equity" of any Person means the sum of the par value of the stock of such Person and, in the case of stock having no par value or having a stated value, the value stated on the books of such Person, plus the total amount of surplus of such Person, whether earned, paid in or capital, less the amount of any net deficit in the surplus account of such Person and plus the amount of any premium on capital stock not included in surplus, all determined in accordance with generally accepted accounting principles; *provided, however*, that in determining the surplus of such Person, no effect shall be given to any unrealized write-up or write-down in the value of assets or any amortization thereof, except for write-downs consisting of reserves for depreciation, depletion, amortization and property retirement determined in accordance with generally accepted accounting principles, which reserves shall have been created by charges made by such Person on its books.

"Subsidiary" shall mean any corporation which has more than fifty percent (50%) of its outstanding Voting Stock owned at the time of reference, directly or indirectly, by the Company, or by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended, as in force at the date of execution of this Indenture, or, if this Indenture is first qualified under the Trust Indenture Act after such date of execution, as in force at the date of such qualification.

"Trust Moneys" has the meaning stated in Section 14.01.

"Trustee" means BNY Western Trust Company, a California banking corporation, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter Trustee shall mean such successor Trustee.

"United States Governmental Security" means any direct obligation of, or obligation guaranteed by, the United States of America, or any agency controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, so long as such obligation or guarantee shall have the

benefit of the full faith and credit of the United States of America which shall have been pledged pursuant to authority granted by the Congress of the United States of America.

"Voting Stock" shall mean stock of any class or classes having ordinary voting power for the election of a majority of the directors of such corporation, other than stock having such power only by reason of the happening of a contingency.

"Water and/or Waste Water Businesses" shall mean the water and/or waste water businesses including, without limitation the operation and use of systems for the storing, transmitting, distributing, supplying, selling, and/or reclaiming water (including, without limitation, potable, nonpotable and waste water) and sewage, for domestic, industrial, agricultural, fire protection and other purposes.

ARTICLE TWO
GENERAL PROVISIONS AS TO THE BONDS

Section 2.01. General Designation, Form, Registration and Limitation in Amount of Bonds. The Bonds issued under this Indenture after the Restatement Date shall be designated generally as the Company's First Mortgage Bonds, with the Bonds of each series to be designated in such distinctive manner as the Board of Directors may determine. All Bonds to be secured hereby shall be registered bonds without coupons, except as may otherwise be provided in any supplemental indenture executed pursuant to Section 9.01. Such Bonds and the Trustee's certificate of authentication to be endorsed on all Bonds shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, subject only to such variations, additions, substitutions and omissions as are required or permitted by this Indenture. The definitive Bonds shall be printed, typed, lithographed or engraved or produced by any combination of these methods, or may be produced in any other manner permitted by the rules of any national securities exchange, all as determined by the officers executing such Bonds, as evidenced by their execution of such Bonds.

The aggregate principal amount of Bonds that may be executed and delivered and be Outstanding under this Indenture is not limited, except as may be provided in Article Four hereof and except as may be limited by law.

Section 2.02. Execution of Bonds. All Bonds to be secured hereby, whether temporary or definitive, shall be signed by the President or a Vice President of the Company and attested by its Secretary or an Assistant Secretary, which signatures may be facsimiles. In case any officer who shall sign or whose facsimile signature has been placed upon a Bond shall cease to be such officer before the Bonds so signed shall have been actually authenticated and delivered by the Trustee, such Bond may, nevertheless, upon the request of the Company, be issued, authenticated and delivered as though such person had not ceased to be an officer of the Company. Any Bond secured hereby may be signed by any person who may be an officer of the Company at the time of such signing, although such person may not have been such officer at the date of such Bond.

Section 2.03. Number and Designation of Bonds. Bonds authenticated under this Indenture shall bear such letters, numbers or other identification marks as may be determined by

the Company and approved by the Trustee and may contain therein or have imprinted thereon such legend or legends as may be required in order to comply with any law or with any rules or regulations made pursuant thereto or with the rules of any national securities exchange.

Section 2.04. Authentication and Delivery of Bonds by Trustee. All Bonds, when executed by the Company, shall be delivered to the Trustee to be authenticated by it and the Trustee shall authenticate and deliver the same only as provided in this Indenture. Only such Bonds as shall bear thereon the certificate of the Trustee, duly signed, shall be secured by this Indenture, or entitled to any lien or benefit hereunder, and such certificate of the Trustee upon any such Bond executed on behalf of the Company shall be conclusive evidence, and the only evidence, that the Bond so authenticated has been duly issued hereunder and that the holder thereof is entitled to the benefits of the trust hereby created.

Section 2.05. Bonds Issuable in Series; Terms of Bonds. At the option of the Company, the Bonds may be issuable in one or more series. The Bonds of any series issued after the Restatement Date may (1) be given a distinguishing name which must contain "First Mortgage Bonds", (2) be of such denomination or denominations, (3) bear such rate of interest, payable on such interest payment dates, (4) mature at such time, and in the case of Bonds of serial maturities, at such times, (5) contain such provisions as to payment of, or payment without deduction for, or reimbursement for, any tax or taxes, (6) contain such provisions respecting any sinking, amortization, improvement, renewal or other analogous fund for the exclusive benefit of any one or more series, (7) be exchangeable for or convertible into stock or other securities, (8) be redeemable at such price or prices and upon such terms, (9) be payable and subject to registration and transfer at such place or places, and (10) contain such other provisions not inconsistent with the terms of this Indenture, all as may be specified in such Bonds and in the Board Resolutions and the supplemental indenture providing for the creation and issuance of such series. All Bonds of any one series shall be identical in all respects, except that they may differ as to denomination, date and, in the case of Bonds with serial maturities, as to time of maturity, interest rate and redemption price. In the event that the denominations of any series of Bonds are not specified in the Board Resolutions or supplemental indenture, the Bonds of such series shall be of the denomination of One Thousand Dollars ($1,000) or any multiple thereof.

Section 2.06. Procedure for Creation of New Series of Bonds. Whenever the Company shall determine to create a new series of Bonds secured by this Indenture, it shall file with the Trustee a Board Resolution describing such series, and shall execute, acknowledge and deliver a supplemental indenture likewise describing such series, stating the amount of additional Bonds to be issued pursuant thereto and containing such other provisions as may be necessary or appropriate, and thereafter Bonds of such series may be issued from time to time subject to the conditions and provisions of this Indenture.

Section 2.07. Equal Security of Bonds. No series of Bonds issued hereunder shall have any preference as to the security afforded by this Indenture over any other series of Bonds issued or to be issued hereunder, and no Bond of any series shall have any such preference over any other Bond of the same or any other series; *provided, however,* that the Bonds of any series may contain terms and conditions that differ from Bonds of other series in the respects set forth in Section 2.05 hereof; and *provided, further,* that the Company may authorize, execute and deliver

indentures supplemental to this Indenture for the purposes set forth in Subsection (b) of Section 9.01 hereof.

Section 2.08. Date of Bonds and Interest. All Bonds issued under this Indenture shall bear interest from, and shall be dated as of, the interest payment date next preceding the date on which the same shall be authenticated by the Trustee, or, if such date of authentication shall be an interest payment date, such Bonds shall bear interest from and shall be dated as of such interest payment date, or if such date of authentication shall be a date prior to the first interest payment date for the Bonds of the series being authenticated, then unless the supplemental indenture pursuant to which the Bonds are being created and issued provides otherwise, such Bonds shall bear interest from, and shall be dated as of, the date of initial issuance of such Bonds; *provided, however,* that if at the time of authentication of any Bond of any series, interest is in default on Outstanding Bonds of such series, such Bonds shall bear interest from, and shall be dated as of, the interest payment date for such series to which interest has previously been paid or made available for payment on Outstanding Bonds of such series.

Section 2.09. Bond Register, Registrar and Transfer Agent. The Company hereby constitutes and appoints the Trustee as Bond Registrar and transfer agent for the purpose of registering and transferring Bonds entitled to be so registered or transferred and the Company shall keep or cause to be kept at the principal office of the Trustee, books for the registration and transfer of Bonds issued hereunder (the Bond Register) showing, among other things, all original issuances and subsequent transfers of Bonds.

The Company, by Board Resolution, may name such co-registrars and co-transfer agents of the Bonds as the Company deems appropriate and shall cause to be kept at the principal office of each such co-registrar or co-transfer agent a duplicate of the Bond Register.

Section 2.10. Transfer of Bonds; Charges Therefor; Ownership of Bonds. Any Bond may be transferred upon surrender thereof to the Trustee, at its principal office, accompanied by such duly executed instruments of transfer as may be required by the Company and the Trustee, and thereupon the Company shall issue in the name of the transferee or transferees or in the name of the person making the transfer, as the case may be, and the Trustee shall authenticate and deliver a new Bond or Bonds of the same series and maturity, in authorized denominations, for a like aggregate principal amount.

Unless otherwise provided in the supplemental indenture creating the particular series of Bonds, upon every transfer of Bonds as permitted in this Section, the Company shall make no service charge against any holder of a Bond or his transferee for any transfer, but the Company may require, as a condition to such transfer, the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge that may be imposed thereon, which sum shall be paid by the party requesting such transfer.

The Company shall not be required to make any transfer or transfers of any Bond or Bonds during the fifteen days next preceding any date on which either interest is to be paid thereon or Bonds of the same series are to be selected for redemption, nor may transfer be required with respect to any Bonds that have been called for redemption or that have matured.

The person in whose name any Bond shall be registered shall for all the purposes of this Indenture be regarded as the owner thereof, and the payment of or on account of the principal of or interest (and premium, if any) on such Bond shall be made only to such registered holder or upon his order. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 2.11. Temporary Bonds. Pending the preparation of any definitive Bonds to be issued under and secured by this Indenture, the Company may execute and deliver temporary Bonds, which may be printed or typewritten, substantially of the tenor and effect of the definitive Bonds, in denomination of One Thousand Dollars ($1,000) or any multiple thereof. Any such temporary Bond shall be authenticated by the Trustee in the same manner as the definitive Bonds and such authentication shall constitute conclusive evidence that the temporary Bonds so authenticated have been duly issued under this Indenture and that the holders thereof are entitled to the benefits of the trust hereby created. Such temporary Bonds so issued and authenticated shall be exchangeable without expense to the holder for definitive Bonds of the same series and maturity, to be issued under and secured by this Indenture, and upon any such exchange such temporary Bonds shall be forthwith cancelled by the Trustee. Any such temporary Bonds may also be exchanged for other temporary Bonds of the same series and maturity and for the same aggregate principal amount. Until so exchanged, such temporary Bonds shall be in all respects entitled to the lien and security of this Indenture as Bonds issued and authenticated hereunder. Upon demand, without unnecessary delay the Company will execute and will furnish definitive Bonds to be exchanged for such temporary Bonds upon surrender of such temporary Bonds at the office of the Trustee.

Section 2.12. Replacement Bonds. In case any Bond issued hereunder shall be mutilated, lost, stolen or destroyed, the Company may, in its discretion, issue and deliver and the Trustee shall authenticate a new Bond of like tenor, effect and date:

(i) in lieu of and substitution for and upon surrender and cancellation of the mutilated Bond, or

(ii) in lieu of and substitution for the Bond so lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company and the Trustee of the loss, theft or destruction of such Bond, and upon receipt also of indemnity satisfactory to each of them.

Subject to the provisions of Section 7.01 hereof, the Trustee shall incur no liability for anything done by it pursuant to this Section. Any Bond issued pursuant to this Section shall constitute an original contractual obligation on the part of the Company and shall be secured equally and ratably with all other Bonds issued hereunder and then Outstanding. Any such replacement Bond may bear such endorsement as may be prescribed by the Company with the approval of the Trustee.

Section 2.13. Effect of Replacement. Each Bond delivered pursuant to any provision of this Indenture in substitution for the whole or any part, as the case may be, of one or more other Bonds shall carry all of the rights to interest accrued and unpaid, and to accrue, that were carried by the whole or such part, as the case may be, of such one or more other Bonds, and,

notwithstanding anything contained in this Indenture, such Bond shall bear such date that neither gain nor loss in interest shall result from such substitution.

Section 2.14. Disposition of Surrendered Bonds. All Bonds surrendered for payment, redemption, transfer or replacement, if surrendered to the Trustee, shall be promptly cancelled by it, and, if surrendered to the Company, shall be delivered to the Trustee for cancellation and shall be promptly cancelled by the Trustee. The Company may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder that the Company may have acquired in any manner whatsoever and all Bonds so delivered shall be promptly cancelled by the Trustee. Upon cancellation by the Trustee of any Bonds pursuant to this Section or Section 2.11, such Bonds shall be disposed of as directed by a Company Order.

ARTICLE THREE
BONDS OF THE PRE-RESTATEMENT SERIES

The Bonds of each Pre-Restatement Series shall have the terms, rates and other provisions specified in the respective supplemental indenture pursuant to which such Pre-Restatement Series was issued which shall remain the same except as otherwise herein or hereinafter modified. The text of the Bonds of each Pre-Restatement Series and of the authentication certificate of the Trustee shall be, respectively, substantially of the tenor and effect recited in the form of bond contained in the supplemental indenture pursuant to which such Pre-Restatement Series was issued and shall remain the same except as otherwise herein or hereinafter provided. As used herein, a *"Pre-Restatement Series"* of Bonds shall mean Bonds of each of the following series of First Mortgage Bonds issued under the Indenture which has the following principal amount of Bonds outstanding (rounded to the nearest dollar) on the Restatement Date:

(i) $2,151,800 aggregate principal amount of First Mortgage 10.96% Series Bonds due November 1, 2012;

(ii) $8,000,000 aggregate principal amount of First Mortgage 8.18% Series Bonds due May 20, 2014;

(iii) $3,729,590 aggregate principal amount of First Mortgage 10.70% Series Bonds due January 15, 2016;

(iv) $10,000,000 aggregate principal amount of First Mortgage 7.59% Series Bonds due August 31, 2025; and

(v) $7,000,000 aggregate principal amount of First Mortgage 8.82% Series Bonds due June 1, 2020.

The principal of and the premium, if any, and the interest on the Bonds issued prior to the Restatement Date shall be payable at the principal office of the Trustee in the City of Los Angeles, California (or, if there be a successor to said Trustee, at its principal office), in coin or

currency of the United States of America which at the time of payment is legal tender for public and private debts.

The Bonds of each Pre-Restatement Series shall be redeemable at the price and on the conditions stated in the supplemental indenture to this Indenture pursuant to which such Pre-Restatement Series was issued, any such redemption to be effected in accordance with the provisions of Article Fourteen of this Indenture.

ARTICLE FOUR
ISSUANCE OF ADDITIONAL BONDS

Section 4.01. Issuance of Additional Bonds Based on Coverage and Total Capitalization Tests. In addition to the principal amount of the five Pre-Restatement Series of Bonds described in Article Three, the Company may, at any time and from time to time execute and deliver to the Trustee for authentication additional Bonds (*"Additional Bonds"*) in an aggregate principal amount requested the subject to the following provisions. The Additional Bonds so delivered shall be authenticated and delivered by the Trustee upon Company Order, dated as of the date of authentication and delivery of Additional Bonds then being applied for, accompanied by the following:

(a) A Board Resolution authorizing the issuance of a specified principal amount of Additional Bonds of one or more designated series and specifying (subject to the provisions of this Indenture) the series, maturity, rate of interest, dates of payment thereof, redemption and/or conversion provisions, if any, denominations and/or any other appropriate provisions of the Additional Bonds.

(b) An Officers' Certificate, dated the date of authentication of Additional Bonds, stating that (i) no Default or Event of Default exists hereunder, (ii) all conditions precedent set forth in this Indenture relating to the authentication and delivery of such Additional Bonds have been complied with, and (iii) there has been no change in the information set forth in the Certificate filed pursuant to Subsection (c) or Subsection (d) of this Section 4.01 that would alter the information set forth in such Certificate so as to cause such Certificate to fail to comply with the requirements of said Subsections as of the date of authentication and delivery of the Additional Bonds.

(c) An available income certificate, dated the date of authentication of Additional Bonds, in substantially the form attached hereto as Exhibit B (an *"Available Income Certificate"*), showing that the Income Available for Interest Charges of the Company (or its predecessors), for a period of twelve consecutive months during the fifteen months immediately preceding the first day of the month in which the authentication of the Additional Bonds is made, shall have been a multiple of Pro Forma Interest Charges for the twelve month period succeeding the date of issuance of the Additional Bonds at least equal to the Pro Forma Interest Charges Applicable Ratio. In case the Company shall have acquired, by merger or otherwise, any property as an operating water utility system (an *"Acquired System"*) within or after the particular period for which the calculation of Income Available for Interest Charges is made, or, is

to acquire such an Acquired System simultaneously with the authentication and delivery of the Additional Bonds then applied for, then in computing Income Available for Interest Charges, there shall be included, to the extent it may not have been otherwise included, the Income Available for Interest Charges (or net loss) of such Acquired System, determined as provided in Section 1.02 in the definition thereof, as if such Acquired System had been owned by the Company during the whole of such period. Any increase or decrease in gross revenues of the Company attributable to higher or lower rates that have been in effect for less than the full twelve-month period for which the computation of the Available Income Certificate is based shall be annualized for such Certificate and there shall also be annualized for such Certificate the related and fixed expenses and charges as are known to the principal officers of the Company.

(d) A capitalization certificate, dated not more than thirty days before the date of authentication of Additional Bonds, in substantially the form attached hereto as Exhibit C (a *"Capitalization Certificate"*), showing that after giving effect to the sale of such Additional Bonds and the application of the proceeds from the sale of such Additional Bonds, the aggregate Consolidated Debt then outstanding will not exceed a percentage of Consolidated Total Capitalization equal to the Consolidated Total Capitalization Applicable Percentage.

(e) An Opinion of Counsel, dated not more than five days before the date of authentication of Additional Bonds,

(1) specifying the requirements, if any, of any tax or recording or filing law applicable to the issuance of the Additional Bonds, or stating that there are no such legal requirements;

(2) Either (a) specifying the certificates or other evidence that will be sufficient to show the authorization or approval of, or consent to, the issuance by the Company of the Additional Bonds, by any Federal, state or other governmental regulatory agency at the time having jurisdiction over such issuance and stating that the authorization, approval or consent of no other governmental body is required, or (b) stating that no such authorization, approval or consent is required;

(3) stating that the Additional Bonds have been duly authorized and, when executed by the Company, authenticated and delivered by the Trustee and issued by the Company, upon payment therefor, will be valid and binding obligations of the Company and entitled to the benefits of and secured by the lien of this Indenture equally and ratably with all other Bonds hereby secured, subject to the provisions of bankruptcy, insolvency or similar laws and legal or equitable principles affecting the rights of creditors generally; and

(4) stating that the documents and other items that have been or are therewith delivered to the Trustee conform to the requirements of this Indenture, and that, upon the basis of the Company Order and the accompanying documents

or other items specified in this Article, all conditions precedent specified in this Indenture relating to the Additional Bonds have been complied with, and the Additional Bonds may be lawfully authenticated and delivered under this Article.

The Opinion of Counsel may be based, and may state that such counsel rely, upon title reports, code searches, title policies and the opinion of other counsel deemed reliable by such counsel and copies of any such reports, policies and opinions shall be furnished to the Trustee upon request.

(f) An Officers' Certificate, dated not more than five days before the date of authentication of Additional Bonds,

(1) stating that the Company has good and marketable title to all tracts or parcels of land and the improvements thereon of the Company and that all such tracts, parcels or improvements are specifically described (i) in the Original Indenture, (ii) in all supplemental indentures previously executed and recorded, or (iii) in the supplemental indenture providing for the creation of the Additional Bonds (except any of such tracts, parcels or improvements that have been duly released from the lien hereof) and are subject only to Permitted Encumbrances and that all of such tracts or parcels of land and improvements thereon have been subjected to the lien of this Indenture; and

(2) stating that based on an examination of pertinent records in all jurisdictions in which the Company owns personal property, all personal property of the Company (other than Excepted Property and property acquired within the limitations of Section 5.08) is free from any recorded lien or security interest, subject only to Permitted Encumbrances.

The Officers signing the Officers' Certificate may rely upon title reports, code searches, title policies and the opinion of counsel deemed reliable and copies thereof shall be furnished to the Trustee upon request.

(g) Certificates and/or other evidence showing compliance with the requirements, if any, specified in the Opinion of Counsel as provided by Paragraphs (1) and (2) of the foregoing Subsection (e).

(h) A supplemental indenture providing for the creation and issuance of the Additional Bonds and stating the maximum principal amount thereof, and otherwise meeting the requirements of Section 4.03.

The Certificates required by Subsections (c) and (d) of this Section shall be Officers' Certificates.

Section 4.02. Additional Bonds Against Retired Bonds. The Company may at any time and from time to time execute and deliver to the Trustee for authentication, Additional Bonds against all Bonds of (A) any Pre-Restatement Series Outstanding on the Restatement Date or

(B) any other series issued after the Restatement Date, which, in each case, either (i) have been acquired, paid or redeemed by the Company or (ii) are Outstanding and notice for the redemption of which has been duly given pursuant to this Indenture and an amount of cash sufficient for the purpose of redeeming such Bonds shall have been deposited by the Company with the Trustee, if subject to redemption, or for the purpose of paying or retiring such Bonds at maturity (collectively, the *"Retired Bonds"*) and the aggregate principal amount of such Additional Bonds shall not exceed the aggregate principal amount of Retired Bonds against which such Additional Bonds are being issued. The Additional Bonds so delivered shall be authenticated and delivered by the Trustee upon Company Order, dated as of the date of authentication and delivery of Additional Bonds then being applied for, accompanied by the following:

(a) A Board Resolution authorizing the issuance of a specified principal amount of Additional Bonds of one or more designated series and specifying (subject to the provisions of this Indenture) the series, maturity, rate of interest, dates of payment thereof, redemption and/or conversion provisions, if any, denominations and/or any other appropriate provisions of the Additional Bonds.

(b) An Officers' Certificate dated the date of authentication of Additional Bonds stating that (i) no Default or Event of Default exists hereunder, (ii) all conditions precedent set forth in this Indenture relating to the authentication and delivery of such Additional Bonds have been complied with, and (iii) there has been no change in the information set forth in any Certificate filed pursuant to Subsection (c) or Subsection (d) of this Section 4.02 that would alter the information set forth in such Certificate so as to cause such Certificate to fail to comply with the requirements thereof as of the date of authentication and delivery of the Additional Bonds.

(c) If the Additional Bonds being applied for have a rate of interest greater than the rate of interest of the Retired Bonds, an Available Income Certificate meeting the requirements of Subsection (c) of Section 4.01.

(d) A capitalization certificate, dated not more than thirty days before the date of authentication of Additional Bonds, in substantially the form attached hereto as Exhibit C (a *"Capitalization Certificate"*), showing that after giving effect to the sale of such Additional Bonds and the application of the proceeds from the sale of such Additional Bonds, the aggregate Consolidated Debt then outstanding will not exceed a percentage of Consolidated Total Capitalization equal to the Consolidated Total Capitalization Applicable Percentage.

(e) An Opinion of Counsel, dated the date of authentication and delivery of the Additional Bonds, covering the matters set forth in Paragraphs (1), (2), (3) and (4) of Subsection (e) of Section 4.01.

(f) Retired Bonds in an aggregate principal amount equal to the aggregate principal amount of Additional Bonds whose authentication and delivery are then applied for; *provided, however*, that in lieu of delivering such Retired Bonds to the Trustee (i) if any of the Retired Bonds against which such Additional Bonds are being issued are

Outstanding and notice for the redemption thereof has been duly given pursuant to the Indenture, the Company shall deliver cash in an amount sufficient to redeem such Retired Bonds, or (ii) if any of the Retired Bonds against which such Additional Bonds are being issued have been previously paid, redeemed or otherwise retired and ceased to be Outstanding, an Officers' Certificate dated the date of authentication of the Additional Bonds to that effect and identifying the specific Retired Bonds referred to.

(g) A supplemental indenture providing for the creation and issuance of the Additional Bonds and stating the maximum principal amount thereof and otherwise meeting the requirements of Section 4.03.

All Bonds theretofore issued hereunder and received by the Trustee pursuant to the provisions of this Section 4.02 shall be cancelled by the Trustee as provided in Article Twelve of this Indenture.

Section 4.03. Supplemental Indentures. Each supplemental indenture required by Section 4.01 or 4.02 shall be properly executed on its behalf by the appropriate officers of the Company, acceptable in form and content to the Trustee, and shall subject to the lien of this Indenture all property acquired by the Company after the date of this Indenture, other than Excepted Property, and not previously described in any previously recorded supplemental indenture, specifically describing all tracts or parcels of land included in such property. Each such supplemental indenture shall be in such form as to qualify it for recording in the jurisdictions in which any property of the Company, other than Excepted Property, is located; and it shall be so recorded.

ARTICLE FIVE
COVENANTS OF THE COMPANY

The Company hereby covenants and agrees for the benefit of the holders of the Bonds and their successors in interest that, so long as any Bonds remain Outstanding:

Section 5.01. Payment. The Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on the Bonds at the times and places and in the manner specified in the Bonds and herein. Notwithstanding the above or any other provisions of this Indenture or any Bond issued hereunder, the Company may enter into an agreement with the holder of any Bond providing for the payment to such holder, without presentation or surrender of such Bond, of the principal of (and premium, if any) and interest on such Bond or any part thereof at a place other than as designated therein or in such Bond, providing for the payment to such holder of all or a portion of the principal of and the premium, if any, and interest on such Bond at a place other than the place specified in such Bond as the place for such payment without the necessity in the case of a partial payment of principal, of surrendering the Bond for a new Bond, and in accordance with Section 12.05 for the making of notation of principal payments on such Bond by such holder. The Trustee is authorized to consent to any such agreement and shall not be liable or responsible to any such holder or to the Company for any act or omission on the part of the Company or any holder of a Bond in connection with any such agreement. The Company covenants that in the case of any series of

Bonds with respect to which principal, interest and premium, if any, are being paid by the Trustee or a Paying Agent, the Company will deposit with the Trustee or with a Paying Agent, if other than the Trustee, an amount of money sufficient to make such payments of principal (and premium, if any,) and interest on the Bonds, such deposit to be made with the Trustee not later than one business day before the date such payment or payments are due. All amounts so deposited shall be held in trust for the accounts of the holders of the obligations due on such date and shall be applied to the payment thereof.

Section 5.02. Taxes and Assessments. The Company will and will cause each of its Subsidiaries to file all tax returns required to be filed in any jurisdiction and will duly and punctually pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties including any of the Mortgaged Property, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a lien on the Mortgaged Property or other properties or assets of the Company or any Subsidiary; *provided, however,* that nothing herein contained shall require the Company or any Subsidiary to pay any such tax, assessment, charge or levy so long as the Company or such Subsidiary shall in good faith contest the validity of the same by appropriate legal proceedings and stay any execution thereof and so long as adequate reserves in respect thereof have been established in accordance with GAAP and the Company's or such Subsidiary's title to and right to use its property is not adversely affected thereby.

Section 5.03. Maintenance of Corporate Existence and Rights; Compliance With Laws. Subject to the provisions of Article Ten and Section 11.03 hereof, the Company will and will cause each Subsidiary to do all things necessary to preserve, extend, and renew its corporate existence and its qualified status in any state in which it may engage in business, and to preserve and renew all franchises, rights of way, easements, permits and licenses now held by it or hereafter granted to or conferred upon it and to comply with all laws and ordinances applicable to the Company or such Subsidiary or their properties; *provided, however,* that (i) neither the Company nor any Subsidiary shall be required to preserve any such franchise, right, easement, permit or license if the Board of Directors shall determine that such preservation is no longer desirable in the conduct of the business of the Company and will comply with all valid laws, ordinances, regulations and requirements applicable to it or its property and (ii) the obligation to maintain the corporate existence of the Subsidiaries shall not be deemed to prohibit the merger of a Subsidiary into the Company or another Subsidiary.

Section 5.04. Conduct Business and Maintain Property. The Company will and will cause each Subsidiary to conduct its business in a businesslike manner and will cause all of its property, plants and equipment used and useful in conducting its business (except for such Mortgaged Property as may be disposed of or released from the lien hereof pursuant to Article Eleven) to be maintained and kept in good repair and working order in accordance with standards generally acceptable in the utility industry and to render service adequate to meet the reasonable requirements for the communities in which it is operating and to replace worn out or damaged property of the Company or such Subsidiary with other property suitable to its business; *provided, however,* (i) that all plants and equipment of the Company or any Subsidiary which have become useless or unused and no longer intended to be used, will be abandoned and

retired on the books of the Company or such Subsidiary and (ii) nothing contained herein shall be construed to prevent the Company or any Subsidiary from discontinuing the operation of any of its plants or portions thereof or any other of its properties if, in the judgment of the Company such discontinuance is desirable and the Company has concluded that such discontinuance could not reasonably be expected to have an adverse effect upon the Company or such Subsidiary, as the case may be.

Section 5.05. Insurance. The Company will and will cause each Subsidiary to insure and keep insured in a reasonable amount with financially sound and reputable insurance companies all property and equipment of a character usually insured by companies of relatively the same size engaged in the same or a similar business against liabilities or damages of the kind customarily insured against by such companies.

All policies or other contracts for such insurance upon any part of the Mortgaged Property shall provide that the proceeds of such insurance (except in the case of any particular casualty resulting in damage or destruction not exceeding $250,000 in the aggregate) shall be payable to the Trustee to be held and applied by the Trustee as a part of the Mortgaged Property; *provided, however,* that, with respect to any part of the Mortgaged Property that is subject to a Permitted Prior Lien or Permitted Encumbrance, the loss under any such insurance policy or contract may be payable also to the trustee, mortgagee or other holder of such prior lien or Permitted Encumbrance, as its interest may appear. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for the benefit of the Trustee for at least 30 days after written notice to the Trustee by such insurer of such cancellation. Upon the execution of the Restated Indenture, and on or before May 30 of each year thereafter, and at any time upon the request of the Trustee, the Company will file with the Trustee an Officers' Certificate containing a detailed list of the insurance in effect upon the Mortgaged Property on a date therein specified (which date shall be within 30 days of the filing of such certificate) and stating the names of the insurers with which the outstanding policies and their contracts are carried, the amounts and expiration dates of such policies and other contracts, and specifying the property and risks covered thereby, and stating that said insurance complies with this Section.

Any appraisement or adjustment of any loss or damage of or to any part of the Mortgaged Property and any settlement in respect thereof which may be agreed upon between the Company and any insurer, as evidenced by an Officers' Certificate, shall be assented to and accepted by the Trustee.

All proceeds of any insurance on any part of the Mortgaged Property not payable to the Trustee or the trustee, mortgagee or other holder of a prior lien or Permitted Encumbrance shall be applied by the Company to the repair, restoration or replacement of the Mortgaged Property. All proceeds of any insurance on any part of the Mortgaged Property payable to the Trustee shall be deposited with the Trustee to be held and paid over or applied by it as provided in Section 11.07 and Article Fourteen.

Section 5.06. Limitations on Debt. (a) The Company will not and will not permit any Subsidiary to create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to any Debt except:

(1) Debt of the Company and its Subsidiaries outstanding on the Restatement Date,

(2) other Debt of the Company and its Subsidiaries provided that at the time of issuance thereof and after giving effect to the application of the proceeds thereof:

(i) the aggregate Consolidated Debt then outstanding will not exceed a percentage of Consolidated Total Capitalization equal to the Consolidated Total Capitalization Applicable Percentage, and

(ii) in the case of the issuance of any Funded Debt by a Subsidiary, the aggregate Funded Debt of all Subsidiaries then outstanding will not exceed 20% of Consolidated Tangible Net Worth;

(b) Any corporation which becomes a Subsidiary after the Restatement Date shall for all purposes of this Section 5.06 be deemed to have created, incurred or assumed at the time it becomes a Subsidiary all Debt of such corporation existing immediately after it becomes a Subsidiary.

Section 5.07. Restricted Payments, SICC Loans. (a) The Company will not, except as herein provided:

(1) Declare any dividends, either in cash or property, on any of its common stock (except dividends payable solely in shares of common stock of the Company); or

(2) Directly or indirectly, through any Subsidiary or otherwise, purchase, redeem or retire any of its capital stock or any warrants, rights or options to purchase or otherwise acquire any shares of its common stock (except in exchange for or out of the substantially concurrent issue and sale of shares of its common stock, or warrants, rights or options to purchase or otherwise acquire any shares of its common stock); or

(3) Make any other payment or distribution, either directly or indirectly or through any Subsidiary, in respect of its common stock; or

(4) Make any SICC Capital Contributions;

(all such non-excepted declarations, payments, purchases, redemptions, retirements, distributions and SICC Capital Contributions being herein collectively called *"Restricted Payments"*), if after giving effect thereto any Event of Default shall have occurred which shall then be continuing or the aggregate amount of all Restricted Payments declared or made during the period from and after December 31, 2001 to and including the date of the making of the Restricted Payment in question would exceed the sum of (i) Net Income for such period, computed on a cumulative

basis for said period (or, if such Net Income is a deficit figure, then minus 100% of such deficit) and (ii) $10,787,000.

The Company will not (i) declare any dividend which constitutes a Restricted Payment payable more than 60 days after the date of declaration or (ii) make any Restricted Payment during the continuance of an Event of Default as defined in Section 6.01 hereof. For purposes of this Section 5.07, the amount of any Restricted Payment which is payable or distributable in property other than cash or shares of capital stock of the Company shall be deemed to be the greater of the book value or fair market value (as determined in good faith by the Board of Directors of the Company) of such property as of the date of the declaration of such Restricted Payment.

(b) The Company will not at any time permit the sum of the aggregate principal amount of SICC Loans plus accrued interest thereon to exceed 5% of the Stockholders Equity of the Company.

Section 5.08. Restrictions on Encumbrances. The Company will not create or suffer to exist any mortgage, lien, security interest or encumbrance on any Mortgaged Property (other than the lien of the Indenture), except:

(a) Any purchase money mortgage or security interest created to secure part of the purchase price of any property or any mortgage on, or security interest in, any property existing at the time of acquisition thereof, whether or not assumed by the Company, *provided* that:

(1) such purchase money mortgage, mortgage or security interest shall extend only to the property so acquired and fixed improvements thereto; and

(2) at the time of acquisition thereof and after giving effect to the Debt secured by such outstanding purchase money mortgage, mortgage or security interest

(i) such Debt could then be incurred pursuant to Section 5.06, and

(ii) the aggregate principal amount of Debt secured by all such outstanding purchase money mortgages, mortgages and security interests shall not exceed 5% of Consolidated Total Capitalization; and

(3) The Company shall deliver to the Trustee at the time of acquisition of any such property the following:

(i) an Officers' Certificate dated the date of acquisition (A) describing with reasonable detail the property so acquired, (B) describing in detail the terms of the Debt secured by a mortgage or lien on such property and stating that such mortgage or lien complies with

Section 5.08(a)(1), (C) furnishing computations in sufficient detail to demonstrate compliance by the Company with Section 5.08(a)(2), and (D) stating that such Debt is not in default, and

(ii) a supplemental indenture or other instrument as may be necessary to subject the Property to the lien of the Indenture, and an Opinion of Counsel that such property has become subject to the lien of the Indenture (which opinion may rely upon items described in the last paragraph of Section 4.01(e)).

(b) Other Permitted Encumbrances.

The Company covenants and agrees that it will not issue any Additional Bonds pursuant to the provisions of any mortgage which secures acquired property referred to in Section 5.08(a) above and any such mortgage shall be "closed" upon the acquisition of such property by the Company.

Section 5.09. Records of Account and Certificate. The Company will at all times keep proper books of record and account and therein will make full, true and proper entries of all dealings and transactions in relation to the property, business and affairs of the Company; and such books shall at all reasonable times be open to inspection by the Trustee and its duly authorized agents. Such books of account shall at all times conform strictly to the Accounting Requirements. The Company will at any time, upon the reasonable advance written notice from the Trustee and at the expense of the Company, permit the Trustee by its representative to inspect the Mortgaged Property, books of account, records, reports and other papers of the Company, and to make copies thereof and furnish to the Trustee any and all information as the Trustee may reasonably request with respect to the performance by the Company of its covenants in this Indenture and the Company will at any time upon written request of the Trustee furnish the Trustee a Schedule in reasonable detail of the Mortgaged Property covered by the lien of the Indenture or intended to be so covered. As soon as practicable after the end of each fiscal year of the Company, and in any event within 120 days thereafter, the Company shall furnish the Trustee with duplicate copies of:

(1) consolidated balance sheets of the Company and its consolidated Subsidiaries as at the end of such year, and

(2) consolidated statements of income and of cash flows of the Company and its consolidated Subsidiaries for such year,

setting forth in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by a report thereon of Peasley, Aldinger & O'Bymachow or another firm of independent certified public accountants selected by the Company of recognized national or regional standing to the effect that the consolidated financial statements of the Company and its Subsidiaries present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the end of the fiscal year being reported on and the results of the operations and cash flows for said year, in accordance with the Accounting Requirements

and that the examination of such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances. The Trustee shall have no duty to review any of the financial statements received pursuant to this Section 5.09 for purposes of determining compliance by the Company with provisions of this Indenture.

Section 5.10. Certificate as to Compliance. On or before May 30, 2002, and within 120 days after the end of each fiscal year thereafter, the Company will deliver to the Trustee an Officers' Certificate stating whether or not the Company is in default in the payment of the principal or interest on the Bonds or has knowledge of any Default, and, if so, specifying each such Default of which the signers have knowledge.

Section 5.11. Warranty of Title and Further Assurances. The Company warrants that (a) the Company is lawfully seized and possessed of all the Mortgaged Property; the Company has satisfactory title to the rights-of-way, leases, and servitudes which constitute Mortgaged Property sufficient for the possession, maintenance and operation of the facilities which constitute Mortgaged Property; the Company has validly obtained the franchises and permits which constitute Mortgaged Property; and

(b) subject to Permitted Encumbrances, the Mortgaged Property on the date hereof is free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto.

The Company (i) will from time to time execute, acknowledge, deliver any and all such further assurances, including all financing statements and continuation statements covering security interests in personal property, conveyances, mortgages, indentures supplemental hereto or assignments of property hereafter acquired by the Company as are required by the terms of this Indenture or as the Trustee may reasonably require to subject the property which is intended to be subject to the lien of this Indenture to the lien hereof and (ii) will file and record the same in such manner and such places as may be required by law in order to fully preserve and protect the rights of the Bondholders and the Trustee in the Mortgaged Property.

The Company will perform all conditions and obligations imposed on it by the terms of any Prior Permitted Lien as shall be necessary to keep the security afforded by the Indenture substantially unimpaired and will not permit any default thereunder to occur and continue if as a result the security afforded by the Indenture will be materially impaired or endangered.

The Company covenants and agrees to file with the Trustee on or before May 30 in each year, beginning with the year 2002, an Opinion of Counsel, dated within 30 days of such date of such year, either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording, and refiling of this Indenture and of each supplemental indenture or other instrument of further assurance, including, without limitation, financing statements, as is necessary to maintain the lien of this Indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien.

Section 5.12. Paying Agents.

(a) *Duties of Paying Agent.* In the event that the Company designates any Paying Agents hereunder, the Company will cause each such Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 5.12, that such Paying Agent will:

(1) hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on the Bonds in trust for the benefit of the persons entitled thereto until such sums shall be paid to such persons or otherwise disposed of as provided herein;

(2) not later than 5 days after each due date of the principal of (and premium, if any) or interest on the Bonds, give the Trustee notice that the Company has made such payments when the same shall be due and payable or has failed to make such payments; and

(3) at any time during the continuance of an Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

(b) *Company as Paying Agent.* If the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of (and premium, if any) or interest on the Bonds, segregate and hold in trust for the benefit of the persons entitled thereto, a sum sufficient to pay such principal (and premium, if any) or interest so becoming due until such sums shall be paid to such persons or otherwise disposed of as herein provided, and the Company will not later than 5 days after each such due date notify the Trustee of such action and of the payment of such funds or any failure to take such action or make such payment.

(c) *Holding Sums in Trust.* Anything in this Section 5.12 to the contrary notwithstanding, (i) the agreement to hold sums in trust as provided in this Section 5.12 is subject to the provisions of Section 13.01, and (ii) for the purposes of obtaining the discharge and satisfaction of this Indenture or for any other purpose, the Company may deliver, or by Company Order may cause any such Paying Agent to deliver, to the Trustee any sums so held in trust as aforesaid, such sums thereafter to be held upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and upon such payment the party making such payment shall be discharged from such trust.

Section 5.13. Payment of Certain Charges. In the event of the failure of the Company in any respect to comply with the covenants contained in Sections 5.02, 5.04 or 5.05 hereof or to keep the Mortgaged Property in repair and free of liens and other charges, other than Permitted Encumbrances, the Trustee shall have the right (without prejudice to any other rights arising by reason of such Default) to advance or expend moneys for the purpose of performing such covenants on behalf of the Company but shall have no obligations to make any such advance or expenditure. The Company shall be immediately notified of any such advance. All sums so advanced for any of the aforesaid purposes shall at once be repayable by the Company, shall bear

interest at the Prime Rate plus one percent per annum until paid, and shall be secured hereby having the benefit of the lien hereby created in priority to the Bonds. The *"Prime Rate"* shall mean the rate of interest announced by Wells Fargo Bank, San Francisco, California, from time to time as its *"prime commercial rate"* or the equivalent.

Section 5.14. Appointment of Successor Trustee. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint a Trustee in the manner and in conformity with the requirements specified in Section 7.10 hereof, so that there shall at all times be a Trustee hereunder.

Section 5.15. Environmental Matters. The Company agrees as follows with respect to the following environmental matters:

(a) Neither the Company, its agents nor its employees shall engage in any activity in or on any part of the Mortgaged Property, nor permit others to engage in any activity thereon, which will result in the Mortgaged Property, or any part thereof, containing any of the following in violation of any applicable law or other governmental regulations in effect from time to time: (i) any oil, hazardous waste or hazardous material as defined in The Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6921 *et seq.*, applicable state laws or regulations adopted pursuant to either of the foregoing; (ii) asbestos in any form which is or could become friable; (iii) urea formaldehyde foam insulation; (iv) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (v) any other chemical, material, or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Mortgaged Property, or any part thereof, or the owners of property adjacent to the Mortgaged Property, or any part thereof. If at any time it is determined that the Mortgaged Property, or any part thereof, does contain any of the equipment or substances described in (i) through (v) of this Subsection (a) in violation of any applicable law or other governmental regulation in effect at such time, then the Company shall be solely responsible for and shall pay for all costs incurred in connection with the removal of said equipment and/or substances.

(b) Upon the discovery by the Company that the Mortgaged Property, or any part thereof, does contain any of the equipment or substances described in (i) through (v) of Subsection (a) and the cost of removing such equipment or substances or otherwise remediating the condition, as appropriate, exceeds One Million Dollars ($1,000,000), the Company shall promptly notify each Bondholder and the Trustee of the existence thereof and, within ninety (90) days after such discovery, submit to each Bondholder and the Trustee a written environmental plan setting forth a description of such event or situation and the action that the Company proposes to take with respect thereto, including, without limitation, any proposed corrective work, the estimated cost and time of completion, the name of the contractor and a copy of the construction contract, if any, and such additional data, instruments, documents, agreements or other materials or information as the bondholders may reasonably request. Such plan shall be subject to the written approval of holders of greater than fifty percent (50%) in principal amount of all the Bonds hereby

secured at the time Outstanding (excluding Bonds known to the Trustee to be owned or controlled directly or indirectly by the Company or by any corporation which directly or indirectly controls the Company), which approval may be granted or withheld in the Bondholders' reasonable discretion and may be subject to such additional conditions or requirements as such Bondholders may reasonably impose. If the Bondholders shall disapprove of such plan, the Trustee shall, at the written direction of the Bondholders and upon notice to the Company, declare a default hereunder. If any such plan is approved in writing, as set forth in the immediately preceding sentence, the Company shall promptly commence all action necessary to implement such plan and to comply with any requirements and conditions reasonably imposed by the bondholders, and shall diligently and continuously pursue such action to completion in strict accordance with the terms thereof.

(c) The Indenture shall not secure performance of the Company's obligations, covenants and agreements under this Section 5.15 with respect to any liability, expense, loss or damage arising out of the existence or the removal of, or the failure to remove any hazardous or toxic material, chemical, substance or waste on or in any of the mortgaged or pledged property, or any part thereof. The obligations on the part of the Company set forth in this Section 5.15 shall survive the repayment of the Bonds or the exercise by the Bondholders or the Trustee of any of their remedies under the Indenture, including, without limitation, a transfer of the Mortgaged Property, or any part thereof, by foreclosure, by deed in lieu of foreclosure or otherwise.

Section 5.16. Transactions with Affiliates. The Company will not, and will not permit any Subsidiary to, enter into or be a party to any transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate), except in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would obtain in a comparable arm's-length transaction with a Person other than an Affiliate as determined by the Board of Directors of the Company; *provided, however,* that any redemption by the Company of the Company's capital stock held by an Affiliate which is otherwise permitted by Section 5.07 shall not be subject to the foregoing requirement that it be in the ordinary course of and pursuant to the reasonable requirements of the Company's business. The term *"Affiliate"* shall mean any person (other than a Subsidiary) (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, (ii) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Company or (iii) 5% or more of the Voting Stock (or in the case of a person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary. The term *"control"* means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of Voting Stock, by contract or otherwise.

ARTICLE SIX
REMEDIES OF THE TRUSTEE AND BONDHOLDERS ON EVENT OF DEFAULT

Section 6.01. Events of Default Defined; Acceleration of Maturity; Rescission and Annulment. In case one or more of the following events (herein called Events of Default) shall have occurred and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise), that is to say:

(a) default in the payment of any interest upon any Bond when the same shall become due and payable, and continuance of such default for a period of ten (10) days; or

(b) default in the payment of the principal of (and premium, if any, on) any Bond as and when the same shall become due and payable whether at maturity, upon redemption, by declaration, or as otherwise herein provided; or

(c) default on the part of the Company in the performance of any other of the covenants or agreements on the part of the Company in any Bonds or in this Indenture contained and continuance of such default for a period of thirty (30) days after the date the Trustee shall have delivered written notice thereof to the Company; or

(d) the entry of a decree or order by a court having jurisdiction in the premises (1) adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment, or composition of the Company or any of the indebtedness of the Company under any bankruptcy, insolvency or similar law, or (2) appointing, on the ground of insolvency or bankruptcy, a receiver, liquidator, trustee or assignee in bankruptcy or insolvency of the Company or of any substantial part of its property, or for the winding up or liquidation of its affairs, and the continuance of such decree or order unvacated and unstayed for a period of sixty (60) days; or

(e) the Company shall institute proceedings to be adjudicated a voluntary bankrupt or insolvent, or shall consent to the filing of a bankruptcy proceeding or insolvency proceeding against it, or shall file a petition or answer or consent seeking reorganization under any bankruptcy, insolvency or similar law, or shall consent to the filing of any such petition, or shall consent to the appointment on the ground of insolvency or bankruptcy of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of any substantial part of its property, or shall make a general assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due;

then, and in each and every such case, the Trustee may, if it shall have knowledge of an Event of Default, or if directed by the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding hereunder shall, declare the principal of all the Bonds to be due and payable immediately, by notice in writing to the Company and, upon any such declaration, the same shall become and shall be immediately due and payable, anything in this Indenture or in the

Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, but before any foreclosure sale of the Mortgaged Property, or any part thereof, shall have been made under this Article, or any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided,

1. the Company shall pay or shall deposit with the Trustee a sum sufficient to pay:

(a) All matured installments of interest upon all the Bonds; and

(b) The principal of (and premium, if any, on) any and all Bonds that shall have become due otherwise than by acceleration (with interest at the rate or rates expressed in the Bonds to the date of such payment or deposit); and

(c) To the extent that payment of such interest is enforceable under applicable law, and, if provided for in any of the Bonds, interest upon overdue installments of interest at the rate or rates expressed in such Bonds to the date of such payment or deposit; and

(d) The amount payable to the Trustee under Section 7.06; and

2. any and all Events of Default, other than the nonpayment of principal on Bonds that shall have become due solely by such declaration of acceleration, shall have been remedied or waived as provided in Section 6.08,

then, and in that event the holders of sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the Bonds then Outstanding, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereof.

Section 6.02. Covenant to Make Payments upon Event of Default. The Company covenants that if the principal and interest on any Bond shall have become due and payable by reason of the exercise by the Trustee of the right of acceleration as stated in Section 6.01 hereof, then, upon demand of the Trustee, the Company will promptly pay to the Trustee, for the benefit of the holders of the Bonds, the whole amount that then shall become due and payable on all such Bonds for principal (and premium, if any) or interest, or both, as the case may be, with interest upon the overdue principal (and premium, if any) and (to the extent that payment of such interest is enforceable under applicable law and if provided for in the Bonds) upon overdue installments of interest at the rate or rates expressed in the Bonds; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, and the amount payable to the Trustee under Section 7.06.

Section 6.03. Remedies in Case of Event of Default. In case the Company shall fail to comply with the provisions of Section 6.02, the Trustee may and, if directed by the holders of a majority in aggregate principal amount of the Bonds Outstanding, shall

(a) take possession and charge of all the Mortgaged Property, including the books, papers and accounts of the Company, and likewise take possession of any and all Excepted Property then on hand, and having and holding the same, may operate and manage the same, and from time to time to make all needful repairs and such extensions, additions and improvements as to the Trustee shall seem wise; and may receive the rents, revenues, issues, earnings, income and profits thereof, and out of the same may pay all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture that the Trustee may deem it wise to pay, and all expenses of such repairs, extensions, additions and improvements, and to apply the remainder of the moneys so received by the Trustee, as provided in Section 6.05; *provided, however,* that whenever all that is due upon such Bonds and under any of the terms of this Indenture shall have been paid and all Defaults made good, the Trustee shall surrender possession to the Company, its successors or assigns, but the same right of entry, however, shall exist upon any subsequent Event of Default; or

(b) if and to the extent permitted by applicable law, by such officer or agent as it may appoint, with or without entry, sell all the Mortgaged Property as an entirety, or in such parcels as the holders of a majority in principal amount of the Bonds Outstanding hereunder shall in writing request, or in the absence of such request, as the Trustee may determine, at public auction at some convenient place in Los Angeles, California or at such other place or places as may be required by law having first given written notice of such sale to the Company by certified mail to the address specified in Section 16.02 at least 30 days before such sale and having given further notice of such sale by publication, in an Authorized Newspaper, of the time, place and terms of sale, once a week for four successive weeks; the Trustee may from time to time adjourn such sale in its discretion by announcement at the time and place fixed for such sale without further notice; and upon such sale the Trustee may make and deliver to the purchaser or purchasers good and sufficient bills of sale, deeds, or other conveyances for the same (for which purposes the Trustee is hereby irrevocably appointed the true and lawful attorney of the Company, in its name and stead, to make such conveyances), which sale shall be a perpetual bar, both at law and in equity, against the Company and all persons, firms and corporations lawfully claiming or who may claim by, through or under it; or

(c) in its own name and as trustee of an express trust proceed to protect and enforce its rights and the rights of the holders of the Bonds under this Indenture by a suit or suits in equity or at law for:

(1) collection of sums due and unpaid upon the Bonds;

(2) the specific performance of any covenant or agreement contained herein;

(3) the foreclosure of this Indenture; or

(4) the enforcement of any other appropriate legal or equitable remedy (including the appointment of a receiver) as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights and the rights of the holders of Bonds under this Indenture;

and prosecute any such suit, action or proceeding to judgment or final decree, and, thereupon, cause such judgment or final decree to be enforced in the manner provided by law, including, where authorized or permitted, the collection out of any property, wherever situated, of the Company (or other obligor upon the Bonds) of any moneys adjudged or decreed to be payable.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of any waiver, rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Company and the Trustee shall continue as though no such proceedings had been taken.

Upon any sale being made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, the principal of all Bonds then Outstanding, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable.

Any Bondholder or Bondholders or the Trustee may bid for and purchase the property offered for sale, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property, without further accountability, and may, in paying the purchase money therefor, deliver any Bonds then Outstanding or claims for interest thereon in lieu of cash to be applied to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Bonds, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the holders thereof after being appropriately stamped to show partial payment.

Section 6.04. Trustee's Powers. The Trustee shall have all the powers, rights and privileges as may be required and reasonably necessary to perform, accomplish and comply with the duties, obligations and undertakings required or permitted by this Indenture to be made, kept and performed by the Trustee.

Further, in case of any receivership, insolvency, liquidation, bankruptcy, reorganization, readjustment, arrangement, composition, or other similar judicial proceedings affecting the Company, any other obligor on the Bonds, or the creditors or property of either, the Trustee shall have power to intervene in such proceedings and take any action therein that may be permitted

by the court and shall be entitled to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Trustee and of the Bondholders allowed in any judicial proceeding relative to the Company, or any other obligor on the Bonds, or its creditors or its property, for the entire amount due and payable by the Company or such other obligor under the Indenture at the date of institution of such proceedings and for any additional amount that may become due and payable by the Company or such other obligor after such date, and to collect and receive any moneys or other property payable or deliverable on any such claim, and to distribute the same after the deduction of the amount payable to the Trustee under Section 7.06; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it under Section 7.06.

All rights of action and of asserting claims under this Indenture, or under any of the Bonds, may be enforced by the Trustee without the possession of any of the Bonds, or the production thereof on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the pro rata benefit of the holders of the Bonds then Outstanding issued under the terms of this Indenture and supplements thereto.

In case of an Event of Default hereunder, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 6.05. Application of Moneys by Trustee. Any moneys collected by the Trustee pursuant to this Article Six shall be applied in the order following at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal (or premium, if any) or interest:

FIRST: To the payment of costs and expenses of collection, all amounts payable to the Trustee under Section 7.06 and any taxes, assessments or liens prior to the lien of this Indenture, except any thereof subject to which a sale shall have been made;

SECOND: In case the principal of any of the Outstanding Bonds shall not have become due, to the payment of interest thereon, in the order of maturity of the installments of such interest, with interest (if such interest has been collected by the Trustee) upon the overdue installments of interest at the rate per annum expressed in the Bonds, such payments to be made ratably to the persons entitled thereto, without discrimination or preference;

THIRD: In case the principal of any of the Outstanding Bonds shall have become due, by acceleration or otherwise, to the payment of the whole amount then owing and

unpaid upon the Bonds for principal (and premium, if any) and interest, with interest on the overdue principal (and premium, if any) and (if such interest has been collected by the Trustees) upon overdue installments of interest at the rate per annum expressed in the Bonds; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Bonds, then to the payment of such principal (and premium, if any) and interest, without preference or priority of principal (and premium, if any), over interest, or of interest over principal (and premium, if any), or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably to the aggregate of such principal (and premium, if any) and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Section 6.06. Limitation on Suits; Preservation of Rights to Payment and to Sue. (a) No holder of any Bond shall have any right by virtue or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law against the Company, upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder against the Company, unless

(1) such holder previously shall have given to the Trustee written notice of Default and of the continuance of the Event of Default therein specified, as hereinbefore provided;

(2) the holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder;

(3) the parties making such request shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby; and

(4) the Trustee for thirty days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action, suit or proceeding;

it being understood and intended, and being expressly covenanted by the taker and holder of every Bond with every other taker and holder and the Trustee that no one or more holders of Bonds shall have any right in any manner whatever by virtue or by availing of any provision of this Indenture to affect, disturb, or prejudice the rights of the holders of any other Bonds, or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Bonds. For the protection and enforcement of the provisions of this Section 6.06, each and every Bondholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

(b) Notwithstanding any other provisions of this Indenture, however, the right of any holder of any Bond to receive payment of the principal of (including any sinking fund payment due thereon) and premium, if any, and interest on such Bond, on or after the maturity date (or sinking fund payment dates) expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of such holder.

Section 6.07. Remedies Cumulative. All powers and remedies given by this Article Six to the Trustee or to the Bondholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of the Bonds, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or any holder of any Bond to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Default or Event of Default or any acquiescence therein; and, subject to the provision of Section 6.06, every power and remedy given by this Article Seven or by law to the Trustee or to the Bondholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Bondholders.

Section 6.08. Rights of Bondholders to Direct Trustee; Waivers. The holders of a majority in aggregate principal amount of the Bonds at the time Outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee. The holders of a majority in principal amount of the Bonds at the time Outstanding may on behalf of the holders of all of the Bonds waive any Default or Event of Default and its consequences, except a Default in the payment of the principal of (including any sinking fund payment), or premium or interest on, any of the Bonds as and when the same shall become due by the terms of such Bonds, or a call for redemption, which may be waived only by written consent of each holder of any Bond so in Default. In the case of any waiver accomplished pursuant to this Section 6.08, such Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose hereof, and the Company, the Trustee and the holders of the Bonds shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.09. Notice by Trustee of Defaults. The Trustee shall, within thirty days after the occurrence of an Event of Default of which it shall have knowledge, give to the Bondholders, notice of all Defaults known to the Trustee, transmitted by mail to all Bondholders as their names and addresses appear on the Bond Register, unless such Defaults shall have been cured before the giving of such notice; *provided,* that except in the case of Default in the payment of the principal of (or premium, if any), interest on or sinking fund payment relative to any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee composed of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Bondholders.

Section 6.10. Costs of Suit. The Company, the Trustee and each holder of any Bond, by his acceptance thereof, agree that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 6.10 shall not apply (i) to any suit instituted by the Trustee, (ii) to any suit instituted by any Bondholder or group of Bondholders holding in the aggregate more than 20% in principal amount of the Bonds Outstanding, or (iii) to any suit instituted by any Bondholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond, on or after the respective due dates expressed in such Bond.

Section 6.11. Waiver of Appraisement and Other Laws. To the full extent that it may lawfully so agree, the Company will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture or the absolute sale of the Mortgaged Property, or any part thereof, or the possession thereof by any purchaser at any sale under this Article; and the Company, for itself and all who claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Company, for itself and all who claim under it, waives, to the extent that it may lawfully do so, all right to have the Mortgaged Property marshaled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose this Indenture may order the sale of the Mortgaged Property as an entirety.

If any law in this Section referred to and now in force, of which the Company or its successor or successors might take advantage despite this Section 6.11, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 6.11.

Section 6.12. Remedies Subject to Applicable Law. Notwithstanding the foregoing provisions of this Article Six, the powers hereby granted to the Trustee are strictly subject to the limitation that if, by the commencement of an action at law to recover judgment for any amount due and unpaid hereunder or upon the Bonds then Outstanding, or by the exercise of any other remedy prior to or concurrently with proceedings to enforce the lien of this Indenture upon the Mortgaged Property, the lien of this Indenture would, despite the foregoing provisions of this Article, be surrendered, waived or lost, the Trustee shall not have the power to commence such action at law or to exercise such prior or concurrent remedy.

ARTICLE SEVEN
THE TRUSTEE

Section 7.01. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default of which the Trustee shall have knowledge,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise thereof, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) Whether or not an Event of Default shall have occurred, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 7.02. Certain Rights of the Trustee. Subject to and except as otherwise provided in Section 7.01:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, affidavit, letter, bond, debenture, coupon, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) The Trustee is authorized at any time to permit a Bondholder to review any statement or certificate filed by the Company with the Trustee;

(c) Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by a Company Order or Company Request and any resolution of the Board of Directors of the Company shall be sufficiently evidenced to the Trustee by a Board Resolution;

(d) The Trustee may consult with counsel, engineer, accountant or other expert and the advice of such counsel, engineer, accountant or other expert or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders pursuant to the provisions of this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; subject to the provisions of Section 7.01(c)(4), nothing herein contained shall, however, relieve the Trustee of the obligation, upon the continuance of an Event of Default, to exercise such of the rights and powers vested in it by this Indenture, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs;

(f) The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(g) The Trustee shall not be liable, in case of entry by it upon the Mortgaged Property, for debts contracted or liabilities or damages incurred in the management or operation thereof; and

(h) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any engineer, agent or attorney appointed with due care by it hereunder nor shall the Trustee be liable

for any oversight or error of judgment on the part of any such Person for any loss from any act, neglect or default on the part of said Person or anyone employed by such Person, unless the same shall have happened through such Person's own negligence or malfeasance.

Section 7.03. Trustee Not Responsible for Certain Matters. The recitals contained herein and in the Bonds, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any indenture supplemented hereto or of any Bond. The Trustee shall not be accountable for the use of or application by the Company of any Bonds or of the proceeds of any Bonds or for the use or application of any Trust Moneys paid over by the Trustee in accordance with any provision of this Indenture, or for the use or application of any moneys received by any Paying Agent other than the Trustee. The Trustee shall not be deemed to have knowledge of any Default or Event of Default unless and until a Responsible Officer shall have actual knowledge thereof or the Trustee shall have received written notice thereof from the holder of any Bond or the Company; *provided* that the foregoing provisions of this sentence are intended for the protection of the Trustee and not to limit any power or discretion given to the Trustee hereunder to determine whether or not to take action with respect to any Default or Event of Default.

The Trustee shall not be responsible for insuring the Mortgaged Property or collecting any insurance money, or for the execution, filing, recording validity, priority or extension of this or of any supplemental indenture, or for the sufficiency of the security of the Bonds issued under or secured hereby, or for the value or title of any of the Mortgaged Property, or for the reduction of taxes, charges, assessments or liens upon the same, or for the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Company; but the Trustee may require of the Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the Mortgaged Property.

Section 7.04. Trustee's Relationship with Company. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and, if operative, may otherwise deal with the Company with the same rights it would have if it were not the Trustee.

Section 7.05. Trust Moneys. All Trust Moneys, as defined in Section 14.01, shall, until applied as herein provided, be held in trust by the Trustee for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any Trust Moneys except such as it may agree with the Company to pay thereon. Except during the continuance of an Event of Default and as otherwise provided herein, all interest so agreed to be paid on any Trust Moneys shall be paid from time to time upon Company Order.

Section 7.06. Trustee's Compensation. The Company covenants and agrees to pay to the Trustee from time to time reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered by

it hereunder, and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the expenses and disbursements of the Trustee's agents and counsel and of all other Persons not regularly in its employ) except any such expense, disbursement or advances as may arise from the Trustee's negligence or bad faith and will pay interest on all such reasonable expenses, liabilities and advances made by the Trustee at the Prime Rate plus one per cent per annum until paid. The Company also covenants to indemnify the Trustee for, and to hold the Trustee harmless against, any loss, liability, cost or expense incurred on the part of the Trustee and arising out of or in connection with the acceptance or administration of this trust, including the cost and expense of defending itself against any claim of liability in connection with the performance of its duties or exercise of its rights hereunder except any such loss, liability, cost or expense as may arise from the Trustee's negligence or bad faith. The obligations of the Company under this Section 7.06 to compensate the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured under this Indenture by a lien prior to that of the Bonds upon all property and funds held or collected by the Trustee as such and shall survive the satisfaction of this Indenture.

Section 7.07. Reliance on Officers' Certificates by Trustee and Other Persons. Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee. The agents and representatives of the Trustee and any experts or counsel whose opinions are required or permitted to be delivered to the Trustee for any purpose hereunder shall likewise be fully warranted in relying and acting upon the existence of any matters proved or established by any such certificate delivered to any such expert or counsel (unless other evidence in respect thereof be herein specifically described).

Section 7.08. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder that shall be a corporation organized and doing business under the laws of the United States of America or any state thereof and authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least One Hundred Million Dollars ($100,000,000) subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section 7.08, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at anytime the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.09.

Section 7.09. Resignation and Removal of Trustee; Appointment of Successor. (a) The Trustee or any successor hereafter appointed, may at any time resign (i) by giving written notice thereof to the Company and (ii) by either (A) giving written notice thereof to all holders of the Bonds at the time Outstanding or (B) by publishing notice of such resignation, which notice shall

be published at least once in an Authorized Newspaper. Upon receiving the notice of resignation of the Trustee, the Company shall promptly appoint a successor trustee by a Board Resolution, in duplicate, one copy of which shall be delivered to the resigning Trustee and one copy to the successor Trustee. If no instrument of acceptance by a successor Trustee shall have been delivered to the resigning Trustee within thirty days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months may, subject to the provisions of Section 6.10, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper, appoint a successor Trustee.

(b) If at any time any of the following shall occur:

(1) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Bondholder; or

(2) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Company may remove the Trustee and appoint a successor Trustee by Company Order in duplicate, one copy of which shall be delivered to the Trustee so removed and one copy to the successor Trustee, or, subject to the provisions of Section 6.10, any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper remove the Trustee and appoint a successor Trustee.

(c) The holders of a majority in aggregate principal amount of the Outstanding Bonds may at any time remove the Trustee and appoint a successor Trustee.

(d) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Section shall become effective until the acceptance of appointment by the successor Trustee as provided in Section 7.10.

Section 7.10. Acceptance of Appointment by Successor. Every successor Trustee appointed as provided in Section 7.09 shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of the retiring Trustee hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the

successor Trustee, the retiring Trustee shall, upon payment of any amounts then due it pursuant to any of the provisions hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of the retiring Trustee and shall assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its liens, if any, provided for in Section 7.06 hereof. Upon request of any such successor Trustee, the Company shall execute any and all instruments in writing reasonably necessary for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept appointment as provided in this Section 7.10 unless at the time of such acceptance such successor Trustee shall be eligible under the provisions of Section 7.08.

Upon acceptance of appointment by a successor Trustee as provided in this Section 7.10, the Company shall notify all Bondholders in writing of such acceptance.

Section 7.11. Successor to Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, *provided* such corporation shall be eligible under the provisions of Section 7.08 without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 7.12. Separate or Co-Trustee, Powers. At any time or times, for the purposes of conforming to any legal requirements, restrictions or conditions in any state in which any part of the Trust Estate may be located, the Company and the Trustee shall have power to appoint, and, upon the request of the Trustee, the Company shall for such purpose join with the Trustee in the execution, delivery and performance of any instruments and agreements necessary or proper to appoint, another corporation or one or more individuals, approved by the Trustee, to act either as separate trustee or trustees or as co-trustee or co-trustees jointly with the Trustee of all or any part of the Trust Estate.

Such separate trustee or trustees or co-trustee or co-trustees shall have such powers and duties as shall be conferred or imposed by the terms of its or their appointment; but every such separate trustee or co-trustee shall, to the extent permitted by law, be appointed subject to the following provisions and conditions, namely:

(1) Bonds issued hereunder shall be authenticated and delivered, and all powers, duties, obligations and rights conferred upon the Trustee in respect of the custody of all obligations and other securities and of all cash pledged or deposited hereunder shall be exercised, solely by the Trustee or its successor in the trust hereunder, and any moneys at any time coming into the hands of any such separate trustee or trustees or co-trustee or co-trustees shall be at once paid over to the Trustee or its successor in the trust hereunder;

(2) No power shall be exercised hereunder by any such separate trustee or trustees or co-trustee or co-trustees except jointly or with the consent in writing of the Trustee or its successor in the trust hereunder;

(3) The Company and the Trustee or its successor in the trust hereunder, at any time by an instrument in writing executed by them jointly, may remove any separate trustee or co-trustee appointed under this Section 7.12, and may likewise and in like manner appoint a successor to such separate trustee or co-trustee so removed or who shall resign (which resignation shall become effective upon receipt by the Company and the Trustee of a written instrument to such effect from such separate trustee or co-trustee) or become incapable of acting, anything herein contained to the contrary notwithstanding;

(4) In the event the Trustee becomes aware of the inability to act of any such separate trustee or co-trustee, the Trustee, within 10 days after it becomes aware of such inability, shall furnish written notice thereof to the Company; and

(5) Any notice, request or other writing delivered solely to the Trustee or its successor in the trust hereunder shall be deemed to have been delivered to all of the trustees as effectually as if delivered to each of them.

ARTICLE EIGHT
CONCERNING THE BONDHOLDERS

Section 8.01. Evidence of Action. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Bondholders may be embodied in and evidenced by an instrument or any number of instruments of similar tenor executed by such Bondholders in person or by agent or proxy appointed in writing.

Section 8.02. Proof of Execution. (a) Subject to the provisions of Sections 7.01 and 7.02, proof of the execution of any instrument by a Bondholder or his agent or proxy and proof of the holding by any person of any of the Bonds shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by (1) the certificate of any notary public, or other officer of any jurisdiction within the United States of America authorized to take acknowledgments of deeds to be recorded in such jurisdiction, that the person executing such instruments acknowledged to him the execution thereof, or (2) an affidavit of a witness to such execution sworn to before any such notary or other such officer, or (3) the guarantee of the signature of such person by any trust company, commercial bank or member of a national stock exchange. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

The fact and date of the execution of any such instrument and the amount and numbers or other designations of Bonds held by the person so executing such instrument may also be proved in any other manner that the Trustee may deem sufficient, and the

Trustee may require such additional proof of any matter referred to in this Section 8.02 as it shall deem necessary.

(b) The ownership of any Bond shall be proved by the Bond Register.

Section 8.03. Effect of Actions by Holders of Bond. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the holders of Bonds, any holder of a Bond or Bonds who has consented to such action may, by filing written notice with the Trustee, and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Bond or Bonds. Except as aforesaid, any such action taken by the holder of any Bond shall be conclusive and binding upon such holder and upon all future holders and owners of the same Bond, and of any Bond issued upon the transfer thereof or in exchange therefor or in place thereof, in respect of anything done or suffered to be done by the Trustee or the Company in reliance thereon, whether or not any notation in regard thereto is made upon such Bond.

ARTICLE NINE
SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Without Consent of Bondholders. In addition to any supplemental indenture otherwise authorized by this Indenture, the Company, when authorized by a Board Resolution, and the Trustee from time to time and at any time, may, without the consent of the holders of any Bond, enter into an indenture or indentures supplemental hereto, in form satisfactory to the Trustee, for one or more of the following purposes:

(a) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by any such successor corporation of the covenants, agreements and obligations of the Company pursuant to Article Ten hereof;

(b) to add to the covenants of the Company and to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of the Bonds or any series of Bonds, such further covenants, restrictions, conditions or provisions for the protection of the holders of the Bonds or any series of Bonds, or to surrender any right or power herein conferred on the Company;

(c) to cure any ambiguity, to correct or supplement any provision contained herein or in any supplemental indenture that may be inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture as shall not be inconsistent with the provisions of this Indenture and shall not adversely affect the interests of the holders of the Bonds;

(d) to provide for the creation of any series of Bonds pursuant to the provisions of Article Four hereof;

(e) to modify, eliminate or add to the provisions of this Indenture to the extent necessary to permit the appointment of a separate or co-trustee pursuant to Section 7.12;

(f) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture;

(g) to modify, eliminate or add to the provisions of this Indenture to the extent necessary to effect the qualification of this Indenture under the Trust Indenture Act as that Act, or any similar federal statute enacted in lieu thereof, is in effect at the time of the entering into any such supplemental indenture; and

(h) To add to the rights, powers or remedies of the Trustee and/or the Bondholders under the Indenture.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, and to make any further appropriate agreements and stipulations that may be therein contained unless any such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion enter into such supplemental indenture.

Section 9.02. Modification of Indenture. With the consent (evidenced as provided in Section 8.02) of the holders of not less than 66-2/3% in aggregate principal amount of all the Bonds at the time Outstanding that are adversely affected by such supplemental indenture, the Company, when authorized by a Board Resolution, and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the Bonds; except that no such supplemental indenture shall, without the consent of the holder of each Outstanding Bond adversely affected thereby (i) give to any Bond or Bonds hereby secured any preference over any other Bond or Bonds hereby secured, (ii) permit the creation of any lien prior to or equal to the lien of this Indenture upon any Mortgaged Property, (iii) extend the stated maturity of the principal of, or any installment of interest or premium, if any, on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or extend the time or reduce the amount of any sinking fund payments in respect thereof, (iv) reduce either the aforesaid percentage in principal amount of Bonds, the holders of which are required to consent to any such supplemental indenture, or the percentages specified in Section 6.08, (v) affect the rights under this Indenture or any supplemental indenture hereto of the holders of the Bonds of one or more but less than all of series of Bonds Outstanding, unless such modification or alteration shall be consented to by the holder of not less than 66-2/3% in aggregate principal amount of the Bonds of each series so affected, or (vi) modify any of the provisions of this Section 9.02, Section 6.01 or Section 6.08, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the holder of each Bond adversely affected thereby. For purposes of amending, eliminating or otherwise modifying any covenant or other provision of this Indenture or any supplemental indenture which provision by

its terms is for the exclusive benefit of one or more series of Bonds or which by its terms is binding upon the Company only so long as such series of Bonds shall be Outstanding, the holders of any series of Bonds not expressly entitled to the benefit of such provision or covenant shall not be deemed to be adversely affected by such modification.

Upon the request of the Company, accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee is hereby authorized to join with the Company in the execution of such supplemental indenture unless any such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion enter into such supplemental indenture.

It shall not be necessary for the consent of Bondholders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 9.03. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article Nine, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company, and every holder of Bonds theretofore or thereafter authenticated and delivered hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments; and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.04. Trust Indenture Act. Every supplemental indenture executed pursuant to this Article Nine shall conform to the requirements of the Trust Indenture Act, as in effect at the time of execution of such supplemental indenture, if this Indenture shall then be qualified under that Act.

Section 9.05. Notation of Changes on Bond. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article Nine may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Company's Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Company, authenticated and delivered by the Trustee in exchange for the Outstanding Bonds.

Section 9.06. Trustee's Reliance on Opinion of Counsel. In executing any supplemental indenture permitted by this Article Nine, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be entitled to rely upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by, and conforms to, the terms of this Article Nine.

ARTICLE TEN
CONSOLIDATION, MERGER, AND SALE

Section 10.01. Consolidation, Mergers or Sales Where the Company is Not the Surviving Corporation Permitted on Certain Terms. So long as no Default or Event of Default shall have occurred and be continuing, nothing contained in this Indenture or in any of the Bonds shall prevent any consolidation with or merger of the Company into any other corporation or corporations (whether or not affiliated with the Company), or successive consolidations or mergers in which the Company or its successor or successors shall be a party or parties, and in which the Company shall not be the surviving corporation, or shall prevent any sale, conveyance, lease transfer or other disposition of the Mortgaged Property as an entirety or substantially as an entirety, to any other corporation (whether or not affiliated with the Company or its successor or successors) lawfully entitled to acquire and operate the same; *provided, however,* that (i) any such consolidation, merger, sale, conveyance, lease, transfer or other disposition shall be on such terms as shall fully preserve the lien and security of this Indenture and the rights and powers of the Trustee and the Bondholders hereunder, (ii) any such lease shall be made expressly subject to termination by the Company or the Trustee if an Event of Default occurs and the Mortgaged Property subject to such lease is sold under power of sale or judicial proceedings, and (iii) upon any such consolidation, merger, sale, conveyance, transfer or other disposition,

(a) The corporation formed by such consolidation, or into which the Company shall have been merged, or the corporation that acquires the Mortgaged Property, shall execute and deliver to the Trustee, simultaneously with such merger, consolidation or transfer, an indenture supplemental hereto in form recordable and satisfactory to the Trustee, containing:

(1) an assumption by such successor corporation of the due and punctual payment of the principal of (and premium, if any) and interest on all the Bonds and the performance and observance of every covenant and condition of this Indenture to be performed or observed by the Company, and

(2) a grant, conveyance, transfer and mortgage of the character described in Subsection (a) or (b) of Section 10.02;

(b) Immediately after giving effect to such transaction, (i) the predominant business of the corporation formed by such consolidation, or into which the Company shall have been merged, or the corporation that acquires the Mortgaged Property (in each such case, the *"surviving corporation"*), is a business substantially similar to the business of the Company or the senior debt of the surviving corporation shall be rated no lower than Baa3 by Moody's, BBB- by S&P, BBB- by Duff & Phelps Credit Rating Company or BBB- by Fitch IBCA, Inc., (ii) the Consolidated Net Worth of the surviving corporation is an amount equal to at least three hundred percent (300%) of the Consolidated Net Worth of the Company immediately prior to such transaction, (iii) no Default or Event of Default shall have occurred and be continuing, and (iv) the surviving corporation would be able to issue $1 of additional Bonds pursuant to Section 4.01 hereof; and

(c) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, lease or transfer and such supplemental indenture comply with the preceding provisions of this Section 10.01 and that all conditions precedent provided for in such preceding provisions relating to such transaction have been complied with, and, subject to the provisions of Section 7.01 hereof, the Trustee shall be entitled to rely upon such Officers' Certificate and Opinion of Counsel in executing any such supplemental indenture; *provided* that the Opinion of Counsel may rely upon the Officers' Certificate as to whether the conditions precedent set forth in Subsection (b) of this Section 10.01 have been complied with.

Section 10.02. Successor Company Substituted. Upon any consolidation or merger, or any conveyance or transfer of the Mortgaged Property as an entirety or substantially as an entirety in accordance with Section 10.01, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made, upon causing to be recorded the supplemental indenture referred to in Section 10.01, shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein; subject, however, to the following limitations and restrictions:

(a) If such supplemental indenture shall contain a grant, conveyance, transfer and mortgage in terms sufficient to include and subject to the lien of this Indenture all property and franchises owned by such successor corporation at the time of such consolidation, merger, conveyance, or transfer or that may be thereafter acquired by such successor corporation (other than Excepted Property), thereupon and thereafter such successor corporation may cause to be executed, either in its own name or in the name of Park Water Company, and delivered to the Trustee for authentication, any Bonds issuable hereunder; and upon the order of such successor corporation, and subject to all the terms of this Indenture, the Trustee shall authenticate and deliver any Bonds that shall have been previously executed and delivered by the Company to the Trustee for authentication, and any Bonds that such successor corporation shall thereafter, in accordance with this Indenture, cause to be executed and delivered to the Trustee for such purpose. Such changes in phraseology and form (but not in substance) may be made in such Bonds as may be appropriate in view of such consolidation or merger or conveyance or transfer.

(b) If such supplemental indenture shall not contain the grant, conveyance, transfer and mortgage described in the preceding Subsection (a), then such successor corporation shall not be entitled to procure the authentication and delivery of Bonds under Article Four, and (notwithstanding the generality of the Granting Clauses herein) this Indenture shall not, by virtue of such consolidation, merger, conveyance or transfer, or by virtue of said supplemental indenture, become a lien upon any of the properties or franchises of such successor corporation owned by it, immediately before such consolidation, merger, conveyance or transfer (unless such successor corporation, in its discretion, shall subject the same to the lien hereof), but this Indenture shall become and

be a lien upon only the following properties and franchises acquired by such successor corporation after the date of such consolidation, merger, conveyance or transfer, to wit:

(1) all betterments, extensions, improvements, additions, repairs, renewals, replacements, substitutions and alterations to, upon, for and of the property or franchises, or both, subject to the lien hereof, and all property constituting appurtenances of the Mortgaged Property;

(2) all property acquired or constructed with the proceeds of any insurance on any part of the Mortgaged Property or with the proceeds of any part of the Mortgaged Property released from the lien of this Indenture or a prior lien or disposed of free from any such lien, or taken by eminent domain, or purchased by a public authority; and

(3) all property acquired in pursuance of the covenants herein contained to maintain and preserve and keep the Mortgaged Property in good condition, repair and working order, or in pursuance of any other covenant or agreement herein contained to be performed by the Company;

and in such event such supplemental indenture shall contain a grant, conveyance, transfer and mortgage subjecting the property described in the preceding Paragraphs (1) through (3), inclusive, of this Subsection to the lien of this Indenture.

Section 10.03. Consolidations or Mergers Where the Company is the Surviving Corporation. Nothing contained in this Indenture shall prevent any consolidation or merger of another corporation with the Company where the Company is the surviving corporation; *provided* that after giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

Section 10.04. Change of Ownership. If at any time any shareholder of the Company (or anyone acting on behalf of said shareholder) proposes selling, transferring or otherwise disposing of shares of the Company's capital stock, or shares of the Company's capital stock are to be transferred by operation of law, which, after giving effect to such sale, transfer or other disposition, would result in Mr. H. H. Wheeler, Jr., the members of his Immediate Family (as hereinafter defined) and any trusts created solely for the benefit of any members of his Immediate Family, taken as a whole, owning less than twenty-five percent (25%) of the Company's capital stock, then, at least forty-five (45) days prior to effecting such sale, transfer or other disposition of capital stock, the Company shall provide written notice of the sale, transfer or other disposition to each holder of Bonds of any series. Each such holder shall have forty-five (45) days within which to notify the Company, in writing, of its desire to have the Company repurchase all Bonds held by such holder at the principal amount thereof plus accrued interest; *provided, however*, that the holders of the Bonds shall have no right to have the Company repurchase the Bonds if:

(i) the predominant business of the transferee of such capital stock is a business substantially similar to the business of the Company or senior debt of the

transferee is rated no lower than Baa3 by Moody's, BBB- by S&P, BBB- by Duff & Phelps Credit Rating Company or BBB- by Fitch IBCA, Inc.;

(ii) immediately after such sale, transfer or disposition and giving effect thereto, the transferee of such capital stock of the Company is a corporation, the Consolidated Net Worth of which is an amount equal to at least three hundred percent (300%) of the Consolidated Net Worth of the Company prior to such sale, transfer or other disposition;

(iii) if the Company is not the surviving corporation, the Bonds are expressly assumed and shall be a direct obligation of the surviving corporation, not subordinate to any other debt of the surviving corporation; and

(iv) after giving effect thereto, no Default or Event of Default would exist.

For purposes of this Section 10.04, a person's *"Immediate Family"* shall mean his spouse, children and grandchildren.

ARTICLE ELEVEN
POSSESSION, USE AND RELEASE OF MORTGAGED PROPERTY

Section 11.01. Possession and Use of Mortgaged Property. Unless an Event of Default shall have occurred and be continuing, the Company shall be permitted to possess, use and enjoy all the Mortgaged Property, to receive and use the rents, issues, income and profits thereof and in the ordinary course of business to use and consume its materials and supplies all as if this Indenture had not been made.

Section 11.02. Disposition of Mortgaged Property without Release. At any time and from time to time while in possession of the Mortgaged Property and not in Default hereunder, the Company may without any release or consent by the Trustee:

(a) Sell or otherwise dispose of free from the lien of this Indenture any machinery, equipment, or other property that has become worn out, obsolete, unserviceable, undesirable or unnecessary for use in the conduct of its business (any such machinery, equipment or other property being herein *"Undesirable Property"*) upon replacing the same with or substituting for the same new machinery, equipment or other property not necessarily of the same character but being of at least equal value and utility to the property so disposed of (*"Replacement Property"*), which Replacement Property shall without further action become subject to the lien of this Indenture; *provided,* that the Company shall not be required to acquire Replacement Property for any such Undesirable Property if an Officers' Certificate shall be delivered to the Trustee certifying that in the opinion of the Officers signing such Certificate either (i) replacing such Undesirable Property is not necessary or desirable in the conduct of the Company's business or (ii) such Undesirable Property cannot reasonably be replaced;

(b) Cancel, make changes in or substitutions for or dispose of any and all rights of way (including easements and licenses), leases or contracts held by the Company; *provided,* that no right of way for water transmission lines shall be surrendered or disposed of without a release thereof by the Trustee, unless before or concurrently with such surrender or disposition the Company shall own or acquire other rights of way for the same portion of said line or for a relocated or substituted line serving substantially the same purpose or unless the properties served thereby have been abandoned or released as hereinafter provided;

(c) Surrender or assent to the modification of any franchise, license, or permit which it may hold or under which it may be operating, *provided* that the Company shall still have the right, in the Opinion of Counsel, under the modified or some other franchise, license or permit, or without any franchise, license or permit, to conduct its business in the same or an extended territory during the same or any extended or indefinite period of time; and for the purposes of this subdivision, the right of any municipality to terminate a permit, license or franchise by purchase shall not be deemed to abridge its duration;

(d) Surrender, assent to or procure a modification of any franchise, license or permit under which it is operating that in the opinion of the Board of Directors is no longer necessary or desirable in the conduct of the Company's business and where the value and utility of the Mortgaged Property will not thereby be substantially impaired; or

(e) Abandon, or permit the abandonment of, the operation of any Mortgaged Property and the surrender by the Company of any franchises under which such property is operated, whenever the operation of such property and such franchises is not, under the circumstances, necessary or important for the operation of the other systems and plants of the Company, or whenever such abandonment or surrender is deemed for any reason to be advisable; *provided, however,* (1) that, if the Company receives for or in connection with any such abandonment or surrender any money or other thing of value, the same shall forthwith be deposited with the Trustee, subject to disposition as hereinafter set forth, *provided* the Company shall not be required to deposit with the Trustee the first $20,000 of any such money received by the Company in any calendar year in connection with any such abandonment or surrender; or (2) that if either the fair value of such property or the amount at which such property was originally charged to the fixed capital accounts of the Company is one percent (1%) or more of the aggregate principal amount of Bonds Outstanding immediately prior to such abandonment or surrender, there shall be furnished to the Trustee an engineer's certificate to the effect that neither such operation nor such franchises are in the circumstances necessary or important for the operation of the other systems and plants of the Company or that such abandonment or surrender is advisable for some other specified reason, and in either case that such abandonment or surrender will not be prejudicial to the interests of the holders of the Bonds and that in the opinion of such engineer the proposed abandonment, surrender and/or release will not impair the security under this Indenture in contravention of the provisions hereof and stating the fair value of such property, and *provided further* that such certificate shall be of an Independent Engineer if the fair value of such property or franchises and of all other

properties, franchises or securities released from the lien of this Indenture since the commencement of the then current calendar year as set forth in the certificates required by this Indenture, is ten percent (10%) or more of the aggregate principal of the Bonds at the time Outstanding, but such Independent Engineer's certificate shall not be required in the case of an abandonment, surrender and/or release under this Paragraph (e) if the fair value of such property or franchises to be released as set forth in the certificate required by this Paragraph (e) is less than one percent (1%) of the aggregate principal amount of Bonds at the time outstanding.

The Trustee shall, from time to time, execute any written instrument to confirm the propriety of any action taken by the Company under this Section 11.02, upon receipt by the Trustee of a Board Resolution, together with an Officers' Certificate stating that such action was duly taken in conformity with a designated Paragraph of this Section 11.02 and that the execution of such written instrument is appropriate to confirm the propriety of such action under this Section 11.02.

Section 11.03. Release of Mortgaged Property. The Company shall have the right, at any time and from time to time, to sell, exchange or otherwise dispose of any of the Mortgaged Property constituting less than all or substantially all of the Mortgaged Property (in addition to the property referred to in Section 11.02) subject to the lien of this Indenture, upon compliance with the requirements and conditions of this Section 11.03, and the Trustee shall release the same from the lien of this Indenture upon receipt by the Trustee of a Company Order, dated as of a date not more than thirty days prior to such release requesting such release and describing the property to be so released, together with:

(a) A Board Resolution requesting such release and authorizing an application to the Trustee therefor;

(b) An Officers' Certificate, dated as of a date not more than thirty days prior to such release and, if such property consists of securities, signed also by an Appraiser selected by the Board of Directors and satisfactory to the Trustee, stating in substance as follows:

(1) that, in the opinion of the officers executing the Officers' Certificate, such release is in the best interest of the Company, and the property to be released, including any franchise, license or permit to be released, is not necessary for, and will not impair, the efficient operation of its remaining property that is used or useful in connection with its business;

(2) either (i) that the Company has sold or exchanged or otherwise disposed of, or has or intends to contract to sell or exchange or otherwise dispose of, the property so to be released for a consideration representing, in the opinion of the signers, its fair value to the Company, which consideration may consist of any one or more of the following: (a) cash, (b) obligations secured by a purchase money first lien upon the property so to be released but only in an amount not in excess of two-thirds of the fair value to the Company of such property, and

(c) any other property that, upon acquisition thereof by the Company, would be subject to the lien of this Indenture, free of any easements or other encumbrances except such as do not materially impair the use of such property for the purposes for which it was acquired, and subject to no lien other than Permitted Encumbrances, all of such consideration to be briefly described in the certificate, or (ii) that the property so to be released has been or is to be disposed of without consideration or for consideration less than fair value to the Company, in which event such certificate shall state an amount, if any, representing, in the opinion of the signers, its fair value to the Company, and, if it is being released or disposed of for less than its fair value to the Company, the reason for its disposition at less than fair value;

(3) that, to the best of the knowledge and belief of the signers of the Officers' Certificate, no Default or Event of Default has occurred and is continuing;

(4) the then fair value to the Company, in the opinion of the signers of the Officers' Certificate, of the property to be released; and

(5) that the signers of the Officers' Certificate confirm that all conditions precedent herein provided in this Section 11.03 relating to the release of the property in question have been complied with;

(c) In case (i) the fair value of the property to be released and of all other property released from the lien of this Indenture since the commencement of the then current calendar year, as shown by certificates required by Subsection (b) of this Section, is 10% or more of the aggregate principal amount of the Bonds Outstanding on the date of the Company Order, and (ii) the fair value of the property to be so released, as shown by the certificate filed pursuant to Subsection (b) of this Section, is at least equal to the greater of $300,000 or 1% of the aggregate principal amount of the Bonds Outstanding, a certificate of an Independent Engineer, or if such property consists of securities, a certificate of an Independent Appraiser, stating:

(1) the then fair value, in the opinion of the signer, of the property to be released; and

(2) that such release, in the opinion of the signer, will not impair the efficient operation of the remaining property of the Company that is used or useful in connection with its business;

(d) Any cash or obligations received or to be received as consideration for any property so to be released or, if the property so to be released has been or is to be disposed of without consideration or for consideration less than fair value to the Company, cash sufficient to meet any deficiency between the consideration delivered to the Trustee and the amount representing the fair value of the property to the Company (or, if the property so to be released is subject to a lien prior to the lien of this Indenture, a

certificate of the trustee or other holder of such prior lien that it has received such money or obligations and has been irrevocably authorized by the Company to pay over to the Trustee any balance of such money or obligation, remaining after the discharge of such prior lien); and, if any property other than cash or obligations is included in the consideration for any property so to be released, such instruments of conveyance, assignment and transfer, if any, as may be necessary, in the Opinion of Counsel hereinafter referred to, to subject to the lien of this Indenture all the right, title and interest of the Company in and to such property;

(e) An Opinion of Counsel for the Person delivering the obligation and/or property to the effect (i) that any obligations included in the consideration for any property so to be released are valid obligations and are effectively pledged hereunder, (ii) that any purchase money lien securing such obligation is sufficient to afford a valid lien upon the property to be released not subject to any prior liens, (iii) either (x) that such instruments of conveyance, assignment and transfer as have been or are then delivered to the Trustee are sufficient to subject to the lien of this Indenture all the right, title and interest of the Company in and to any property, other than cash and obligations, that may be included in the consideration for the property so to be released, subject to no lien other than Permitted Encumbrances or (y) that no instruments of conveyance, assignment or transfer are necessary for such purpose, (iv) that the Company has corporate power to own all property included in the consideration for such release, and (v) in case any part of the money or obligations referred to in Paragraph (d) of this Section 11.03 has been deposited with the trustee or other holder of a prior lien, that to the best of the knowledge of such Counsel, such trustee or other holder (specifying the trustee or other holder and the lien) is entitled to receive the same; and

(f) Either (i) a certificate constituting evidence of the authorization, approval or consent of any governmental body or bodies at the time having jurisdiction in the premises to the sale, exchange or other disposition of the property so to be released, the consideration to be received therefor (if any) and the acquisition of any property constituting any part of such consideration, together with an Opinion of Counsel that, to the best of the knowledge of such Counsel, the same constitutes sufficient evidence thereof and that the authorization, approval or consent of no other governmental body is required, or (ii) an Opinion of Counsel that no authorization, approval or consent of any governmental body is required.

Notwithstanding the foregoing provisions of this Section 11.03, the Company shall have the right, at any time and from time to time, so long as this Indenture is not qualified under the Trust Indenture Act, to sell, exchange or otherwise dispose (collectively a *"Disposition"*) of any of its Mortgaged Property (in addition to the property referred to in Section 11.02) at any time subject to the lien hereof, if, after giving effect thereto, during the period of four consecutive fiscal quarters of the Company then next ending, the aggregate fair market value of all such Dispositions during such period shall not exceed two and one-half percent (2-1/2%) of Consolidated Total Assets determined as of the end of the most recently ended fiscal quarter, and the Trustee shall release the same from the lien hereof upon receipt by the Trustee of:

(aa) A Board Resolution requesting such release and authorizing an application to the Trustee therefor;

(bb) The proceeds received from the sale of such property as provided in Paragraph (d) of this Section 11.03; and

(cc) An Officers' Certificate meeting the requirements of Subsection (b) of this Section and demonstrating in reasonable detail compliance with the lead-off provisions of this paragraph; *provided* such certificate need not be signed by an Engineer.

The proceeds of all Mortgaged Property sold, exchanged or otherwise disposed of pursuant to Section 11.02(e) or this Section 11.03 (*"Sale Proceeds"*) shall at the direction of the Company be used by the Trustee to pay for, or to reimburse the Company for its purchase thereafter of property which as a result of such purchase shall become subject to the lien of the Indenture as Mortgaged Property and any Sale Proceeds not used for such purpose within a two year period following the Trustee's receipt thereof, shall be disposed of pursuant to Article Fourteen; *provided,* that in the event the stock of a Subsidiary which constitutes Mortgaged Property is sold pursuant to this Section 11.03, the Sale Proceeds therefrom (*"Subsidiary Stock Sale Proceeds"*) shall at the direction of the Company either be used (i) for the purpose set forth above in this sentence or (ii) to pay for, or reimburse the Company for an Investment in one or more existing Subsidiaries or in any entities which become Subsidiaries as a result of such Investment (through capital contributions, the acquisition of capital stock or otherwise) in the Water and/or Waste Water Businesses within any of the fifty United States or the District of Columbia provided that in the case of an Investment under clause (ii), all of the capital stock of any such Subsidiary shall be pledged to the Trustee at the time of any such Investment and subject to the lien of the Indenture and any Subsidiary Stock Sale Proceeds not used for such purposes within a three year period following the Trustee's receipt thereof, shall be disposed of pursuant to Article Fourteen. Prior to the end of the applicable two year period or three year period referred to in the preceding sentence, Sale Proceeds held by the Trustee may be invested in Investments described in clauses (i) through (vi) of Section 11.11 as directed by the Company.

Section 11.04. Eminent Domain and Other Governmental Takings of Mortgaged Property. Should less than substantially all the Mortgaged Property be subject to a Condemnation, the Company, forthwith upon receipt, shall deposit the award or sale proceeds for any property so taken with the Trustee, or, to the extent required in the Opinion of Counsel by the terms of a prior lien or Permitted Encumbrance on all or any part of any property so taken, with the trustee, mortgagee or other holder of such prior lien or Permitted Encumbrance. In the event of any Condemnation, the Trustee shall release the property so taken, but only upon receipt by the Trustee of the following:

(a) A Board Resolution requesting such release and describing the property so to be released;

(b) An Officers' Certificate dated as of a date not more than thirty days prior to such release stating that such property has been taken by eminent domain and the amount of the award therefor, or that said property has been sold under a threat of a

taking by eminent domain or pursuant to the exercise of a right vested in the United States of America, or a state, municipality or other governmental authority to purchase, or to designate a purchaser, or order a sale of such property and the amount of the proceeds of such sale, and that all conditions precedent herein provided for relating to such release have been complied with;

(c) The award for such property or the proceeds of such sale; *provided, however,* that, in lieu of all or any part of such award or proceeds, the Company shall have the right to deliver to the Trustee a certificate of the trustee, mortgagee or other holder of a prior lien or a Permitted Encumbrance on all or any part of the property to be released, stating that said award or proceeds, or a specified part thereof, has been deposited with such trustee, mortgagee or other holder pursuant to the requirements of such prior lien or Permitted Encumbrance, in which case the balance of the award, if any, shall be delivered to the Trustee; and

(d) An Opinion of Counsel stating

(1) that such property has been taken by eminent domain, or has been sold under threat of a taking by eminent domain or pursuant to the exercise of a right vested in the United States of America or a state, municipality or other governmental authority to purchase, or to designate a purchaser or order a sale of, such property;

(2) in the case of any such taking by eminent domain, that the order providing for the award for the property so taken has become final and unappealable or that the Company has elected not to appeal;

(3) in the case of any such sale, (i) that the agreement for such sale is valid and binding on the parties thereto and any regulatory approvals for the sale have been obtained, *provided* that if the sale is pursuant to an order, that the order has become final and appealable or the Company has elected not to appeal and (ii) that the agreement for such sale does not violate any applicable statute or regulation or the order or orders directing such sale;

(4) in case, pursuant to Subsection (c) of this Section, the award for such property or the proceeds of such sale, or a specified portion thereof, shall be certified to have been deposited with the trustee, mortgagee or other holder of a prior lien or a Permitted Encumbrance, that the property to be released, or a specified portion thereof, is or immediately before such taking or purchase was subject to such prior lien or Permitted Encumbrance, and that such deposit is required by such prior lien or Permitted Encumbrance; and

(5) that the applicable order, agreement and/or approval referred to in clause (2) or (3) above (collectively, the *"Documents"*) has been reviewed and conform to the requirements of this Indenture, that all the conditions precedent for the release of such property in the Documents have been satisfied and that, upon

the basis of such application, the Trustee is permitted by the terms of this Indenture to execute and deliver the release requested, and that all conditions precedent herein provided for relating to such release have been complied with.

In any proceedings for the taking or purchase or sale of any part of the Mortgaged Property, by eminent domain or by virtue of any such right to purchase or designate a purchaser or to order a sale, the Trustee may be represented by counsel who may be counsel for the Company.

The Condemnation Proceeds from the Condemnation of any Mortgaged Property pursuant to the foregoing provisions of this Section 11.04 shall at the direction of the Company either be used by the Trustee (i) to pay for, or to reimburse the Company for its purchase of property which as a result of such purchase shall become subject to the lien of the Indenture as Mortgaged Property, (ii) to pay for, or reimburse the Company for an Investment in one or more existing Subsidiaries or in any entities which become Subsidiaries as a result of such Investment (through capital contributions, the acquisition of capital stock or otherwise) in the Water and/or Waste Water Businesses within any of the fifty United States or the District of Columbia, *provided* that in the case of an Investment under clause (ii), all of the capital stock of any such Subsidiary shall be pledged to the Trustee at the time of any such Investment and subject to the lien of the Indenture, or (iii) for the redemption of Bonds pursuant to Section 14.02. Any Condemnation Proceeds not used for the purposes described in clauses (i) or (ii) of the preceding sentence within the Reinvestment Period for such Condemnation Proceeds or any extension or extensions thereof as hereinafter provided shall be used for the redemption of Bonds pursuant to Section 14.02. At any time prior to the end of the Reinvestment Period for any Condemnation Proceeds to be used for purposes described in clauses (i) or (ii) of the first sentence of this paragraph, the Company may extend the Reinvestment Period for such Condemnation Proceeds without regard to whether the Reinvestment Period for such Condemnation Proceeds was previously extended pursuant to this Section 11.04, by delivery of an Officers' Certificate to the Trustee (A) stating that the Company intends to reinvest such Condemnation Proceeds for purposes described in clauses (i) or (ii) of the first sentence of this paragraph, (B) certifying that a written instrument from the Company has been delivered to the IRS in which the Company has requested an extension of the period in which such Condemnation Proceeds may be reinvested to avoid recognition of gain, if any, under Section 1033(a) of the Internal Revenue Code, from the sale or conversion of the Mortgaged Property from which such Condemnation Proceeds were received (the last date in the period of extension so requested by the Company being the *"Extension Date"*) and (C) requesting that the Reinvestment Period for such Condemnation Proceeds be extended to the Extension Date; and upon receipt by the Trustee of such Officers' Certificate, the Reinvestment Period for such Condemnation Proceeds shall be extended, subject to the provisions of Section 11.06, to the first to occur of (i) such Extension Date or (ii) the date which is the sixth anniversary of the date of receipt by the Trustee of such Condemnation Proceeds; *provided*, that (A) upon receipt by the Company of a response from the IRS approving any requested extension, the Company shall deliver an Officers' Certificate to the Trustee notifying the Trustee of such approval and if the extension period approved by the IRS is different from the extension period requested, the Extension Date shall be changed to the last date in the extension period approved by the IRS, (B) upon receipt by the Company of a response from the IRS disapproving any such requested extension or any shorter or longer extension than

the period requested, the Company shall within 5 days of its receipt of such response deliver an Officers' Certificate to the Trustee notifying the Trustee of such disapproval and, subject to the following proviso, the Reinvestment Period shall end on the date the Company delivers the Officers' Certificate to the Trustee and (C) if the Trustee shall not receive an Officers' Certificate described in clause (A) or (B) of this proviso within the 270 day period following the date of the Company's extension request (such period being herein the *"Company Request Waiting Period"* which shall include any extensions thereof permitted hereunder), the Company's request shall be deemed to have been disapproved by the IRS and the Reinvestment Period shall end on the last day of the Company Request Waiting Period; *provided, further,* that

(x) if prior to the end of a Company Request Waiting Period, the Company shall deliver an Officers' Certificate to the Trustee stating that the application to the IRS for the requested extension is still pending and requesting a further extension of the Company Request Waiting Period (the *"Extension Certificate"*), the Company Request Waiting Period shall be extended to the first to occur of (i) the date of receipt by the Trustee of an Officers' Certificate delivered pursuant to clause (A) or (B) of the above proviso upon the occurrence of the applicable event described therein in which case the Reinvestment Period shall be extended or terminated as provided in the applicable clause (A) or (B) or (ii) the expiration of an additional period of 90 days beginning with the day next following the receipt by the Trustee of the Extension Certificate; and

(y) if prior to the end of the Reinvestment Period the Company shall receive a decision from the IRS disapproving any such requested extension and shall deliver an Officers' Certificate to the Trustee stating that the Company has appealed or within 10 days shall appeal the IRS decision and requesting an additional period of time for the resolution of such an appeal, the Reinvestment Period shall be extended a period of 90 days beginning with the day next following the date of the delivery of such Officers' Certificate (such period being herein the *"Company Appeal Waiting Period"* which shall include extensions thereof permitted hereunder) and if prior to the end of any Company Appeal Waiting Period the Company shall deliver an Officers' Certificate to the Trustee stating the appeal is still pending and requesting a further extension of the Company Appeal Waiting Period, the Company Appeal Waiting Period shall be extended an additional period of 90 days beginning with the day next following the receipt by the Trustee of such Certificate, provided that upon the occurrence of an Appeal Determination of the matter so appealed, the Company shall promptly deliver an Officers' Certificate to the Trustee notifying the Trustee of such Appeal Determination and if the appeal is denied the Subsidiary Appeal Waiting Period and the Reinvestment Period shall end on date of such Appeal Determination or if the extension is granted upon appeal the Reinvestment Period shall be extended to the applicable date approved pursuant to such Appeal Determination; and

(z) notwithstanding the foregoing provisions of clause (x) and (y) above, the Reinvestment Period for any such Condemnation Proceeds shall remain subject to the provisions of Section 11.06 and shall not extend beyond the sixth anniversary of the date of receipt of the Trustee of such Condemnation Proceeds.

During the Reinvestment Period, Condemnation Proceeds may be distributed from time to time at the direction of the Company for the purposes described in clauses (i), (ii) or (iii) of the first sentence of this paragraph and Condemnation Proceeds held by the Trustee from time to time may be invested as provided in Section 11.11.

Section 11.05. Condemnation of Subsidiary Assets. The Company will cause each Subsidiary which receives Condemnation Proceeds from the Condemnation of any of its assets to forthwith deposit the same into a segregated investment account in such Subsidiary's name with an institution which is not a creditor of the Company or such Subsidiary (the *"Proceeds Account"*). The Subsidiary may withdraw funds from the Proceeds Account and use the same (i) to pay for, or to reimburse such Subsidiary for any purchase thereafter of Additional Subsidiary Property (as hereinafter defined), (ii) to make a distribution in the form of a dividend or otherwise to the Company in order to either (A) pay for, or to reimburse the Company for any purchase of additional Mortgaged Property or (B) be added to the Indenture as Trust Moneys for the redemption of Bonds pursuant to Section 14.02 or (iii) to pay for, or reimburse any Subsidiary for an Investment made by any one or more existing Subsidiaries or by any entities which become Subsidiaries as a result of such Investment (through capital contribution, the acquisition of capital stock or otherwise) in the Water and/or Waste Water Businesses within any of the fifty United States or the District of Columbia, *provided*, that all of the capital stock of any such Subsidiary which made such Investment shall be pledged to the Trustee at the time of such Investment and subject to the lien of the Indenture. The Company shall cause any Condemnation Proceeds not used for the purposes described in clauses (i) or (iii) of the preceding sentence within the Reinvestment Period for such Condemnation Proceeds or any extension or extensions thereof as hereinafter provided to be distributed to the Company to be added to the Indenture as Trust Moneys for the redemption of Bonds pursuant to Section 14.02. At any time prior to the end of the Reinvestment Period for any Condemnation Proceeds to be used for purposes described in clauses (i) or (iii) of the second sentence of this paragraph, the Company may extend the Reinvestment Period for such Condemnation Proceeds without regard to whether the Reinvestment Period for such Condemnation Proceeds was previously extended pursuant to this Section 11.05, by delivery of an Officers' Certificate to the Trustee (A) stating that the Company intends that the Subsidiary reinvest such Condemnation Proceeds for purposes described in clause (i) or (iii) in the second sentence of this paragraph, (B) certifying that a written instrument from the Company has been delivered to the IRS in which the Company has requested an extension of the period in which such Condemnation Proceeds may be reinvested to avoid recognition of gain, if any, under Section 1033(a) of the Internal Revenue Code, from the sale or conversion of the Subsidiary assets from which such Condemnation Proceeds were received (the last date in the period of extension so requested by the Company being the *"Extension Date"*) and (C) requesting that the Reinvestment Period for such Condemnation Proceeds be extended to the Extension Date; and upon receipt by the Trustee of such Officers' Certificate, the Reinvestment Period for such Condemnation Proceeds shall be extended, subject to the provisions of Section 11.06, to the first to occur of (i) such Extension Date or (ii) the date which is the sixth anniversary of the date of receipt by the Subsidiary of such Condemnation Proceeds; *provided*, that (A) upon receipt by the Company of a response from the IRS approving any requested extension, the Company shall deliver an Officers' Certificate to the Trustee notifying the Trustee of such approval and if the extension period approved by the IRS is different from the extension period requested, the Extension Date shall be changed to the last date in the

extension period approved by the IRS, (B) upon receipt by the Company of a response from the IRS disapproving any such requested extension or any shorter or longer extension than the period requested, the Company shall within 5 days of its receipt of such response deliver an Officers' Certificate to the Trustee notifying the Trustee of such disapproval and subject to the following proviso, the Reinvestment Period shall end on the date the Company delivers the Officers' Certificate to the Trustee and (C) if the Trustee shall not receive an Officers' Certificate described in clause (A) or (B) of this proviso within the 270 day period following the date of the Company's extension request (such period being the *"Subsidiary Request Waiting Period"* which shall include any extensions thereof permitted hereunder), the Company's request shall be deemed to have been disapproved by the IRS and the Reinvestment Period shall end on the last day of the Subsidiary Request Waiting period; *provided, further,* that

(x) if prior to the end of a Subsidiary Request Waiting Period, the Company shall deliver an Officers' Certificate to the Trustee stating that the application to the IRS for the requested extension is still pending and requesting a further extension of the Subsidiary Request Waiting Period (the *"Extension Certificate"*), the Subsidiary Request Waiting Period shall be extended to the first to occur of (i) the date of receipt by the Trustee of an Officers' Certificate delivered pursuant to clause (A) or (B) of the above proviso upon the occurrence of the applicable event described therein in which case the Reinvestment Period shall be extended or terminated as provided in the applicable clause (A) or (B) or (ii) the expiration of an additional period of 90 days beginning with the day next following the receipt by the Trustee of the Extension Certificate; and

(y) if prior to the end of the Reinvestment Period the Company shall receive a decision from the IRS disapproving any such requested extension and shall deliver an Officers' Certificate to the Trustee stating that the Company has appealed or within 10 days shall appeal the IRS decision and requesting an additional period of time for the resolution of such an appeal, the Reinvestment Period shall be extended a period of 90 days beginning with the day next following the date of the delivery of such Officers' Certificate (such period being herein the *"Subsidiary Appeal Waiting Period"* which shall include extensions thereof permitted hereunder) and if prior to the end of any Subsidiary Appeal Waiting Period, the Subsidiary shall deliver an Officers' Certificate to the Trustee stating the appeal is still pending and requesting a further extension of the Subsidiary Appeal Waiting Period, the Subsidiary Appeal Waiting Period shall be extended to an additional period of 90 days beginning with the day next following the receipt by the Trustee of such Certificate, provided that upon the occurrence of an Appeal Determination of the matter so appealed, the Company shall promptly deliver an Officers' Certificate to the Trustee notifying the Trustee of such Appeal Determination and if the appeal is denied the Subsidiary Appeal Waiting Period and the Reinvestment Period shall end on date of such Appeal Determination or if the extension is granted upon appeal the Reinvestment Period shall be extended to the applicable date approved pursuant to such Appeal Determination; and

(z) notwithstanding the foregoing provisions of clause (x) and (y) above, the Reinvestment Period for any such Condemnation Proceeds shall remain subject to the

provisions of Section 11.06 and shall not extend beyond the sixth anniversary of the date of receipt by the Subsidiary of such Condemnation Proceeds.

During the Reinvestment Period, the Condemnation Proceeds may be distributed from time to time as the Subsidiary shall elect for purposes described in clauses (i), (ii) or (iii) of the second sentence of this paragraph and any Condemnation Proceeds not so distributed shall be held by the Subsidiary in one or more segregated accounts and from time to time may be invested by the Subsidiary in the Investments permitted in Section 11.11.

For purposes of this Section 11.05 only, the term "Additional Subsidiary Property" shall include, without limitation, land, plant, property, appurtenances, transmission or distribution lines, appliances, vehicles and equipment necessary or desirable in the operation of, or intended for future use in the operation of, the Water and/or Waste Water Businesses and purchased, acquired or constructed by any of the Company's Subsidiaries and used and useful in the business of any of the Company's Subsidiaries and, shall include, without limitation, permanent improvements, extensions or additions to the properties of any of the Company's Subsidiaries, and purchased, acquired, constructed, erected or installed by any of the Company's Subsidiaries.

Section 11.06. Redemption of Bonds with Condemnation Proceeds; Reporting Requirements. (a) If (i) at any time the aggregate amount of Condemnation Proceeds held by the Trustee for reinvestment pursuant to Section 11.04 and Condemnation Proceeds from the Condemnation of Subsidiary assets held in segregated accounts for reinvestment pursuant to Section 11.05 shall exceed an amount equal to 35% of Consolidated Tangible Assets as of the end of the immediately preceding fiscal quarter of the Company (the amount of Condemnation Proceeds equal to such excess being *"Upper Limit Excess Proceeds"*) and (ii) at any time some or all of the Condemnation Proceeds then held for reinvestment pursuant to Sections 11.04 and 11.05 shall have been held for more than three years (the aggregate amount of Condemnation Proceeds then held for more than three years being the *"Over Three Year Proceeds"*) and the aggregate amount of all Condemnation Proceeds then held for reinvestment pursuant to Sections 11.04 and 11.05 shall exceed an amount equal to 25% of Consolidated Tangible Assets as of the end of the immediately preceding fiscal quarter of the Company (the amount of Condemnation Proceeds equal to the lesser of (x) such excess or (y) the Over Three Year Proceeds being *"Over Three Year Excess Proceeds"* and together with Upper Limit Excess Proceeds, *"Excess Proceeds"*), an amount of Condemnation Proceeds equal to any such Excess Proceeds shall be used for the redemption of Bonds pursuant to Section 14.02 and the Condemnation Proceeds which shall be used for such purposes shall be in order of the earliest beginning date of the Reinvestment Period which applies to the Condemnation Proceeds then being held for reinvestment. Condemnation Proceeds which are invested at the time of reference shall be valued for purposes of this Section 11.06 as provided in Section 11.11.

(b) During any periods in which Condemnation Proceeds are being held for reinvestment pursuant to Sections 11.04 and 11.05, the Company shall deliver to each Bondholder and the Trustee within 30 days after the end of each quarterly fiscal period of the Company an Officers' Certificate which (i) identifies each set of Condemnation Proceeds, including the amount thereof, the applicable Reinvestment Period, the Investments in which such Condemnation Proceeds are invested as of the end of such fiscal period, and the extent to which

such Condemnation Proceeds have been reinvested in the Water and/or Waste Water Businesses and the assets so acquired and the remaining amount of such Reinvestment Proceeds then being held for reinvestment, (ii) specifies the aggregate amount of Reinvestment Proceeds then being held for reinvestment valued as provided in Section 11.06(a), (iii) contains the amount which equals 35% and 25% of Consolidated Tangible Assets and related calculations, and (iv) states whether any Excess Proceeds were used since the previous Officers' Certificate delivered pursuant to this Section 11.06(b) to redeem any Bonds pursuant to Section 11.06(a), the status of any such redemption including the principal amount of Bonds redeemed or to be redeemed for each outstanding series of Bonds; *provided* that so long as the aggregate amount of Condemnation Proceeds then being held for reinvestment pursuant to Sections 11.04 and 11.05 shall not exceed an amount equal to the 10% of Consolidated Tangible Assets as of the end of the immediately preceding fiscal quarter, the Company shall only be required to deliver to each Bondholder one such Officers' Certificate annually which shall be delivered within 30 days after the end of the last quarterly fiscal period of each fiscal year of the Company and shall provide the information required in clauses (i) through (iv) above of this Section 11.06(b) as of the end of such last quarterly fiscal period.

Section 11.07. Casualties Relating to Mortgaged Property. In the event any Mortgaged Property shall be subject to a Casualty, the insurance proceeds received by the Trustee as a result of such Casualty (herein, *"Casualty Proceeds"*) shall at the direction of the Company and in compliance with Section 14.03, if applicable, either be used by the Trustee (i) to pay for, or to reimburse the Company for its purchase thereafter of property which as a result of such purchase shall become subject to the lien of the Indenture as Mortgaged Property, (ii) to pay for, or reimburse the Company for an Investment in one or more existing Subsidiaries or in any entities which become Subsidiaries as a result of such Investment (through capital contributions, the acquisition of capital stock or otherwise) in the Water and/or Waste Water Businesses within any of the fifty United States or the District of Columbia in one or more Subsidiaries of the Company or entities which become Subsidiaries as a result of such Investment, provided that in the case of an Investment under clause (ii), all of the capital stock of any such Subsidiary shall be pledged to the Trustee at the time of any such Investment and subject to the lien of the Indenture, or (iii) for the redemption of Bonds pursuant to Section 14.02. Any Casualty Proceeds not used for the purposes described in clauses (i) or (ii) of the preceding sentence within a period of three years from the date of receipt of such Casualty Proceeds by the Trustee shall be used for the redemption of Bonds pursuant to Section 14.02. Casualty Proceeds held by the Trustee from time to time may be invested in Investments described in clauses (i) through (vi) of Section 11.11 as directed by the Company.

Section 11.08. Purchaser Protected. In no event shall any purchaser or purchasers in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor shall any purchaser or other transferee of any property or rights permitted by this Article Eleven to be sold be under obligation to ascertain or inquire into the authority of the Company to make any such sale or other transfer.

Section 11.09. Powers Exercisable Notwithstanding Event of Default. Subject to the provisions of Subsection (b) of Section 7.01, the Trustee may in its discretion (but shall not be bound to) execute and release or consent under the provisions of this Article Eleven notwithstanding that at the time any Default or Event of Default shall have happened and be continuing. The Officers' Certificate for such release or consent shall, instead of stating that no Default or Event of Default exists, specify each Default or Event of Default which shall, to the knowledge of the signers, have happened and be continuing.

Section 11.10. Powers Exercisable by Receiver or Trustee. In case the Mortgaged Property shall be in the possession of a receiver or trustee, lawfully appointed, the powers conferred in this Article Eleven upon the Company with respect to the release, sale or other disposition of property subject to the lien hereof may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Company or of any officer or officers thereof required by the provisions of this Article Eleven; and if the Trustee shall be in the possession of the Mortgaged Property under any provision of this Indenture, then such powers may be exercised by the Trustee.

Section 11.11. Investment of Reinvestment Proceeds. All or any part of the Reinvestment Proceeds may be invested by the Trustee holding any Reinvestment Proceeds as directed by the Company or by any Subsidiary holding Reinvestment Proceeds, in any of the following:

(i) Investments in commercial paper maturing in less than 270 days from the date of issuance which, at the time of acquisition by the Company, is accorded the highest rating by S&P or Moody's;

(ii) Investments in United States Governmental Securities, *provided* that such obligations mature within three years from the date of acquisition thereof;

(iii) Investments in certificates of deposit or banker's acceptances issued by an Acceptable Bank, *provided* that such obligations mature within 365 days from the date of acquisition thereof;

(iv) Investments in any mutual fund or other fund operated in the United States which has substantially all of its Investments in the Investments described above in clauses (i) or (ii) of this Section 11.11, including funds for which the Trustee and its affiliates provide investment advisory or other management services;

(v) Investments in Repurchase Agreements; and

(vi) Investments in tax-exempt obligations of any state of the United States of America, or any municipality of any such state, in each case rated "AA" or better by S&P, "Aa2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing, *provided* that such obligations mature within 365 days from the date of acquisition thereof.

The Trustee may act as principal or agent in the acquisition or disposition of such Investments. In valuing any of the Investments for purposes of applying the provisions of Section 11.06, such Investments shall be valued at the cost thereof to the Company or the Subsidiary, without allowance for any subsequent write-offs or appreciation or depreciation therein, but less any return of capital upon such Investment.

Unless one or more Events of Default shall occur and be continuing, any interest or other return on any such Investments of Reinvestment Proceeds (i) if received by the Trustee shall be paid to the Company, or (ii) if received by a Subsidiary, may be used by the Subsidiary for such corporate purposes as it shall deem appropriate.

ARTICLE TWELVE
REDEMPTION OF BONDS

Section 12.01. Redemption Price and Manner of Redemption. The redemption price and the terms, place and manner of redemption of the Bonds shall be as stated in the respective Bonds and shall also be governed by this Article Twelve, except as may otherwise be provided for the redemption of Bonds in any supplemental indenture creating any other series of Bonds, with respect to such other series, and in any agreement filed with the Trustee in accordance with the provisions of Section 5.01.

Section 12.02. Selection of Bonds to be Redeemed. If less than all of the Bonds are to be redeemed, the Company shall select the particular series of Bonds which are to be redeemed, either in whole or in part, and the principal amount of Bonds which are to be redeemed, by written notice mailed to the Trustee at least twenty days in advance of the date fixed for the mailing of the notice of redemption.

If less than all of the Bonds of any series Outstanding hereunder are to be redeemed, the particular Bonds to be redeemed shall be selected not more than sixty days prior to the redemption date by the Trustee from the Outstanding Bonds of such series not previously called for redemption by prorating, as nearly as may be, the principal amount of Bonds of such series to be redeemed among the registered holders of Bonds of the series according to the respective aggregate principal amounts of Bonds of such series held by such holders; *provided, however,* that, if a written consent of all the registered holders of Bonds of the series is filed with the Trustee specifying some other method of selecting the Bonds of such series to be redeemed, such selection shall be made by the Trustee in accordance therewith; and *provided further* that, if any series of Bonds shall have been sold by the Company pursuant to a public offering registered under the Securities Act of 1933, as amended, or any similar statute enacted in substitution or replacement thereof, the Trustee shall select by lot or in any other manner that it deems equitable the Bonds of such series then to be redeemed. In any proration pursuant to this Section, the Trustee shall make such adjustments as it shall deem proper to the end that the principal amount of Bonds so redeemed shall be $1,000 or a multiple thereof, by increasing or decreasing the amount which would be allocable to any Bondholder on the basis of exact proration by an amount not exceeding $1,000. The Trustee may in its discretion determine the Bonds, if there are more than one, registered in the name of any Bondholder that are to be redeemed, in whole or in part.

Section 12.03. Notice of Redemption. In case the Company shall desire to exercise such right to redeem all, or, as the case may be, any part of the Bonds in accordance with the right reserved so to do, it shall give written notice of such redemption to holders of the Bonds to be redeemed in whole or in part as hereinafter in this Section 12.03 provided. Written notice of such redemption shall also be given the Trustee and shall be accompanied by an Officers' Certificate and, in the case of redemption other than through any mandatory sinking fund, a Board Resolution calling for redemption of the Bonds referred to in such notice.

Notice of redemption to holders of Bonds to be redeemed in whole or in part shall be given by sending, by certified mail, a notice of such redemption not less than thirty days and not more than sixty days before the date fixed for redemption to such holders at their last addresses as they shall appear upon the registration books. Any notice that is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the registered holder receives the notice. In any case, failure duly to give notice or any defect in the notice to the holder of any Bonds designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Bonds.

Each such notice of redemption shall specify the date fixed for redemption, the redemption price at which Bonds are to be redeemed, and shall state that payment of the redemption price of the Bonds to be redeemed will be made at the corporate trust office of the Trustee upon presentation and surrender of such Bonds, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that interest thereon will cease to accrue at the close of business on the date fixed for redemption. If less than all the Bonds of a series are to be redeemed, the notice which relates to each Bond shall state the portion of the principal amount thereof to be redeemed, and shall state that on and after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion thereof will be issued or, at the option of the holder, such Bond may be presented for notation thereon of the payment, as of the redemption date, of the redeemed portion of the principal thereof.

Section 12.04. Payment of Redemption. If the giving of notice of redemption shall have been completed as above provided, the Bonds or portions of Bonds specified in such notice shall become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption. In such case and if moneys in the necessary amount to pay such Bonds or portions of Bonds at the redemption price, together with interest thereon to the date fixed for redemption and premium, if any, shall prior to the date fixed for redemption have been deposited in trust with the Trustee or with any Paying Agent (other than the Company) or have been set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent), interest on such Bonds or portions of Bonds shall cease to accrue on and after the date fixed for redemption. Interest on Bonds or portions of Bonds called for redemption as aforesaid shall cease to accrue on and after the date fixed for redemption, in any event, irrespective of whether or not any such deposit in trust or setting aside and segregation in trust shall have been made, except with respect to any Bond or portion thereof so called for redemption on which the Company shall default in the payment of the redemption price, together with interest accrued thereon to the date fixed for redemption. On presentation and surrender of such Bonds on or after the date fixed for redemption at the place of payment specified in the notice, such Bonds shall be paid and redeemed at the applicable

redemption price, together with interest accrued thereon to the date fixed for redemption and premium, if any.

Upon presentation of any Bond which is redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Company, a new Bond or Bonds in principal amount equal to the unredeemed portion of the Bond so presented or, at the option of the holder, the same may be presented for notation thereon of the payment, as of the date fixed for redemption, of the redeemed portion of the principal thereof.

Section 12.05. Notation on Bond for Partial Redemption. Notwithstanding the provisions of Sections 12.03 and 12.04, in the event of the payment of a portion of any Bond, the Trustee shall not require the presentation of such Bond to be partially paid and redeemed, *provided* that the Company or the Trustee shall have first obtained a written undertaking from such Bondholder that such holder will not sell, transfer or otherwise dispose of any Bond so partially paid without either (i) making a notation of the aggregate principal amount paid and redeemed on the Bond to be so sold, transferred or otherwise disposed of or (ii) presenting such Bond to the Trustee in exchange for a new Bond or Bonds of aggregate principal amount equal to the unpaid portion thereof.

Section 12.06. Cancellation of Bonds. All Bonds redeemed and paid under this Article Fourteen shall, except as provided in Section 12.05, be cancelled by the Trustee and a certificate as to such cancellation shall be delivered by the Trustee to the Company.

ARTICLE THIRTEEN
SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

Section 13.01. Satisfaction and Discharge of Indenture. If at any time (a) either

(i) there shall have been cancelled by the Trustee or delivered to the Trustee for cancellation all Bonds theretofore authenticated and delivered (other than any Bonds that are asserted to have been destroyed, lost or stolen and that shall have been replaced as provided in Section 2.12, or paid, or Bonds for whose payment money has theretofore been deposited in trust with the Trustee or segregated and held in trust by the Company, and thereafter repaid to the Company or discharged from such trust as provided in Section 13.04), or

(ii) all such Bonds not theretofore cancelled by the Trustee or delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year, or have been or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Company has deposited or caused to be deposited with the Trustee as trust funds the entire amount sufficient to pay at maturity or upon redemption all such Bonds not theretofore cancelled by the Trustee or delivered to the Trustee for cancellation; and

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent provided for herein relating to the satisfaction and discharge of this Indenture have been complied with;

then, upon Company Request authorized by Board Resolution, this Indenture and the lien, rights and interests hereby created shall cease to be of further effect, and the Trustee, at the cost and expense of the Company, shall execute and deliver proper instruments acknowledging satisfaction of and discharging this Indenture. Such instruments shall be in form satisfactory for recording as a release of mortgage with the appropriate recording office. Forthwith upon such execution and delivery the estate, right, title and interest of the Trustee in and to all securities, cash (except cash deposited pursuant to this Section) and other personal property held by it as part of the Mortgaged Property shall cease to be of further effect and the Trustee shall transfer, deliver and pay the same to the Company.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.06 shall survive.

Section 13.02. Funds Deposited for Payment of Bonds. All moneys deposited with the Trustee pursuant to Section 13.01 shall be held in trust and shall be available for immediate payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), to the holders of the particular Bonds for the payment or redemption of which such moneys have been deposited with the Trustee.

Section 13.03. Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture, all moneys then held by any Paying Agent under the provisions of this Indenture shall, upon demand of the Company, be paid to the Trustee and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

Section 13.04. Moneys Held by Trustee. Any moneys deposited with any Paying Agent or the Trustee or then held by the Company in trust for the payment of the principal of (and premium, if any) or interest on any Bond that are not applied but remain unclaimed by the holder of such Bond for two years and six months after the date upon which the principal of (and premium, if any) or interest on such Bond shall have respectively become due and payable shall be repaid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and thereupon such Paying Agent and Trustee shall be released from all further liability with respect to such moneys, and the holder of such Bond entitled to receive such payment shall thereafter look only to the Company for the payment thereof; nevertheless, any such Paying Agent or the Trustee, before being required to make any such repayment, may at the expense of the Company either mail to each Bondholder affected, at the address shown in the Bond Register, or cause to be published once a week for two successive weeks (in each case on any regular business day) in an Authorized Newspaper a notice that such moneys have not been so applied and that after a date named therein any unclaimed balance of said moneys then remaining will be returned to the Company.

ARTICLE FOURTEEN
APPLICATION, INVESTMENT AND WITHDRAWAL OF TRUST MONEYS

Section 14.01. "Trust Moneys" Defined. All moneys received by the Trustee

(a) subject to the provisions of Section 11.03, upon the release of property from the lien of this Indenture, including the principal of all purchase money obligations, or

(b) subject to the provisions of Section 11.04, as compensation for, or proceeds of sale of, any part of the Mortgaged Property taken by eminent domain or purchased by, or sold pursuant to an order of, a governmental authority or otherwise disposed of, or

(c) subject to Section 11.07, as proceeds of insurance upon any part of the Mortgaged Property, or

(d) elsewhere in this Indenture provided to be held and applied under this Article, or required to be paid to the Trustee and whose disposition is not elsewhere herein otherwise specifically provided for,

(all such moneys being herein sometimes called *"Trust Moneys"*), shall be held by the Trustee as a part of the Mortgaged Property and, upon any sale of the Mortgaged Property, or any part thereof, under Article Six, said Trust Moneys shall be applied in accordance with Section 6.05; but, before any such sale, all or any part of the Trust Moneys may be withdrawn, and shall be paid or applied by the Trustee, from time to time as provided, in Sections 14.02 through 14.05, inclusive and Section 14.08.

Section 14.02. Payment of Outstanding Bond. Trust Moneys may be applied by the Trustee at any time and from time to time to the payment of the principal of Outstanding Bonds hereby secured, either at their stated maturity or upon redemption, as the Company shall determine and request in accordance with Article Twelve of this Indenture.

If any Trust Moneys shall have been on deposit with the Trustee as either Condemnation Proceeds or Casualty Proceeds and pursuant to the provisions of Sections 11.04, 11.05, 11.06 or 11.07, as applicable, shall be required to be used for the redemption of Bonds pursuant to this Section 14.02, the Trustee promptly after such requirement occurs, on a date determined by the Trustee in its discretion to be the earliest practical redemption date, shall apply such Trust Moneys subject to such requirement (the *"Available Trust Moneys"*) to the redemption of all Outstanding Bonds by prorating the Available Trust Moneys among the principal amount of Outstanding Bonds to determine the principal amount of each Bond to be redeemed (with such adjustments as are permitted in the discretion of the Trustee pursuant to the last two sentences of Section 12.02) and, notwithstanding any provision of any Bonds or this Indenture to the contrary, the redemption price of the Bonds so redeemed shall be the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium, with the principal amount of each Bond so redeemed being applied on a pro rata basis to reduce all future principal payments

scheduled to be made on such Bond. Notice of such redemption shall be given by the Company or by the Trustee in the name of the Company.

Any Trust Moneys constituting Sale Proceeds not used for the purposes set forth in the last paragraph of Section 11.03 during the applicable two year period or three year period referred to therein, or other Trust Moneys aggregating in excess of $25,000 which the Trustee has held for a period of one year and are not subject to disposition under other provisions of the Indenture, the Company shall direct the Trustee to apply all such Trust Moneys pro rata to the redemption of Outstanding Bonds then subject to redemption at the optional redemption price then in effect, if any, and, upon the failure of the Company to give such direction, the Trustee shall apply such Trust Moneys pro rata to the redemption of Outstanding Bonds then subject to redemption and selected by it following the procedures established by Article Twelve of this Indenture at the then applicable redemption price for all such Bonds redeemed pursuant to this Section, or if no such price shall be specified then at the highest optional redemption price then applicable to such Bonds, provided, that no such redemption shall be permitted hereunder if at the time of such redemption and after giving effect thereto any Event of Default shall have occurred which shall then be continuing.

Section 14.03. Withdrawal of Insurance Proceeds. To the extent that any Trust Moneys are proceeds of insurance upon any part of the Mortgaged Property, except as otherwise provided in Section 5.05 and Section 11.07, they may be withdrawn by the Company and shall be paid by the Trustee upon Company Order dated not more than ten days prior to the date of application for such proposed withdrawal, to reimburse the Company for expenditures made to repair, restore or replace the property destroyed or damaged, or directly in satisfaction of invoices submitted by the Company for such expenditures (*"Direct Payment"*) upon the receipt by the Trustee of the following:

(a) An Officers' Certificate, dated not more than ten days before the date of application for the withdrawal and payment of such Trust Moneys, stating as follows:

(1) That expenditures have been made, or in the case of any Direct Payment, shall be made in a specified amount for the purpose of making certain repairs, restorations and replacements of the Mortgaged Property, which shall be briefly described, and stating the fair value thereof to the Company at the date of the acquisition thereof by the Company; except that it shall not be necessary under this Paragraph to state the fair value of any of such repairs, restorations or replacements that are separately described pursuant to Paragraph (4) of this Subsection and whose fair value is stated in the Independent Engineer's Certificate under the following Subsection (b) of this Section.

(2) That no part of such expenditures, in any previous or then pending application, has been or is being made the basis for the withdrawal of any Trust Moneys pursuant to this Section.

(3) That there is no outstanding indebtedness known, after due inquiry, to the Company, for the purchase price or construction of such repairs,

restorations or replacements, or for labor, wages, materials or supplies in connection with the making thereof, that, if unpaid, might become the basis of a mechanics', laborers', materialmen's, statutory or other similar lien, upon such repairs, restorations or replacements, or any part thereof, that might, in the opinion of the signers of such Certificate, materially impair the security afforded by said repairs, restorations or replacements.

(4) Whether any part of such repairs, restorations or replacements has, within six months before the date of acquisition thereof by the Company, been used or operated by others than the Company, in a business similar to that in which such property has been or is to be used or operated by the Company, and whether the fair value to the Company, at the date of such acquisition, of such part of such repairs, restorations or replacements is at least equal to the greater of $300,000 or 1% of the aggregate principal amount of Bonds at the time Outstanding; and, if all of such facts are present, such part of said repairs, restorations or replacements shall be separately described, and it shall be stated that an Independent Engineer's Certificate as to the fair value to the Company of such separately described repairs, restorations or replacements will be furnished under the following Subsection (b) of this Section.

(5) That no Default or Event of Default exists hereunder.

(6) That no part of such Trust Moneys has been, or is required to be, set aside under Section 14.07.

(7) That all conditions precedent herein provided for relating to such withdrawal and payment have been complied with.

(b) In case any part of such repairs, restorations or replacements is separately described pursuant to the foregoing Paragraph (4) of Subsection (a) of this Section, an Independent Engineer's Certificate stating the fair value to the Company, in such Engineer's opinion, of such separately described repairs, restorations or replacements at the date of the acquisition thereof by the Company.

Upon compliance with the foregoing provisions of this Section the Trustee shall pay on Company Order an amount of Trust Moneys of the character aforesaid equal to the amount of the expenditures stated in the Officers' Certificate required by Paragraph (1) of Subsection (a) of this Section, or the fair value to the Company of such repairs, restorations and replacements stated in such Officers' Certificate (and in such Independent Engineer's Certificate, if required by Subsection (b) of this Section) whichever is less.

Section 14.04. Powers Exercisable Notwithstanding Event of Default. In case Default or Event of Default shall have occurred and shall not have been cured, the Company, while in possession of the Mortgaged Property (other than cash, securities and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder or with the trustee, mortgagee or other holder of a prior lien or Permitted Encumbrance), may do any of the things

enumerated in Sections 14.02 and 14.03, inclusive, if the Trustee in its discretion, or the holders of a majority in principal amount of the Bonds then Outstanding, by appropriate action of such Bondholders, shall consent to such action, in which event any Certificate filed under any of such Sections shall omit the statement to the effect that no Default or Event of Default has occurred. This Section shall not apply, however, during the continuance of an Event of Default of the type specified in Subsections (a), (b) or (c) of Section 6.01.

Section 14.05. Powers Exercisable by Trustee or Receiver. In case the Mortgaged Property (other than cash, securities and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder or with the trustee, mortgagee or other holder of a prior lien or Permitted Encumbrance) shall be in the possession of a receiver or trustee lawfully appointed, the powers hereinbefore in this Article conferred upon the Company with respect to the withdrawal or application of Trust Moneys may be exercised by such receiver or trustee (subject to Section 14.04), in which case a written request or order signed by such receiver or trustee shall be deemed the equivalent of any Board Resolution or Company Request or Order required by this Article, and a certificate signed by such receiver or trustee shall be deemed the equivalent of any Officers' Certificate required by this Indenture. If the Trustee shall be in possession of the Mortgaged Property under Section 6.03, such powers may be exercised by the Trustee in its discretion.

Section 14.06. Disposition of Bonds Retired. All Bonds received by the Trustee and on the basis of which Trust Moneys are paid over or for whose payment or redemption Trust Moneys are applied under this Article shall be cancelled by the Trustee as provided in Article Twelve of this Indenture.

Section 14.07. Condemnation of All Mortgaged Property. In the event that all or substantially all of the Mortgaged Property (other than any cash, securities and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder or with the trustee, mortgagee or other holder of a prior lien or Permitted Encumbrance) shall be taken by eminent domain, the Company shall be deemed to have elected, and shall be entitled, by virtue of this Section, to redeem all the Bonds hereby secured of all series on a date determined by the Trustee in its discretion to be the earliest practical redemption date after receipt by the Trustee of all cash that the Trustee is entitled to receive on account of such taking and, notwithstanding any other provision of any Bonds or this Indenture to the contrary, the redemption price of Bonds redeemed under this Section shall be the principal amount thereof plus the unmatured interest accrued thereon to the date fixed for redemption, without premium. Notice of such redemption shall be given by the Company or by the Trustee in the name of the Company. If the cash so received by the Trustee, together with all other cash then held by the Trustee as a part of the Mortgaged Property, is not sufficient to pay the redemption price of all the Bonds hereby secured and to pay all amounts payable to the Trustee under this Indenture (including fees and expenses incurred and to be incurred by the Trustee in connection with such redemption), the Company will, after receipt by the Trustee of all cash that the Trustee is entitled to receive as aforesaid on account of such taking and within ten days after receipt of a written notice from the Trustee of any deficiency, deposit with the Trustee for such purpose cash in an amount sufficient to make up such deficiency. To the extent that any or all such cash shall be required for the purpose of redeeming Bonds under this Section, the Trustee shall apply the same for such purpose, and the

balance, if any, after payment of all amounts payable to the Trustee, shall be paid upon Company Order.

If the Company fails to deposit with the Trustee the cash necessary to make good such deficiency, the moneys received by the Trustee from such taking and all other cash then held by the Trustee as a part of the Mortgaged Property shall be set aside and thereafter no part of the cash so set aside may be withdrawn or paid over under Sections 14.02 to 14.05, inclusive, but shall be applicable only to the purposes specified in, and in accordance with, Section 6.05, as if all Outstanding Bonds were then due and payable.

Section 14.08. Investment of Trust Moneys. Except where otherwise provided in the Indenture with respect to the Investment of Trust Moneys, all or any part of any Trust Moneys held by the Trustee hereunder (except such as may be held for account of any particular Bonds) shall from time to time at the written direction of the Company, signed by the Chief Financial Officer of the Company or the Director of Accounting of the Company, be invested or reinvested by the Trustee in any of the following:

(1) Investments in commercial paper maturing in 270 days or less from the date of issuance which, at the time of acquisition by the Company, is accorded the highest rating by S&P or Moody's;

(2) Investments in United States Governmental Securities; *provided* that such obligations mature within three years from the date of acquisition thereof;

(3) Investments in certificates of deposit maturing within one year from the date of origin, issued by an Acceptable Bank; or

(4) any mutual fund or other fund which is operated in the United States which has substantially all of its Investments in the Investments described above in clauses (1) or (2) of this Section 14.08, including funds for which the Trustee and its affiliates provide investment advisory or other management services.

The Trustee may act as principal or agent in the acquisition or disposition of such investments. Until one or more of the Events of Default specified in Section 6.01 shall happen and be continuing, any interest or return on such Investments (in excess of any accrued interest paid at the time of purchase) which may be received by the Trustee shall be forthwith paid to the Company. Such Investments shall be held by the Trustee as a part of the trust estate, subject to the same provisions hereof as the cash used by it to purchase such Investments; but upon a like direction of the Company, the Trustee shall sell all or any designated part of the same and the proceeds of such sale shall be held by the Trustee subject to the same provisions hereof as the cash used by it to purchase the Investments so sold. If under the provisions of this Indenture any Trust Moneys held by the Trustee and so invested or reinvested shall be required to be applied to the redemption of Bonds, the Trustee shall forthwith sell such Investments in an amount equivalent to the Trust Moneys so to be applied. In case the net proceeds (exclusive of interest) realized upon any such sale shall amount to less than the amount invested by the Trustee in the purchase of the Investments so sold (after appropriate adjustment on account of any accrued

interest paid at the time of purchase), the Trustee shall within five days after such sale notify the Company in writing thereof and within five days thereafter the Company shall pay to the Trustee the amount of the difference between such purchase price and the amount so realized, and the amount so paid shall be held by the Trustee in like manner and subject to the same conditions as the proceeds realized upon such sale.

Whenever application is made by the Company under any provision of this Indenture to withdraw all or any part of Trust Moneys deposited or held by the Trustee, the Company shall accept Investments held by the Trustee as a part of the Mortgaged Property pursuant to this Section 14.08 to the extent that such Investments shall be tendered to it by the Trustee in lieu of cash; and such Investments shall be accepted in lieu of such cash at the net cost thereof (exclusive of accrued interest) to the trust estate.

The Trustee shall not be liable or responsible for any loss resulting from any Investment or reinvestment pursuant to this Section 14.08.

ARTICLE FIFTEEN
PLEDGED SHARES

Section 15.01. Pledged Shares Deposited with Trustee; Preferred Stock. The Company represents and warrants that as of the Restatement Date the Company has deposited and pledged with the Trustee, together with appropriate instruments of assignment and transfer, all shares of Common Stock of each Subsidiary, excluding however, any shares of Common Stock of SICC, and the Company covenants that forthwith upon the acquisition of any shares of Common Stock of any Subsidiary or of any entity which will thereby become a Subsidiary, it will deposit and pledge with the Trustee, together with appropriate instruments of assignment and transfer, such shares, in each case, subject to no prior lien, so that all such shares shall become subject to the lien of the Indenture and constitute Mortgaged Property (as used herein, the term (i) *"Pledged Shares"* shall mean all such shares of stock so deposited and pledged with the Trustee and (ii) *"Common Stock"* of a Subsidiary shall mean the stock of such Subsidiary which is the Voting Stock. The Company will not permit the issuance of any additional shares of Common Stock of any Subsidiary unless such shares upon issuance become Pledged Shares. The Company may issue shares of preferred stock of a Subsidiary but only with the written consent of the holders of 66 2/3% in aggregate principal amount of the Bonds then outstanding, which consent will not be unreasonably withheld; *provided,* that at all times the Pledged Shares of such Subsidiary shall be the Voting Stock.

Section 15.02. Dividends on Pledged Shares. So long as an Event of Default shall not exist, the Company shall be entitled to receive and dispose of for its own use, free of accountability to the Trustee therefor, any dividends declared on the Pledged Shares of any Subsidiary declared and paid out of earnings, regardless of when such earnings accrued. If any such dividends are received by the Trustee, they shall be promptly paid over to the Company. Any stock dividends declared or paid in respect of said Pledged Shares shall be paid to and held by the Trustee as additional Pledged Shares. In the absence of notice to the contrary, the Trustee shall be entitled to presume that all cash dividends have been declared out of earnings.

If an Event of Default shall exist, all dividends declared on Pledged Shares shall be collected and held by the Trustee for application in accordance with Section 6.05; *provided,* that if all Events of Default shall be cured or waived, the Trustee shall deliver to the Company all such dividends so collected by the Trustee.

Section 15.03. Voting of Pledged Shares. So long as an Event of Default shall not exist, the Company may vote, in its discretion, all of the Pledged Shares of any Subsidiary and exercise any and all rights pertaining to the ownership of said Pledged Shares. The Trustee shall have the right to cause the Pledged Shares of any Subsidiary to be transferred of record into its name or the name of its nominee upon the occurrence of an Event of Default. When an Event of Default shall not exist, the Company shall have the right to vote and give consent to all matters not contrary to the covenants herein or elsewhere contained in this Indenture, with the same force and effect as though the Pledged Shares were not subject to this Indenture; and from time to time, upon the request of the Company, the Trustee shall forthwith make and deliver to the Company, or to its nominee or nominees, suitable powers of attorney or proxies to vote the Pledged Shares of any Subsidiary which shall have been transferred to the Trustee, or its nominee, or to give consents in respect thereof.

If an Event of Default shall exist, the Trustee may in its discretion, and if requested in writing by the holders of twenty-five percent (25%) or more in principal amount of the Bonds then Outstanding, shall thereafter vote such Pledged Shares in its discretion or as it may be requested in writing by the holders of a majority in principal amount of the Bonds then Outstanding; *provided,* that if all Events of Default shall be cured or waived, the right of the Company to vote and give consents which respect to the Pledged Shares, and the duty of the Trustee to execute powers of attorney and proxies as hereinabove provided, shall revive and continue and the Trustee shall immediately transfer or cause the transfer to the record name of the Company any Pledged Shares of a Subsidiary that are in the record name of the Trustee or its nominee.

Section 15.04. Principal and Other Payment. In the event any cash shall be received by the Trustee in partial or complete liquidation of any Subsidiary, it shall be held and applied pursuant to the provisions of Article Fourteen. Any property, other than cash, distributed in partial or complete liquidation of any Subsidiary shall be delivered by the Trustee to the Company if no Event of Default then exists and such property shall constitute Mortgaged Property subject to the lien of the Indenture.

ARTICLE SIXTEEN
MISCELLANEOUS PROVISIONS

Section 16.01. Successors and Assigns. All the covenants and agreements in this Indenture contained by or in behalf of the Company shall bind its successors and assigns, whether so expressed or not.

Section 16.02. Service of Notices to the Company and the Trustee. Any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee or by any Bondholder shall be sufficiently given if delivered personally or mailed, first-

class postage prepaid as follows: (i) if to the Company, to Park Water Company, 9750 Washburn Road, Downey, California 90241, Attention: Chief Financial Officer, or at such other address as the Company may furnish the Trustee in writing and (ii) if to the Trustee, to BNY Western Trust Company, 700 South Flower Street, Suite 500, Los Angeles, CA 90017-4104, Attention: Corporate Trust, or such other address as the Trustee may furnish the Company in writing.

Section 16.03. California Law Applicable. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 16.04. Immunity of Incorporators, Stockholders, Directors, and Officers. No recourse shall be had for the payment of the principal of or the interest on any Bond or for any claim based on this Indenture or any indenture supplemental thereto, against any incorporator, stockholder, director or officer, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being waived and released as a condition of and as consideration for the execution of this Indenture and the issue of the Bonds, and being likewise waived and released by the terms of the Bonds.

Section 16.05. Certificates to Trustee. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to the proposed action have been complied with except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate provided for in this Indenture including certificates of any Engineer or Appraiser, and delivered to the Trustee with respect to compliance with a condition or covenant in this Indenture shall include: (1) a statement that each individual making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such individual, he has made such examination or investigation as is reasonably necessary to enable him to express an informed opinion whether such covenant or condition has been complied with; and (4) a statement whether such condition or covenant has been complied with.

Section 16.06. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 16.07. Effect of Headings and Table of Contents. The Article, Section and Subsection headings contained in this Indenture and the Table of Contents are for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 16.08. Acceptance of Trust by Trustee. The Trustee hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

Section 16.09. Separability of Indenture Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof and thereof shall not in any way be affected or impaired.

Section 16.10. Continued Effectiveness. The Indenture as supplemented and amended by this Eighth Supplemental Indenture shall remain in full force and effect.

PART TWO
AMENDMENT OF PRIOR SUPPLEMENTAL INDENTURES FOR OUTSTANDING BONDS

ARTICLE ONE
SECOND SUPPLEMENTAL INDENTURE DATED AS OF FEBRUARY 1, 1988

Section 1.01. Amendments to Second Supplemental Indenture. As a result of the Restated Indenture set forth in the Eighth Supplemental Indenture, the following references in the Second Supplemental Indenture are corrected as follows:

(a) The mandatory sinking fund in Section 3 shall continue to apply to the 10.96% Series Bonds due 2012 as set forth but (i) the introductory language of Section 3 is changed to read "The Mandatory Sinking Fund for the 10.96% Series Bonds due 2012 is as follows:" and (ii) the requirement that the Company deposit sinking fund payments with the Trustee one month prior to the due date is changed to one day prior to the due date.

(b) The optional redemption provisions set forth in Section 4 shall continue to apply to the 10.96% Series Bonds due 2012 as set forth but the introductory language of Section 4 is changed to read "The optional redemption provisions for the 10.96% Series Bonds due 2012 are as follows:".

(c) The reference in the Bond form in the third paragraph on page 3 thereof to "Article X" is changed to "Article Nine".

ARTICLE TWO
THIRD SUPPLEMENTAL INDENTURE DATED AS OF JANUARY 15, 1991

Section 1.01. Amendments to Third Supplemental Indenture. As a result of the Restated Indenture set forth in the Eighth Supplemental Indenture, the following references in the Third Supplemental Indenture are corrected to read as follows:

(a) The mandatory sinking fund provisions set forth in Section 3 shall continue to apply to the 10.70% Series Bonds due 2016 as set forth but (i) the introductory language of Section 3 is changed to read "The Mandatory Sinking Fund for the Bonds of the 10.70% Series due 2016 is as follows:".

(b) The optional redemption provisions set forth in Section 4 shall continue to apply to the 10.70% Series Bonds due 2016 as set forth, but the introductory language of Section 4 is changed to read "The optional redemption provisions for the 10.70% Series Bonds due 2016 are as follows:".

(c) The reference in the Bond form in the third paragraph on page 4 thereof to "Article X" is changed to "Article Nine".

ARTICLE THREE
FIFTH SUPPLEMENTAL INDENTURE DATED AS OF MAY 20, 1993

Section 1.01. Amendments to Fifth Supplemental Indenture. As a result of the Restated Indenture set forth in the Eighth Supplemental Indenture, the following references in the Fifth Supplemental Indenture are corrected to read as follows:

(a) The mandatory sinking fund provisions set forth in Section 2 of Article I shall continue to apply to the 8.18% Series Bonds due 2014 as set forth but (i) the introductory language of Section 2 is changed to read "The Mandatory Sinking Fund for the Bonds of the 8.18% Series due 2014 is as follows:".

(b) The optional redemption provisions set forth in Section 3 of Article I shall continue to apply to the 8.18% Series Bonds due 2014 as set forth, but the introductory language of Section 3 is changed to read "The optional redemption provisions for the 8.18% Series Bonds due 2014 is as follows:".

(c) The reference in the Bond form in the third paragraph thereof to "Article X" is changed to "Article Nine".

ARTICLE FOUR
SIXTH SUPPLEMENTAL INDENTURE DATED AS OF AUGUST 29, 1995

Section 1.01. Amendments to Sixth Supplemental Indenture. As a result of the Restated Indenture set forth in the Eighth Supplemental Indenture, the following references in the Sixth Supplemental Indenture are corrected to read as follows:

(a) The optional redemption provisions set forth in Section 2 of Article I shall continue to apply to the 7.59% Series Bonds due 2025 as set forth, but the introductory language of Section 2 is changed to read "The optional redemption provisions for the 7.59% Series Bonds due 2025 are as follows:".

(b) The reference in the Bond form in the third paragraph thereof to "Article X" is changed to "Article Nine".

(c) Section 1 of Article II containing an amendment to the Indenture to take place in the future is hereby deleted.

ARTICLE FIVE
SEVENTH SUPPLEMENTAL INDENTURE DATED AS OF JUNE 1, 2000

Section 1.01. Amendments to Seventh Supplemental Indenture. As a result of the Restated Indenture set forth in the Eighth Supplemental Indenture, the following references in the Seventh Supplemental Indenture are corrected to read as follows:

(a) The reference in the Bond form in the third paragraph on page 7 thereof to "Article X" is changed to "Article Nine".

IN WITNESS WHEREOF, Park Water Company has caused its corporate name to be hereunto affixed, and this Eighth Supplemental Indenture to be executed by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and BNY Western Trust Company has caused this Eighth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: Sr. Vice President/C.F.O.

ATTEST:

By: _____
Title: Assistant Secretary

BNY WESTERN TRUST COMPANY, a California banking corporation, as Trustee

By: _____
Authorized Signatory

IN WITNESS WHEREOF, Park Water Company has caused its corporate name to be hereunto affixed, and this Eighth Supplemental Indenture to be executed by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and BNY Western Trust Company has caused this Eighth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: _____

ATTEST:

By: _____
Title: _____

BNY WESTERN TRUST COMPANY, a California banking corporation, as Trustee

By: _____
Authorized Signatory

State of California)
) SS.
County of Los Angeles)

On May 01, 2002 before me, Tammie A. Myers, personally appeared Nyri Wheeler-Lewis and Douglas K. Martinez

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

WITNESS my hand and official seal.

NOTARY SEAL

TAMMIE ANNE MYERS
Commission # 1292109
Notary Public - California
Los Angeles County
My Comm. Expires Jan 26, 2005

Tammie Anne Myers
Tammie Anne Myers

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On May 10, 2002 before me, Patti Cronin personally appeared Fe R. Tuzon personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

PATTI CRONIN
Commission # 1204670
Notary Public - California
Los Angeles County
My Comm. Expires Dec 12, 2002

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage Bond
___% Series due _____

No. ____ $_____

PARK WATER COMPANY, a California corporation (hereinafter called the Company), hereby promises to pay to

or registered assigns, on
the sum of

DOLLARS ($_____)

in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at the rate of _____ per cent (___%) per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), in like coin or currency, payable [insert frequency] on [insert payment dates] in each year, commencing on _____, _____, until the principal hereof shall be paid; *provided* that this Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate [insert overdue rate]. Payments of principal, premium and interest are to be made at the principal office of the Trustee in Los Angeles, California; *provided*, that principal, premium and interest may be paid as otherwise provided by an agreement between the Company and the registered holder which is permitted by the Indenture (as hereinafter defined).

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter mentioned, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of the Indenture hereinafter referred to, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the *"Original Indenture"*), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by BNY Western Trust Company as sole trustee (the *"Trustee"*) to which Indenture and all indentures supplemental thereto (collectively, the *"Indenture"*) reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, such Bonds may be issued in series, for various principal sums, may bear

different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Bonds, ___% Series _____ due _____ (hereinafter referred to as the Series _____ Bonds). [The Series __ Bonds are entitled to the benefits of, and are subject to redemption by operation of, the sinking fund for the Series __ Bonds (hereinafter called the Sinking Fund) provided for in the Indenture and pursuant to which the Company is obligated to retire on _____ of each year, beginning _____, 20__, $_____ aggregate principal amount of Series Bonds at 100% of the principal amount thereof, plus accrued interest.

Subject to the provisions of the Indenture, all Series _____ Bonds (other than those redeemed for the Sinking Fund above referred to) are subject to redemption at the option of the Company, as a whole or in part at any time or from time to time [on or after _____, 20___] at the following price:

together in any case with interest accrued thereon to the date of redemption [prohibitions, if any, on refunding]. If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, or (v) modify certain other provisions of the Indenture, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

In case an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated:

PARK WATER COMPANY

By _____
[Vice] President

ATTEST:

_____
[Assistant] Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein, described in the within-mentioned Indenture.

BNY WESTERN TRUST COMPANY, as Trustee

By _____
Authorized Signatory

PARK WATER COMPANY

AVAILABLE INCOME CERTIFICATE

The undersigned officers of Park Water Company (the "*Company*") hereby certify to BNY Western Trust Company, as Trustee under the Company's Trust Indenture dated as of November 1, 1973 (the Original Indenture, as supplemented and amended, is hereinafter referred to as the "*Indenture*"), that each of the undersigned (i) has reviewed Subsection (c) of Section 4.01 of the Indenture, (ii) has examined the books of account of the Company and made inquiries of officers of the Company directly responsible for maintaining such account, (iii) is of the opinion that such examination is sufficient to enable him to make this certificate, and (iv) is of the opinion that the requirements of Subsection (c) of such Section 4.01 have been complied with, as is reflected in the following computation, which is true and correct as of the date hereof:

1.	The Company's Net Income (as defined in Section 1.02 of the Indenture) for the twelve consecutive months ended _____, 20____	$_____
2.	Adjustment, if any, from (i) an Acquired System or (ii) the annualization of increase or decrease in gross revenues attributable to higher or lower rates in effect for less than the above twelve month period less related annualized expenses and charges	$_____
3.	Net Income (as adjusted)	$_____
4.	The Company's Interest Charges for the 12-month period referred to in line 1 above (to the extent included in computing Net Income)	$_____
5.	The Federal and state taxes on income only after deduction of Interest Charges for the 12-month period referred to in line 1 above (to the extent in computing Net Income)	$_____

Then determine Income Available for Interest Charges by adding lines 3, 4 and 5 above to produce line 6:

6.	Income Available for Interest Charges	$_____

EXHIBIT B
(to Eighth Supplemental Indenture)

7.	The interest requirements on Bonds outstanding under the Indenture for the 12-month period immediately succeeding the date hereof after giving effect to any Bonds to be retired from the proceeds of the Additional Bonds now applied for	$_____
8.	The interest requirements for all other Debt of the Company [and its Subsidiaries] for the 12-month period immediately succeeding the date hereof	$_____

Then determine Pro Forma Bond Interest Charges to be covered by adding lines 7 and 8 above to produce line 9:

9.	Pro Forma Bond Interest Charges	$_____
10.	The multiple which the amount on line 6 is of the amount on line 9	$_____
11.	The multiple on line 10 must exceed the Pro Forma Interest Charges Applicable Ratio which is	$_____

The undersigned further certify that the terms used herein that are defined in the Indenture are used herein as defined therein.

Dated:_____

_____
President [or Vice President]

_____
Treasurer [or other appropriate officer]

PARK WATER COMPANY

CAPITALIZATION CERTIFICATE

The undersigned officers of Park Water Company (the "*Company*") hereby certify to BNY Western Trust company, as Trustee under the Company's Trust Indenture dated as of November 1, 1973 (the Original Indenture, as so supplemented and amended, is hereinafter referred to as the "*Indenture*"), that each of the undersigned (i) has reviewed Subsection (d) of Section 4.01 of the Indenture, (ii) has examined the books of account of the Company and made inquiries of officers or employees of the Company directly responsible for maintaining such account, (iii) is of the opinion that such examination is sufficient to enable him to make this certificate, and (iv) is of the opinion that the requirements of Subsection (d) of such Section 4.01 have been complied with, as is reflected in the following computation, which is true and correct as of the date hereof:

1. The aggregate principal amount of Outstanding Bonds under the Indenture is as follows:

Bonds	Principal Amount
Total	$_____

2. The aggregate principal amount of other Consolidated Debt of the Company is as follows:

Consolidated Debt	Principal Amount
Total	$_____

3. The Additional Bonds for which this Certificate is being made are described as _____, in an aggregate principal amount of $_____

4. Total of the amounts stated in lines 1, 2 and 3 above: $_____

Exhibit C
(to Eighth Supplemental Indenture)

5.	Less: the principal amount of Outstanding Bonds or other Consolidated Debt, if any, paid with proceeds from the sale of the Additional Bonds:	$_____
6.	Consolidated Debt (determined by subtracting line 5 from line 4):	$_____
7.	Stockholders Equity of the Company	$_____
8.	Consolidated Total Capitalization (determined by adding lines 6 and 7)	$_____
9.	Consolidated Total Capitalization Applicable Percentage (50% if prior to the Percentage Adjustment Date and 55% thereafter)	_____%
10.	Consolidated Total Capitalization Applicable Percentage of Consolidated Total Capitalization (determined by multiplying lines 8 and 9)	
11.	After giving effect to the issuance of the Additional Bonds applied for, the aggregate amount of Consolidated Debt outstanding (line 6) is less than the Consolidated Total Capitalization Applicable Percentage (line 9) by the following amount:	$_____

The undersigned further certify that the terms used herein that are defined in the Indenture are used herein as defined therein.

Dated:_____

_____
President [or Vice President]

_____
Treasurer [or other appropriate officer]

Recording Requested by and when
Recorded return to:

Fulbright & Jaworski L.L.P.
865 South Figueroa Street
Los Angeles, California 90017
Attention: David A. Ebershoff

NINTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

TO

BNY WESTERN TRUST COMPANY

as Trustee

Dated as of May 15, 2002

1359299.01.06
1552330

THIS NINTH SUPPLEMENTAL INDENTURE (hereinafter sometimes called the *"Ninth Supplemental Indenture"*) dated as of May 15, 2002, by and between PARK WATER COMPANY, a California corporation (the *"Company"*) and BNY WESTERN TRUST COMPANY, a California banking corporation, as trustee (the *"Trustee"*).

W I T N E S S E T H:

WHEREAS, the Company executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the *"Original Indenture"*) and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000 and (e) an Eighth Supplemental Indenture dated as of May 1, 2002 (which Original Indenture and any and all supplemental indentures thereto (including this Ninth Supplemental Indenture) being sometimes collectively referred to as the *"Indenture"*) for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture; and

WHEREAS, BNY Western Trust Company is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to Harris Trust Company of California which was the successor to Bank of America National Trust and Savings Association which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, there are presently issued and outstanding under the Indenture the following bonds in the following principal amounts and with the maturity dates indicated:

(i) $2,151,800 aggregate principal amount of the Company's 10.96% Series Bonds due November 1, 2012;

(ii) $8,000,000 aggregate principal amount of the Company's 8.18% Series Bonds due May 20, 2014;

(iii) $3,729,590 aggregate principal amount of the Company's 10.70% Series Bonds due January 15, 2016;

(iv) $10,000,000 aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025; and

(v) $7,000,000 aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020; and

WHEREAS, Section 2.06 of Article I of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of additional Bonds which are to be secured by the lien of the Indenture by entering into this Ninth Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Ninth Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

WHEREAS, the Company desires that the additional Bonds authorized by this Ninth Supplemental Indenture be registered Bonds of the 7.32% Series due 2014 (the *"7.32% Series Bonds"*) in the aggregate principal amount of Ten Million Dollars ($10,000,000), and that the form of such Bonds, the form of the Trustee's Certificate to be endorsed on such Bonds and the form of endorsement for registration of such Bonds are to be substantially as set forth in Schedule A to this Ninth Supplemental Indenture, subject to such insertions, omissions and variations as are required or permitted by the Indenture;

WHEREAS, the Company has determined that the execution, acknowledgment and delivery of this Ninth Supplemental Indenture has been in all respects duly authorized and all acts and things necessary to make said 7.32% Series Bonds, when executed by the Company and authenticated by the Trustee, valid, legal and binding obligations of the Company and entitled in all respects to the security of the Indenture, have been done and performed, or prior to the issue of said 7.32% Series Bonds will be done and performed;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE
SERIES 7.32% BONDS

Section 1. There is hereby created a series of bonds to be issued hereunder which will be entitled or known as "First Mortgage Bonds 7.32% Series due May 1, 2014". All of said bonds shall be dated the date of issue, except as otherwise provided in Section 2.08 of Article Two of the Indenture. Bonds shall be in denominations which are multiples of $1,000. Said bonds shall bear interest at the rate of seven and thirty-two hundredths percent (7.32%) per annum payable semiannually at the office of the Trustee in the City of Los Angeles, California (or, if there be a successor to said Trustee, at its principal office) or directly to the registered bondholders pursuant to Section 5.01 of Article Five of the Indenture on the first day of May and November of each year, shall mature May 1, 2014, and shall be redeemable as hereinafter provided, *provided, however,* that the bonds shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.32%. The

Series 7.32% Bonds and the Trustee's Certificate shall be substantially in the tenor of the form set forth in Schedule A hereto.

Section 2. The Series 7.32% Bonds shall be redeemable at the option of the Company in whole but not in part at any time, upon the notice and in the manner provided in Article Twelve of the Indenture (except that the publication of the notice therein provided for may be dispensed with if the written notice therein required shall be given to all registered owners), upon the payment of the principal amount of the Series 7.32% Bonds to be redeemed and interest thereon to the redemption date plus a premium equal to the "Make-Whole Amount" determined two business days prior to the date of such redemption:

"Make Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed (taking into account the application of the redemption through the operation of the sinking fund provided for in Section 3 of this Article One) and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.32% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.32%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of .5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of .5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed (taking into account the application of the redemption through the operation of the sinking fund provided for in Section 3 of this Article One). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any

determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.32% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 7.32% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.32% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

Section 3. There is hereby created a sinking fund for the benefit of the 7.32% Series Bonds. The Company hereby covenants that so long as any 7.32% Series Bonds are outstanding, the Company shall, not less than one business day prior to May 1 in each year commencing with the year 2011 and thereafter to and including May 1, 2013, pay to the Trustee, unless otherwise provided pursuant to Section 5.01 of Article Five of the Indenture, for the account of such sinking fund a sum in cash sufficient to redeem on such May 1 an aggregate principal amount of such bonds equal to $2,500,000 to redeem such bonds at a redemption price of 100% of the principal amount thereof, plus accrued interest and such redemption shall be made on May 1 in accordance with Article Twelve of the Indenture, except that no notice to redeem need be given.

The sinking fund created under this Section 3 shall be solely for the benefit of the 7.32% Series Bonds. All bonds retired by the sinking fund, whether by delivery by the Company or by redemption, shall be cancelled by the Trustee, and delivered to or upon the order of the Company, and bonds so retired by the sinking fund shall not be reissued. Any redemption of less than all of the outstanding 7.32% Series Bonds pursuant to Section 2 of this Article One shall be applied to all remaining sinking fund payments and to the payment due thereon at maturity in inverse order of scheduled maturity.

Section 4. Series 7.32% Bonds shall be subject to transfer by the registered holder in person or by attorney duly authorized, on the books of the Company kept for that purpose at the office of the Trustee under the Indenture upon surrender of the bonds, and a new bond or bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 5. As to all bonds, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of the Indenture and payment of or on account of the principal and interest of any such bond shall be made only to or upon the order in writing of such registered holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bonds to the extent of the sum or sums so paid. As and when deposits are made by the Company with the Trustee for the payment of interest on or of the principal of any bond, the Trustee shall, on the due date of such interest or principal, pay the same to the person entitled thereto by its check mailed to such person at his address as shown by

the records of the Trustee, except as otherwise provided in an agreement between the Company and the registered holder which is permitted by the Indenture.

Section 6. All of said Series 7.32% Bonds shall be secured by said Indenture and shall be subject to all of the terms and conditions thereof, as specifically set forth therein.

ARTICLE TWO

Except to the extent hereby amended, the Indenture is in all respects hereby ratified, confirmed and approved by the Company.

ARTICLE THREE

In case any one or more of the provisions of this Ninth Supplemental Indenture shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Ninth Supplemental Indenture, but this Ninth Supplemental Indenture shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

ARTICLE FOUR

This Ninth Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which is and shall be taken, accepted and received by the parties hereto and by all other persons as an original and all thereof shall constitute one and the same agreement.

IN WITNESS WHEREOF, Park Water Company has caused this Ninth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and BNY Western Trust Company has caused this Ninth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: Sr. Vice President

By: _____
Title: Asst. Secretary

BNY WESTERN TRUST COMPANY, a California banking corporation, as Trustee

By: _____
Title: Authorized Signatory

IN WITNESS WHEREOF, Park Water Company has caused this Ninth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and BNY Western Trust Company has caused this Ninth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: _____

By: _____
Title: _____

BNY WESTERN TRUST COMPANY, a California banking corporation, as Trustee

By: _____
Title: Authorized Signatory

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On May 23, 2002 before me, Tammie Anne Myers, personally appeared Nyri Wheeler-Lewis and Douglas K. Martinet, personally known to me (or proved to me on the basis satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature (Seal)

TAMMIE ANNE MYERS
Commission # 1292109
Notary Public - California
Los Angeles County
My Comm. Expires Jan 26, 2005

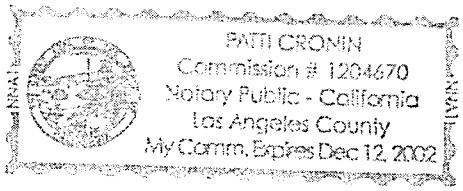
WWH000458

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On May 23, 2002 before me, Patti Cronin, personally appeared Fe R. Tuzon and personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)



WWH000459

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage Bond
7.32% Series due May 1, 2014

No. ____ $_____

PARK WATER COMPANY, a California corporation (hereinafter called the *"Company"*), hereby promises to pay to

or registered assigns, on
the sum of

DOLLARS ($_____)

in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at the rate of seven and thirty-two hundreths percent (7.32%) per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), in like coin or currency, payable semiannually on May 1 and November 1 in each year, commencing on November 1, 2002, until the principal hereof shall be paid; *provided* that this Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.32%. Payments of principal, premium and interest are to be made at the principal office of the Trustee in Los Angeles, California; *provided,* that principal, premium and interest may be paid as otherwise provided by an agreement between the Company and the registered holder which is permitted by the Indenture (as hereinafter defined).

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter mentioned, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of the Indenture hereinafter referred to, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the *"Original Indenture"*), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by BNY Western Trust Company as sole trustee (the *"Trustee"*) to which Indenture and all indentures supplemental thereto (collectively, the *"Indenture"*) reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided

in the Indenture, such Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Bonds, 7.32% Series due May 1, 2014 (hereinafter referred to as the Series 7.32% Bonds). The Series 7.32% Bonds are entitled to the benefits of, and are subject to redemption by operation of, the sinking fund for the Series 7.32% Bonds (hereinafter called the Sinking Fund) provided for in the Indenture and pursuant to which the Company is obligated to retire on May 1 of each year, beginning May 1, 2011, $2,500,000 aggregate principal amount of the Series 7.32% Bonds at 100% of the principal amount thereof, plus accrued interest.

Subject to the provisions of the Indenture, all Series 7.32% Bonds (other than those redeemed for the Sinking Fund above referred to) are subject to redemption at the option of the Company, as a whole, but not in part, at any time or from time to time upon payment of (a) the principal amount thereof, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the "Make-Whole Amount", determined as of two business days prior to the date of such redemption.

"Make-Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed (taking into account the application of the redemption through the operation of the sinking fund) and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.32% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.32%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of .5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of .5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed (taking into account the application of the redemption through the operation of the sinking fund). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the

Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.32% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 7.32% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.32% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

This Bond may be redeemed from certain condemnation proceeds which are not reinvested by the Company upon payment of the principal amount hereof, accrued interest to the date of redemption and a Make Whole Amount (defined above), as described in the Indenture, and may be redeemed from certain proceeds of casualty insurance upon payment of the principal amount hereof and accrued interest to the date of redemption, without any premium, as described in the Indenture.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, or (v) modify certain other provisions of the Indenture, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

In case an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated: _____, 2002

PARK WATER COMPANY

By _____
[Vice] President

ATTEST:

_____
[Assistant] Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein, described in the within-mentioned Indenture.

Dated: _____, 2002

BNY WESTERN TRUST COMPANY, as Trustee

By _____
Authorized Signatory

Recording Requested by and when
Recorded return to:

Fulbright & Jaworski L.L.P.
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
Attention: David A. Ebershoff

TENTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

TO

THE BANK OF NEW YORK TRUST COMPANY, N.A.

as Trustee

Dated as of January 27, 2006

THIS TENTH SUPPLEMENTAL INDENTURE (hereinafter sometimes called the *"Tenth Supplemental Indenture"*) dated as of January 27, 2006, by and between PARK WATER COMPANY, a California corporation (the *"Company"*) and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as trustee (the *"Trustee"*).

WITNESSETH:

WHEREAS, the Company executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the *"Original Indenture"*) and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000, (h) an Eighth Supplemental Indenture dated as of May 1, 2002 and (i) a Ninth Supplemental Indenture dated as of May 15, 2002 (which Original Indenture and any and all supplemental indentures thereto (including this Tenth Supplemental Indenture) being sometimes collectively referred to as the *"Indenture"*) for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture (*"Bonds"*); and

WHEREAS, The Bank of New York Trust Company, N.A. is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to BNY Western Trust Company which was successor to Harris Trust Company of California which was the successor to Bank of America National Trust and Savings Association which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, there are presently issued and outstanding under the Indenture the following Bonds in the following principal amounts and with the maturity dates indicated:

(i) $1,510,700 aggregate principal amount of the Company's 10.96% Series Bonds due November 1, 2012;

(ii) $8,000,000 aggregate principal amount of the Company's 8.18% Series Bonds due May 20, 2014;

(iii) $3,145,453 aggregate principal amount of the Company's 10.70% Series Bonds due January 15, 2016;

(iv) $10,000,000 aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025;

(v) $7,000,000 aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020; and

(vi) $10,000,000 aggregate principal amount of the Company's 7.32% Series Bonds due May 1, 2014; and

WHEREAS, Section 2.06 of Article I of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of additional Bonds which are to be secured by the lien of the Indenture by entering into this Tenth Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Tenth Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

WHEREAS, the Company desires that the additional Bonds authorized by this Tenth Supplemental Indenture be registered Bonds of the 5.99% Series due January 27, 2036 (the *"5.99% Series Bonds"*) in the aggregate principal amount of Fifteen Million Dollars ($15,000,000), and that the form of such Bonds, the form of the Trustee's Certificate to be endorsed on such Bonds and the form of endorsement for registration of such Bonds are to be substantially as set forth in Schedule A to this Tenth Supplemental Indenture, subject to such insertions, omissions and variations as are required or permitted by the Indenture;

WHEREAS, the Company has determined that the execution, acknowledgment and delivery of this Tenth Supplemental Indenture has been in all respects duly authorized and all acts and things necessary to make said 5.99% Series Bonds, when executed by the Company and authenticated by the Trustee, valid, legal and binding obligations of the Company and entitled in all respects to the security of the Indenture, have been done and performed, or prior to the issue of said 5.99% Series Bonds will be done and performed;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE
SERIES 5.99% BONDS

Section 1. There is hereby created a series of Bonds to be issued hereunder which will be entitled or known as "First Mortgage Bonds 5.99% Series due January 27, 2036". All of said Bonds shall be dated the date of issue, except as otherwise provided in Section 2.08 of Article Two of the Indenture. Bonds shall be in denominations which are multiples of $1,000. Said Bonds shall bear interest at the rate of five and ninety-nine hundredths percent (5.99%) per annum payable semiannually at the office of the Trustee in the City of Los Angeles, California (or, if there be a successor to said Trustee, at its principal office) or directly to the registered bondholders pursuant to Section 5.01 of Article Five of the Indenture on the twenty seventh day

of January and July of each year, shall mature January 27, 2036, and shall be redeemable as hereinafter provided, *provided, however,* that the Bonds shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 7.99%. The Series 5.99% Bonds and the Trustee's Certificate shall be substantially in the tenor of the form set forth in Schedule A hereto.

Section 2. The Series 5.99% Bonds shall be redeemable at the option of the Company in whole but not in part at any time, upon the notice and in the manner provided in Article Twelve of the Indenture (except that the publication of the notice therein provided for may be dispensed with if the written notice therein required shall be given to all registered owners), upon the payment of the principal amount of the Series 5.99% Bonds to be redeemed and interest thereon to the redemption date plus a premium equal to the "Make-Whole Amount" determined two business days prior to the date of such redemption:

"Make Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 5.99% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 5.99%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of .5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of .5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any

determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 5.99% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 5.99% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 5.99% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

Section 3. As provided therein, the entire unpaid principal balance of the 5.99% Series Bonds shall be due and payable on the stated maturity date hereof.

Section 4. Series 5.99% Bonds shall be subject to transfer by the registered holder in person or by attorney duly authorized, on the books of the Company kept for that purpose at the office of the Trustee under the Indenture upon surrender of the 5.99% Bonds, and a new Bond or Bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 5. As to all 5.99% Bonds, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of the Indenture and payment of or on account of the principal and interest of any such Bond shall be made only to or upon the order in writing of such registered holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid. As and when deposits are made by the Company with the Trustee for the payment of interest on or of the principal of any 5.99% Bond, the Trustee shall, on the due date of such interest or principal, pay the same to the person entitled thereto by its check mailed to such person at his address as shown by the records of the Trustee, except as otherwise provided in an agreement between the Company and the registered holder which is permitted by the Indenture.

Section 6. All of said Series 5.99% Bonds shall be secured by said Indenture and shall be subject to all of the terms and conditions thereof, as specifically set forth therein.

ARTICLE TWO

Except to the extent hereby amended, the Indenture is in all respects hereby ratified, confirmed and approved by the Company.

ARTICLE THREE

In case any one or more of the provisions of this Tenth Supplemental Indenture shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Tenth Supplemental Indenture, but this Tenth Supplemental Indenture shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

ARTICLE FOUR

This Tenth Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which is and shall be taken, accepted and received by the parties hereto and by all other persons as an original and all thereof shall constitute one and the same agreement.

IN WITNESS WHEREOF, Park Water Company has caused this Tenth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Trust Company, N.A. has caused this Tenth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: Senior Vice President/C.F.O.

By: _____
Title: Assistant Secretary

THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On January 24, 2006 before me, Karen E. Ternak, Notary Public, personally appeared Douglas K. Martinet and Myra Wheeler ~~personally known to me (or~~ proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Karen E. Ternak (Seal)

KAREN E. TERNAK
Commission # 1629671
Notary Public - California
Los Angeles County
My Comm. Expires Dec 13, 2009

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On JAN 2 5 2006, ~~2006~~ before me, Kitty Kwong, personally appeared Sandee Parks and _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

KITTY KWONG
Commission # 1501113
Notary Public - California
Los Angeles County
My Comm. Expires Jul 15, 2008

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage Bond
5.99% Series due January 17, 2036

No. R-__ $_____

PARK WATER COMPANY, a California corporation (hereinafter called the *"Company"*), hereby promises to pay to

_____
or registered assigns, on
the sum of

_____ DOLLARS ($_____)

in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at the rate of five and ninety-nine hundredths percent (5.99%) per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), in like coin or currency, payable semiannually on January 27 and July 27 in each year, commencing on July 27, 2006, until the principal hereof shall be paid; *provided* that this Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 7.99%. Payments of principal, premium and interest are to be made at the principal office of the Trustee (as hereinafter defined) in Los Angeles, California; *provided,* that principal, premium and interest may be paid as otherwise provided by an agreement between the Company and the registered holder which is permitted by the Indenture (as hereinafter defined).

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter mentioned, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of the Indenture hereinafter referred to, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the *"Original Indenture"*), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by The Bank of New York Trust Company, N.A. as sole trustee (the *"Trustee"*) to which Indenture and all indentures supplemental thereto (collectively, the *"Indenture"*) reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are and are to be secured

and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, such Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Bonds, 5.99% Series due January 27, 2036 (hereinafter referred to as the Series 5.99% Bonds). The entire unpaid principal balance of the Series 5.99% Bonds shall be due and payable on January 27, 2036.

Subject to the provisions of the Indenture, all Series 5.99% Bonds are subject to redemption at the option of the Company, as a whole, but not in part, at any time or from time to time upon payment of (a) the principal amount thereof, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the "Make-Whole Amount", determined as of two business days prior to the date of such redemption.

"Make-Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 5.99% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 5.99%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of .5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of .5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal

Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 5.99% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 5.99% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 5.99% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

This Bond may be redeemed from certain condemnation and casualty proceeds in accordance with the Indenture.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, or (v) modify certain other provisions of the Indenture, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

In case an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by

written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated: _____, 2006

PARK WATER COMPANY

By _____
[Vice] President

ATTEST:

_____
[Assistant] Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein, described in the within-mentioned Indenture.

Dated: _____, 2006

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By _____
Authorized Signatory

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASERS	PRINCIPAL AMOUNT OF BONDS TO BE PURCHASED
PACIFIC LIFE INSURANCE COMPANY	$5,000,000
700 Newport Center Drive	$5,000,000
Newport Beach, California 92660-6397	$1,000,000
Attention: Securities Department	$1,000,000
Fax Number: (949) 219-5406	

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Park Water Co., 5.99% First Mortgage Bonds, due 2036, PPN 70090* AK 0, principal, premium or interest") to:

Mellon Trust of New England
ABA #0110-0123-4
DDA 125261
Attention: MBS Income CC: 1253
A/C Name: Pacific Life General Account/PLCF1810132
Regarding: Security Description and PPN

Notices

All notices and communications to be addressed as first provided above, except notices with respect to payments and written confirmation of each such payment, to be addressed:

Mellon Trust
Attention: Pacific Life Accounting Team
Three Mellon Bank Center
AIM #153-3610
Pittsburgh, Pennsylvania 15259
Fax Number: (412) 236-7529

and

Pacific Life Insurance Company
Attention: Securities Administration – Cash Team
700 Newport Center Drive
Newport Beach, California 92660-6397
Fax Number: (949) 640-4013

Name of Nominee in which Bonds are to be issued: Mac & Co.

General Taxpayer I.D. Number: 95-1079000

NAME AND ADDRESS OF PURCHASERS	PRINCIPAL AMOUNT OF BONDS TO BE PURCHASED
PACIFIC LIFE & ANNUITY COMPANY 700 Newport Center Drive Newport Beach, California 92660-6397 Attention: Securities Department Fax Number: (949) 219-5406	$1,000,000 $1,000,000 $1,000,000

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Park Water Co., 5.99% First Mortgage Bonds, due 2036, PPN 70090* AK 0, principal, premium or interest") to:

Mellon Trust of New England
ABA #0110-0123-4
DDA 125261
Attention: MBS Income CC: 1253
A/C Name: Pacific Life and Annuity Company/PLCF1811612
Regarding: Security Description and PPN

Notices

All notices and communications to be addressed as first provided above, except notices with respect to payments and written confirmation of each such payment, to be addressed:

Mellon Trust
Attention: Pacific Life Accounting Team
Three Mellon Bank Center
AIM #153-3610
Pittsburgh, Pennsylvania 15259
Fax Number: (412) 236-7529

and

Pacific Life Insurance Company
Attention: Securities Administration – Cash Team
700 Newport Center Drive
Newport Beach, California 92660-6397
Fax: (949) 640-4013

Name of Nominee in which Bonds are to be issued: Mac & Co.

General Taxpayer I.D. Number: 95-3769814

Recording Requested by and when
Recorded return to:

Fulbright & Jaworski L.L.P.
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
Attention: David A. Ebershoff

ELEVENTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

Dated as of October 6, 2008

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THIS ELEVENTH SUPPLEMENTAL INDENTURE (hereinafter sometimes called the *"Eleventh Supplemental Indenture"*) dated as of October 6, 2008, by and between PARK WATER COMPANY, a California corporation (the *"Company"*) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (the *"Trustee"*).

WITNESSETH:

WHEREAS, the Company executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the *"Original Indenture"*) and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000, (h) an Eighth Supplemental Indenture dated as of May 1, 2002, which restated in its entirety the Original Indenture and all amendments and supplements thereto prior to such Eighth Supplemental Indenture, (i) a Ninth Supplemental Indenture dated as of May 15, 2002 and (j) a Tenth Supplemental Indenture dated as of January 27, 2006 (which Original Indenture and any and all supplemental indentures thereto, including this Eleventh Supplemental Indenture, being sometimes collectively referred to as the *"Indenture"*) for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture (*"Bonds"*); and

WHEREAS, The Bank of New York Mellon Trust Company, N.A. is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to the Bank of New York Trust Company, N.A., which was the successor to BNY Western Trust Company, which was the successor to Harris Trust Company of California, which was the successor to Bank of America National Trust and Savings Association, which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, there are presently issued and outstanding under the Indenture the following Bonds in the following principal amounts and with the maturity dates indicated:

(i) $8,000,000 in aggregate principal amount of the Company's 8.18% Series Bonds due May 20, 2014;

(ii) $10,000,000 in aggregate principal amount of the Company's 7.32% Series Bonds due May 1, 2014; and

(iii) $10,000,000 in aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025;

(iv) $7,000,000 in aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020;

(v) $15,000,000 in aggregate principal amount of the Company's 5.99% Series Bonds due January 27, 2036.

WHEREAS, Section 2.06 of Article I of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of additional Bonds which are to be secured by the lien of the Indenture by entering into this Eleventh Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Eleventh Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

WHEREAS, the Company desires that the additional Bonds authorized by this Eleventh Supplemental Indenture be registered Bonds of the 7.56% Series due October 6, 2033 (the "*7.56% Series Bonds*") in the aggregate principal amount of Ten Million Dollars ($10,000,000), and that the form of such Bonds, the form of the Trustee's Certificate to be endorsed on such Bonds and the form of endorsement for registration of such Bonds are to be substantially as set forth in Schedule A to this Eleventh Supplemental Indenture, subject to such insertions, omissions and variations as are required or permitted by the Indenture;

WHEREAS, the Company has determined that the execution, acknowledgment and delivery of this Eleventh Supplemental Indenture has been in all respects duly authorized and all acts and things necessary to make said 7.56% Series Bonds, when executed by the Company and authenticated by the Trustee, valid, legal and binding obligations of the Company and entitled in all respects to the security of the Indenture, have been done and performed, or prior to the issue of said 7.56% Series Bonds will be done and performed;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE
7.56% SERIES BONDS

Section 1. There is hereby created a series of Bonds to be issued hereunder which will be entitled or known as "First Mortgage Bonds 7.56% Series due October 6, 2033". All of said Bonds shall be dated the date of issue, except as otherwise provided in Section 2.08 of Article Two of the Indenture. Bonds shall be in denominations which are multiples of $1,000. Said

Bonds shall bear interest at the rate of seven and fifty-six hundredths percent (7.56%) per annum payable semiannually at the office of the Trustee in the City of Los Angeles, California (or, if there be a successor to said Trustee, at its principal office) or directly to the registered bondholders pursuant to Section 5.01 of Article Five of the Indenture on the 6th day of April and October of each year, shall mature October 6, 2033, and shall be redeemable as hereinafter provided, *provided, however,* that the 7.56% Series Bonds shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.56%. The 7.56% Series Bonds and the Trustee's Certificate shall be substantially in the form set forth in Schedule A hereto.

Section 2. The 7.56% Series Bonds shall be redeemable at the option of the Company in whole, but not in part, at any time, upon the notice and in the manner provided in Article Twelve of the Indenture (except that the publication of the notice therein provided for may be dispensed with if the written notice therein required shall be given to all registered owners), upon the payment of the principal amount of the 7.56% Series Bonds to be redeemed and interest thereon to the redemption date plus a premium equal to the "Make-Whole Amount" determined two business days prior to the date of such redemption:

"Make-Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed, taking into account the application of any mandatory redemption required under Section 3 of Article One of this Eleventh Supplemental Indenture, and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.56% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.56%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, (taking into account the application of any mandatory redemption required under Section 3 of Article One of this Eleventh Supplemental Indenture) or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed (taking into account the application of any mandatory redemption required under Section 3 of Article One of this Eleventh Supplemental Indenture). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a

straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.56% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 7.56% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by (1) multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.56% Series Bonds scheduled to become due on such date after giving effect to such redemption and the application of any mandatory redemption required under Section 3 of this Article One of this Eleventh Supplemental Indenture, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date and (2) totaling the products obtained in (1).

Section 3. On October 6, 2027 and on each October 6 thereafter to and including October 6, 2032, the Company will prepay $1,428,571.43 principal amount (or such lesser principal amount as shall then be outstanding) of the 7.56% Series Bonds at par and without payment of the Make-Whole Amount or any premium, *provided* that upon any partial prepayment of the 7.56% Series Bonds under the Indenture, the principal amount of each required prepayment of the 7.56% Series Bonds becoming due under this Article One, Section 3 on and after the date of such prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Bonds is reduced as a result of such prepayment. Notwithstanding anything in this Eleventh Supplemental Indenture or the 7.56% Series Bonds to the contrary, any payment of principal, interest, Make-Whole Amount, or any other amount under any 7.56% Series Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on any such payment on such next succeeding Business Day; *provided, however,* that if a scheduled principal payment date under Article One Section 3 of this Eleventh Supplemental Indenture or the maturity date of any 7.56% Series Bond (any such date, a "*Scheduled Principal Payment Date*") is a date other than a Business Day, the payment otherwise due on such Scheduled Principal Payment Date may be made at the election of the Company either (i) on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day, or (ii) on the Business Day immediately preceding the Scheduled Principal Payment Date. If the Company elects to make the payment on the Business Day immediately preceding the Scheduled Principal Payment Date, (i) the notice requirements of Section 12 of the Indenture shall not apply, (ii) the Company shall not be required to pay any Make-Whole Amount or to pay any similar

prepayment or redemption premium that would otherwise be required, and (iii) the Company shall provide written notice of its intent to make such payment at least fifteen (15) Business Days prior to the Scheduled Principal Payment Date. "Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which commercial banks in California are required or authorized to be closed.

Section 4. 7.56% Series Bonds shall be subject to transfer by the registered holder in person or by attorney duly authorized, on the books of the Company kept for that purpose at the office of the Trustee under the Indenture upon surrender of the 7.56% Series Bonds, and a new Bond or Bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 5. As to all 7.56% Series Bonds, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of the Indenture and payment of or on account of the principal and interest of any such 7.56% Series Bond shall be made only to or upon the order in writing of such registered holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid. As and when deposits are made by the Company with the Trustee for the payment of interest on or of the principal of any 7.56% Series Bond, the Trustee shall, on the due date of such interest or principal, pay the same to the person entitled thereto by its check mailed to such person at his address as shown by the records of the Trustee, except as otherwise provided in an agreement between the Company and the registered holder which is permitted by the Indenture.

Section 6. All of said 7.56% Series Bonds shall be secured by the Indenture and shall be subject to all of the terms and conditions thereof, as specifically set forth therein.

ARTICLE TWO

Except to the extent hereby amended, the Indenture is in all respects hereby ratified, confirmed and approved by the Company.

ARTICLE THREE

In case any one or more of the provisions of this Eleventh Supplemental Indenture shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Eleventh Supplemental Indenture, and this Eleventh Supplemental Indenture shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

ARTICLE FOUR

This Eleventh Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which is and shall be taken, accepted and received by the parties hereto and by all other persons as an original and all thereof shall constitute one and the same agreement.

IN WITNESS WHEREOF, Park Water Company has caused this Eleventh Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Eleventh Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: Sr. V.P. / C.F.O.

By: _____
Title: Corp. Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

IN WITNESS WHEREOF, Park Water Company has caused this Eleventh Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Eleventh Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: _____

By: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On September 30, 2008, before me, Tina Michelle Sims, Notary Public,
Date — Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared Nyri A. Wheeler and Douglas K. Martinet,
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Tina Michelle Sims
Signature of Notary Public

(Seal)

TINA MICHELLE SIMS
Commission # 1549756
Notary Public - California
Los Angeles County
My Comm. Expires Feb 4, 2009

New form required as of January 1, 2008

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- ☐ Individual
- ☐ Corporate Officer

Title(s)

- ☐ Partner(s) ☐ Limited ☐ General
- ☐ Attorney-In-Fact
- ☐ Trustee(s)
- ☐ Guardian/Conservator
- ☐ Other:

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title or Type of Document

Number Of Pages

Date Of Document

Signer(s) Other Than Named Above

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

On October 2, 2008 before me, Karen Yu, Notary Public
Raymond Torres personally appeared

_____,

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

I certified under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

KAREN YU
COMM. #1751273
NOTARY PUBLIC • CALIFORNIA
Los Angeles County
Comm. Expires Jun 16, 2011

Signature _____

(NOTARY SEAL)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE **MUST** BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT.

Title of Document Type _____
Number of Pages _____ Date of Document _____
Signer(s) Other Than Named Above _____
_____.

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage Bond
7.56% Series due October 6, 2033

No. R-__ $_____

PARK WATER COMPANY, a California corporation (hereinafter called the *"Company"*), hereby promises to pay to

_____
or registered assigns, on October 6, 2033
the sum of

_____ DOLLARS ($_____)

in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at the rate of seven and fifty-six hundredths percent (7.56%) per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), in like coin or currency, payable semiannually on April 6 and October 6 in each year, commencing on April 6, 2009, until the principal hereof shall be paid; *provided* that this Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.56%. Payments of principal, premium and interest are to be made at the principal office of the Trustee (as hereinafter defined) in Los Angeles, California; *provided,* that principal, premium and interest may be paid as otherwise provided by an agreement between the Company and the registered holder which is permitted by the Indenture (as hereinafter defined).

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter defined, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of that Indenture, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the *"Original Indenture"*), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by The Bank of New York Mellon Trust Company, N.A. as sole trustee (the *"Trustee"*), to which Indenture and all supplemental indentures thereto including the Eleventh Supplemental Indenture dated as of October 6, 2008 (the *"Eleventh Supplement"*) (collectively, the *"Indenture"*) reference is hereby made for a description of the property mortgaged and pledged, the nature and

extent of the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, such Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Bonds, 7.56% Series due October 6, 2033 (hereinafter referred to as the 7.56% Series Bonds). The Company will make required prepayments of principal on the dates and in the amounts specified in the Indenture. The remaining unpaid principal balance of the 7.56% Series Bonds shall be due and payable on October 6, 2033.

Subject to the provisions of the Indenture, all 7.56% Series Bonds are subject to redemption at the option of the Company, as a whole, but not in part, at any time or from time to time upon payment of (a) the principal amount thereof, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the "Make-Whole Amount", determined as of two business days prior to the date of such redemption.

"Make-Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed, taking into account the application of any mandatory redemption required under Section 3 of Article One of the Eleventh Supplement, and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.56% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.56%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed (taking into account the application of any mandatory redemption required under Section 3 of Article One of the Eleventh Supplement), or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed (taking into account the application of any mandatory redemption required under Section 3 of Article One of the Eleventh Supplement). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such

relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.56% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 7.56% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by (1) multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.56% Series Bonds scheduled to become due on such date after giving effect to such redemption and the application of any mandatory redemption required under Section 3 of Article One of the Eleventh Supplement, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date and (2) totaling the products obtained in (1).

If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

This Bond may be redeemed from certain condemnation and casualty proceeds in accordance with the Indenture.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, or (v) modify certain other provisions of the Indenture, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

If an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated: October __, 2008

PARK WATER COMPANY

By _____
Senior Vice President

ATTEST:

_____
Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein, described in the within-mentioned Indenture.

Dated: _____, 2008

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____
Authorized Signatory

Recording Requested by and when
Recorded return to:

Fulbright & Jaworski L.L.P.
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
Attention: David A. Ebershoff

TWELFTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

Dated as of October 6, 2008

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1690312

THIS TWELFTH SUPPLEMENTAL INDENTURE (hereinafter sometimes called the *"Twelfth Supplemental Indenture"*) dated as of October 6, 2008, by and between PARK WATER COMPANY, a California corporation (the *"Company"*) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (the *"Trustee"*).

WITNESSETH:

WHEREAS, the Company executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the *"Original Indenture"*) and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000, (h) an Eighth Supplemental Indenture dated as of May 1, 2002, which restated in its entirety the Original Indenture and all amendments and supplements thereto prior to such Eighth Supplemental Indenture, (i) a Ninth Supplemental Indenture dated as of May 15, 2002, (j) a Tenth Supplemental Indenture dated as of January 27, 2006 and (k) an Eleventh Supplemental Indenture dated as of October 6, 2008 (which Original Indenture and any and all supplemental indentures thereto, including this Twelfth Supplemental Indenture, being sometimes collectively referred to as the *"Indenture"*) for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture (*"Bonds"*); and

WHEREAS, The Bank of New York Mellon Trust Company, N.A. is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to the Bank of New York Trust Company, N.A., which was the successor to BNY Western Trust Company which was the successor to Harris Trust Company of California which was the successor to Bank of America National Trust and Savings Association which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, there are presently issued and outstanding under the Indenture the following Bonds in the following principal amounts and with the maturity dates indicated:

(i) $8,000,000 in aggregate principal amount of the Company's 8.18% Series Bonds due May 20, 2014;

(ii) $10,000,000 in aggregate principal amount of the Company's 7.32% Series Bonds due May 1, 2014;

(iii) $10,000,000 in aggregate principal amount of the Company's 7.56% Series Bonds due October 6, 2033;

(iv) $10,000,000 in aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025;

(v) $7,000,000 in aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020; and

(vi) $15,000,000 in aggregate principal amount of the Company's 5.99% Series Bonds due January 27, 2036.

WHEREAS, Section 2.06 of Article I of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of additional Bonds which are to be secured by the lien of the Indenture by entering into this Twelfth Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Twelfth Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

WHEREAS, the Company desires that the additional Bonds authorized by this Twelfth Supplemental Indenture be registered Bonds of the 7.65% Series due October 6, 2038 (the *"7.65% Series Bonds"*) in the aggregate principal amount of Ten Million Dollars ($10,000,000), and that the form of such Bonds, the form of the Trustee's Certificate to be endorsed on such Bonds and the form of endorsement for registration of such Bonds are to be substantially as set forth in Schedule A to this Twelfth Supplemental Indenture, subject to such insertions, omissions and variations as are required or permitted by the Indenture;

WHEREAS, the Company has determined that the execution, acknowledgment and delivery of this Twelfth Supplemental Indenture has been in all respects duly authorized and all acts and things necessary to make said 7.65% Series Bonds, when executed by the Company and authenticated by the Trustee, valid, legal and binding obligations of the Company and entitled in all respects to the security of the Indenture, have been done and performed, or prior to the issue of said 7.65% Series Bonds will be done and performed;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE
7.65% SERIES BONDS

Section 1. There is hereby created a series of Bonds to be issued hereunder which will be entitled or known as "First Mortgage Bonds 7.65% Series due October 6, 2038". All of said

Bonds shall be dated the date of issue, except as otherwise provided in Section 2.08 of Article Two of the Indenture. Bonds shall be in denominations which are multiples of $1,000. Said Bonds shall bear interest at the rate of seven and sixty-five hundredths percent (7.65%) per annum payable semiannually at the office of the Trustee in the City of Los Angeles, California (or, if there be a successor to said Trustee, at its principal office) or directly to the registered bondholders pursuant to Section 5.01 of Article Five of the Indenture on the 6th day of April and October of each year, shall mature October 6, 2038, and shall be redeemable as hereinafter provided, *provided, however,* that the 7.65% Series Bonds shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.65%. The 7.65% Series Bonds and the Trustee's Certificate shall be substantially in the tenor of the form set forth in Schedule A hereto.

Section 2. The 7.65% Series Bonds shall be redeemable at the option of the Company in whole but not in part at any time, upon the notice and in the manner provided in Article Twelve of the Indenture (except that the publication of the notice therein provided for may be dispensed with if the written notice therein required shall be given to all registered owners), upon the payment of the principal amount of the 7.65% Series Bonds to be redeemed and interest thereon to the redemption date plus a premium equal to the "Make-Whole Amount" determined two business days prior to the date of such redemption:

"Make-Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.65% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.65%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the

Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.65% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 7.65% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.65% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

Section 3. As provided therein, the entire unpaid principal balance of the 7.65% Series Bonds shall be due and payable on the stated maturity date hereof. Notwithstanding anything in this Twelfth Supplemental Indenture or the 7.65% Series Bonds to the contrary, any payment of principal, interest, Make-Whole Amount, or any other amount under any 7.65% Series Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on any such payment on such next succeeding Business Day. "Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which commercial banks in California are required or authorized to be closed.

Section 4. 7.65% Series Bonds shall be subject to transfer by the registered holder in person or by attorney duly authorized, on the books of the Company kept for that purpose at the office of the Trustee under the Indenture upon surrender of the 7.65% Series Bonds, and a new Bond or Bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 5. As to all 7.65% Series Bonds, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of the Indenture and payment of or on account of the principal and interest of any such 7.65% Series Bond shall be made only to or upon the order in writing of such registered holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid. As and when deposits are made by the Company with the Trustee for the payment of interest on or of the principal of any 7.65% Series Bond, the Trustee shall, on the due date of such interest or principal, pay the same to the person entitled thereto by its check mailed to such person at his address as shown by the records of the Trustee, except as otherwise

provided in an agreement between the Company and the registered holder which is permitted by the Indenture.

Section 6. All of said 7.65% Series Bonds shall be secured by the Indenture and shall be subject to all of the terms and conditions thereof, as specifically set forth therein.

ARTICLE TWO

Except to the extent hereby amended, the Indenture is in all respects hereby ratified, confirmed and approved by the Company.

ARTICLE THREE

In case any one or more of the provisions of this Twelfth Supplemental Indenture shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Twelfth Supplemental Indenture, and this Twelfth Supplemental Indenture shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

ARTICLE FOUR

This Twelfth Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which is and shall be taken, accepted and received by the parties hereto and by all other persons as an original and all thereof shall constitute one and the same agreement.

IN WITNESS WHEREOF, Park Water Company has caused this Twelfth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Twelfth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: Sr. V.P. / C.F.O.

By: _____
Title: Corp Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

IN WITNESS WHEREOF, Park Water Company has caused this Twelfth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Twelfth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: _____

By: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On September 30, 2008 (Date), before me, Tina Michelle Sims, Notary Public (Name And Title Of Officer (e.g. "Jane Doe, Notary Public")),

personally appeared Nyri A. Wheeler and Douglas K. Martinet (Name of Signer(s)),

who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Tina Michelle Sims

Signature of Notary Public

(Seal)

TINA MICHELLE SIMS
Commission # 1549756
Notary Public - California
Los Angeles County
My Comm. Expires Feb 4, 2009

New form required as of January 1, 2008

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- ☐ Individual
- ☐ Corporate Officer

_____
Title(s)

- ☐ Partner(s) ☐ Limited ☐ General
- ☐ Attorney-In-Fact
- ☐ Trustee(s)
- ☐ Guardian/Conservator
- ☐ Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title or Type of Document

_____
Number Of Pages

_____
Date Of Document

_____
Signer(s) Other Than Named Above

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

On October 2, 2008 before me, Karen Yu, Notary Public
Raymond Torres personally appeared

_____,

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

I certified under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

KAREN YU
COMM. #1751273
NOTARY PUBLIC • CALIFORNIA
Los Angeles County
Comm. Expires Jun 16, 2011

(NOTARY SEAL)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE **MUST** BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT.

Title of Document Type _____
Number of Pages _____ Date of Document _____
Signer(s) Other Than Named Above _____
_____.

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage Bond
7.65% Series due October 6, 2038

No. R-__ $_____

PARK WATER COMPANY, a California corporation (hereinafter called the *"Company"*), hereby promises to pay to

_____
or registered assigns, on October 6, 2038
the sum of

_____ DOLLARS ($_____)

in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at the rate of seven and sixty-five hundredths percent (7.65%) per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), in like coin or currency, payable semiannually on April 6 and October 6, in each year, commencing on April 6, 2009, until the principal hereof shall be paid; *provided* that this Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.65%. Payments of principal, premium and interest are to be made at the principal office of the Trustee (as hereinafter defined) in Los Angeles, California; *provided,* that principal, premium and interest may be paid as otherwise provided by an agreement between the Company and the registered holder which is permitted by the Indenture (as hereinafter defined).

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter defined, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of that Indenture, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the *"Original Indenture"*), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by The Bank of New York Mellon Trust Company, N.A. as sole trustee (the *"Trustee"*) to which Indenture and all supplemental indentures thereto including the Twelfth Supplemental Indenture dated as of October 6, 2008 (the *"Twelfth Supplement"*) (collectively, the *"Indenture"*) reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of

the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, such Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Bonds, 7.65% Series due October 6, 2038 (hereinafter referred to as the 7.65% Series Bonds). The entire unpaid principal balance of the 7.65% Series Bonds shall be due and payable on October 6, 2038.

Subject to the provisions of the Indenture, all 7.65% Series Bonds are subject to redemption at the option of the Company, as a whole, but not in part, at any time or from time to time upon payment of (a) the principal amount thereof, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the "Make-Whole Amount", determined as of two business days prior to the date of such redemption.

"Make-Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.65% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.65%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.65% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 7.65% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.65% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

This Bond may be redeemed from certain condemnation and casualty proceeds in accordance with the Indenture.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, or (v) modify certain other provisions of the Indenture, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

In case an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register

to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated: October ___, 2008

PARK WATER COMPANY

By _____
Senior Vice President

ATTEST:

_____
Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein, described in the within-mentioned Indenture.

Dated: _____, 2008

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____
Authorized Signatory

This page is part of your document - DO NOT DISCARD

20130832124

Pages: 0016

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

06/04/13 AT 12:55PM

FEES:	60.00
TAXES:	0.00
OTHER:	0.00
PAID:	60.00

LEADSHEET

201306040050010

00007815491

004911817

SEQ:
01

DAR - Counter (Upfront Scan)

THIS FORM IS NOT TO BE DUPLICATED

E626311

EXECUTION COPY

Recording Requested by and when
Recorded return to:

Fulbright & Jaworski L.L.P.
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
Attention: David A. Ebershoff

06/04/2013

20130832124

THIRTEENTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

Dated as of June 4, 2013

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4106076

FIDELITY NATIONAL TITLE INSURANCE COMPANY HAS RECORDED THIS INSTRUMENT BY REQUEST AS AN ACCOMMODATION ONLY AND HAS NOT EXAMINED IT FOR REGULARITY AND SUFFICIENCY OR AS TO ITS EFFECT UPON THE TITLE TO ANY REAL PROPERTY THAT MAY BE DESCRIBED THEREIN.

THIS THIRTEENTH SUPPLEMENTAL INDENTURE (hereinafter sometimes called the *"Thirteenth Supplemental Indenture"*) dated as of June 4, 2013, by and between PARK WATER COMPANY, a California corporation (the *"Company"*) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (the *"Trustee"*).

WITNESSETH:

WHEREAS, the Company executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the *"Original Indenture"*) and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000, (h) an Eighth Supplemental Indenture dated as of May 1, 2002, which restated in its entirety the Original Indenture and all amendments and supplements thereto prior to such Eighth Supplemental Indenture, (i) a Ninth Supplemental Indenture dated as of May 15, 2002, (j) a Tenth Supplemental Indenture dated as of January 27, 2006, (k) an Eleventh Supplemental Indenture dated as of October 6, 2008 and (l) a Twelfth Supplemental Indenture dated as of October 6, 2008 (which Original Indenture and any and all supplemental indentures thereto, including this Thirteenth Supplemental Indenture, being sometimes collectively referred to as the *"Indenture"*) for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture (*"Bonds"*); and

WHEREAS, The Bank of New York Mellon Trust Company, N.A. is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to the Bank of New York Trust Company, N.A., which was the successor to BNY Western Trust Company which was the successor to Harris Trust Company of California which was the successor to Bank of America National Trust and Savings Association which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, there are presently issued and outstanding under the Indenture the following Bonds in the following principal amounts and with the maturity dates indicated:

(i) $10,000,000 in aggregate principal amount of the Company's 7.56% Series Bonds due October 6, 2033;

(ii) $10,000,000 in aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025;

(iii) $7,000,000 in aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020;

(iv) $15,000,000 in aggregate principal amount of the Company's 5.99% Series Bonds due January 27, 2036; and

(v) $10,000,000 in aggregate principal amount of the Company's 7.65% Series Bonds due October 6, 2038.

WHEREAS, Section 2.06 of Article Two of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of additional Bonds which are to be secured by the lien of the Indenture by entering into this Thirteenth Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Thirteenth Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

WHEREAS, the Company desires that the additional Bonds authorized by this Thirteenth Supplemental Indenture be registered Bonds of the 4.53% Series due June 4, 2043 (the *"4.53% Series Bonds"*) in the aggregate principal amount of Fifteen Million Dollars ($15,000,000), and that the form of such Bonds, the form of the Trustee's Certificate to be endorsed on such Bonds and the form of endorsement for registration of such Bonds are to be substantially as set forth in Schedule A to this Thirteenth Supplemental Indenture, subject to such insertions, omissions and variations as are required or permitted by the Indenture;

WHEREAS, the Company has determined that the execution, acknowledgment and delivery of this Thirteenth Supplemental Indenture has been in all respects duly authorized and all acts and things necessary to make said 4.53% Series Bonds, when executed by the Company and authenticated by the Trustee, valid, legal and binding obligations of the Company and entitled in all respects to the security of the Indenture, have been done and performed, or prior to the issue of said 4.53% Series Bonds will be done and performed;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE
4.53% SERIES BONDS

Section 1. There is hereby created a series of Bonds to be issued hereunder which will be entitled or known as "First Mortgage Bonds 4.53% Series due June 4, 2043". All of said Bonds shall be dated the date of issue, except as otherwise provided in Section 2.08 of Article Two of the Indenture. Bonds shall be in denominations which are multiples of $1,000. Said Bonds shall bear interest at the rate of four and fifty-three percent (4.53%) per annum payable

semiannually at the office of the Trustee in the City of Los Angeles, California (or, if there be a successor to said Trustee, at its principal office) or directly to the registered bondholders pursuant to Section 5.01 of Article Five of the Indenture on the 4th day of June and December of each year, shall mature June 4, 2043, and shall be redeemable as hereinafter provided, *provided, however,* that the 4.53% Series Bonds shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 6.53%. The 4.53% Series Bonds and the Trustee's Certificate shall be substantially in the tenor of the form set forth in Schedule A hereto.

Section 2. The 4.53% Series Bonds shall be redeemable at the option of the Company in whole but not in part at any time, upon the notice and in the manner provided in Article Twelve of the Indenture (except that the publication of the notice therein provided for may be dispensed with if the written notice therein required shall be given to all registered owners), upon the payment of the principal amount of the 4.53% Series Bonds to be redeemed and interest thereon to the redemption date plus a premium equal to the "Make-Whole Amount" determined two business days prior to the date of such redemption:

"Make-Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 4.53% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 4.53%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 4.53% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 4.53% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 4.53% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

Section 3. As provided therein, the entire unpaid principal balance of the 4.53% Series Bonds shall be due and payable on the stated maturity date hereof. Notwithstanding anything in this Thirteenth Supplemental Indenture or the 4.53% Series Bonds to the contrary, any payment of principal, interest, Make-Whole Amount, or any other amount under any 4.53% Series Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on any such payment on such next succeeding Business Day. "Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which commercial banks in California are required or authorized to be closed.

Section 4. 4.53% Series Bonds shall be subject to transfer by the registered holder in person or by attorney duly authorized, on the books of the Company kept for that purpose at the office of the Trustee under the Indenture upon surrender of the 4.53% Series Bonds, and a new Bond or Bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 5. As to all 4.53% Series Bonds, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of the Indenture and payment of or on account of the principal and interest of any such 4.53% Series Bond shall be made only to or upon the order in writing of such registered holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid. As and when deposits are made by the Company with the Trustee for the payment of interest on or of the principal of any 4.53% Series Bond, the Trustee shall, on the due date of such interest or principal, pay the same to the person entitled thereto by electronic wire or by its check mailed to such person at his address as shown by the records of the Trustee.

Section 6. All of said 4.53% Series Bonds shall be secured by the Indenture and shall be subject to all of the terms and conditions thereof, as specifically set forth therein.

Section 7. Article One, Section 1.02 of the Indenture is hereby amended as set forth below:

"Consolidated Total Capitalization Applicable Percentage" shall mean 65%.

Section 8. The Trustee shall not be responsible for any calculations to be made herein.

ARTICLE TWO

Except to the extent hereby amended, the Indenture is in all respects hereby ratified, confirmed and approved by the Company.

ARTICLE THREE

In case any one or more of the provisions of this Thirteenth Supplemental Indenture shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Thirteenth Supplemental Indenture, and this Thirteenth Supplemental Indenture shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

ARTICLE FOUR

This Thirteenth Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which is and shall be taken, accepted and received by the parties hereto and by all other persons as an original and all thereof shall constitute one and the same agreement.

IN WITNESS WHEREOF, Park Water Company has caused this Thirteenth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Thirteenth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: Executive VP / Secretary

By: _____
Title: Sr. Vice President & C.F.O.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

EXECUTED IN COUNTERPART

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Los Angeles

On 5/28/13 (Date) before me, Ellen M. Zimbalist, Notary Public (Here Insert Name and Title of the Officer)

personally appeared Leigh R. Jordan and Douglas Matthews (Name(s) of Signer(s)),

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

ELLEN M. ZIMBALIST
Commission # 1885192
Notary Public - California
Los Angeles County
My Comm. Expires Apr 8, 2014

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (Signature of Notary Public)

Place Notary Seal and/or Stamp Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: Thirteenth Supplemental Indenture

Document Date: _____ Number of Pages: 13

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer — Title(s): _____	☐ Corporate Officer — Title(s): _____
☐ Individual	☐ Individual
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact	☐ Attorney in Fact
☐ Trustee	☐ Trustee
☐ Guardian or Conservator	☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer Is Representing: _____	Signer Is Representing: _____
RIGHT THUMBPRINT OF SIGNER — Top of thumb here	RIGHT THUMBPRINT OF SIGNER — Top of thumb here

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ELLEN M ZIMBALIST
Commission # 1885192
Notary Public - California
Los Angeles County
My Comm. Expires Apr 8, 2014

IN WITNESS WHEREOF, Park Water Company has caused this Thirteenth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Thirteenth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: _____

By: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: Irene Pitte
Title: Authorized Signatory

EXECUTED IN COUNTERPART

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF Los Angeles } ss.

On May 28, 2013 before me, Karen Yu, Notary Public
personally appeared
Teresa Petta,

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

I certified under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

KAREN YU
Commission # 1941944
Notary Public - California
Los Angeles County
My Comm. Expires Jun 24, 2015

(NOTARY SEAL)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE **MUST** BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT.

Title of Document Type _____
Number of Pages _____ Date of Document _____
Signer(s) Other Than Named Above _____

KAREN W
Commission # 1881884
Notary Public - California
Los Angeles County
My Comm. Expires Jan 24, 2012

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage Bond
4.53% Series due June 4, 2043

CUSIP 70090* AN4

No. R-__ $_____

PARK WATER COMPANY, a California corporation (hereinafter called the *"Company"*), hereby promises to pay to

_____
or registered assigns, on June 4, 2043
the sum of

_____ DOLLARS ($_____)

in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at the rate of four and fifty-three hundredths percent (4.53%) per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), in like coin or currency, payable semiannually on June 4 and December 4, in each year, commencing on December 4, 2013, until the principal hereof shall be paid; *provided* that this Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 6.53%. Payments of principal, premium and interest are to be made at the principal office of the Trustee (as hereinafter defined) in Los Angeles, California; *provided,* that principal, premium and interest may be paid as otherwise provided by an agreement between the Company and the registered holder which is permitted by the Indenture (as hereinafter defined).

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter defined, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of that Indenture, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the *"Original Indenture"*), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by The Bank of New York Mellon Trust Company, N.A. as sole trustee (the *"Trustee"*) to which

Indenture and all supplemental indentures thereto including the Thirteenth Supplemental Indenture dated as of June 4, 2013 (the *"Thirteenth Supplement"*) (collectively, the *"Indenture"*) reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, such Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Bonds, 4.53% Series due June 4, 2043 (hereinafter referred to as the 4.53% Series Bonds). The entire unpaid principal balance of the 4.53% Series Bonds shall be due and payable on June 4, 2043.

Subject to the provisions of the Indenture, all 4.53% Series Bonds are subject to redemption at the option of the Company, as a whole, but not in part, at any time or from time to time upon payment of (a) the principal amount thereof, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the "Make-Whole Amount", determined as of two business days prior to the date of such redemption.

"Make-Whole Amount" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 4.53% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 4.53%, the Make-Whole Amount shall be zero.

"Reinvestment Rate" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the

Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 4.53% Series Bonds.

"Weighted Average Life to Maturity" of the principal amount of the 4.53% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 4.53% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

This Bond may be redeemed from certain condemnation and casualty proceeds in accordance with the Indenture.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

In case an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated: _____, 2013

PARK WATER COMPANY

By _____
Senior Vice President

ATTEST:

_____
Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein, described in the within-mentioned Indenture.

Dated: _____, 2013

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____
Authorized Signatory

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

EXECUTION COPY

Recording Requested by and when
Recorded return to:

Norton Rose Fulbright
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
Attention: David A. Ebershoff

COPY of Document Recorded
At LA County Recorder
AUG 25 2014 1489827
Has not been compared with original.
Original will be returned when
processing has been completed.

FOURTEENTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

Dated as of August 26, 2014

FIDELITY NATIONAL TITLE INSURANCE COMPANY
HAS RECORDED THIS INSTRUMENT BY REQUEST AS
AN ACCOMMODATION ONLY AND HAS NOT EXAMINED
IT FOR REGULARITY AND SUFFICIENCY OR AS TO ITS
EFFECT UPON THE TITLE TO ANY REAL PROPERTY
THAT MAY BE DESCRIBED THEREIN.

40914096.6

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THIS FOURTEENTH SUPPLEMENTAL INDENTURE (hereinafter sometimes called the *"Fourteenth Supplemental Indenture"*) dated as of August 26, 2014, by and between PARK WATER COMPANY, a California corporation (the *"Company"*) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (the *"Trustee"*).

WITNESSETH:

WHEREAS, the Company executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the *"Original Indenture"*) and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000, (h) an Eighth Supplemental Indenture dated as of May 1, 2002, which restated in its entirety the Original Indenture and all amendments and supplements thereto prior to such Eighth Supplemental Indenture, (i) a Ninth Supplemental Indenture dated as of May 15, 2002, (j) a Tenth Supplemental Indenture dated as of January 27, 2006, (k) an Eleventh Supplemental Indenture dated as of October 6, 2008 (l) a Twelfth Supplemental Indenture dated as of October 6, 2008 and (m) a Thirteenth Supplemental Indenture dated as of June 4, 2013 (which Original Indenture and any and all supplemental indentures thereto, including this Fourteenth Supplemental Indenture, being sometimes collectively referred to as the *"Indenture"*) for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture (*"Bonds"*); and

WHEREAS, The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.) is the successor trustee under the Indenture (hereinafter the *"Trustee"*) to BNY Western Trust Company which was the successor to Harris Trust Company of California, which was the successor to Bank of America National Trust and Savings Association, which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, there are presently issued and outstanding under the Indenture the following Bonds in the following principal amounts and with the maturity dates indicated:

(i) $10,000,000 in aggregate principal amount of the Company's 7.56% Series Bonds due October 6, 2033;

(ii) $10,000,000 in aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025;

(iii) $7,000,000 in aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020;

(iv) $15,000,000 in aggregate principal amount of the Company's 5.99% Series Bonds due January 27, 2036;

(v) $10,000,000 in aggregate principal amount of the Company's 7.65% Series Bonds due October 6, 2038; and

(vi) $15,000,000 in aggregate principal amount of the Company's 4.53% Series Bonds due June 4, 2043.

WHEREAS, Section 2.06 of Article Two of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of an additional Bond which is to be secured by the lien of the Indenture by entering into this Fourteenth Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Fourteenth Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

WHEREAS, the Company desires that the additional Bond authorized by this Fourteenth Supplemental Indenture be registered First Mortgage Variable Rate Series Bond due August 26, 2019 (the *"Variable Rate Series Bond"*) in the aggregate principal amount of up to Thirty Million Dollars ($30,000,000), and that the form of such Bond, the form of the Trustee's Certificate to be endorsed on such Bond and the form of endorsement for registration of such Bond are to be substantially as set forth in Schedule A to this Fourteenth Supplemental Indenture, subject to such insertions, omissions and variations as are required or permitted by the Indenture;

WHEREAS, the Company has determined that the execution, acknowledgment and delivery of this Fourteenth Supplemental Indenture has been in all respects duly authorized and all acts and things necessary to make the Variable Rate Series Bond, when executed by the Company and authenticated by the Trustee, valid, legal and binding obligations of the Company and entitled in all respects to the security of the Indenture, have been done and performed, or prior to the issue of the Variable Rate Series Bond, will be done and performed;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE
VARIABLE RATE SERIES BOND

Section 1. There is hereby created a series of Bond to be issued hereunder which will be entitled or known as "First Mortgage Variable Rate Series Bond due August 26, 2019". The aggregate principal amount of the Bond issued shall be $30,000,000 or, if the Company borrows less than $30,000,000 from CoBank, ACB ("CoBank") under that certain Term Loan Agreement dated as of August 26, 2014, between the Company and CoBank, as same may be amended or restated from time to time (the "Term Loan Agreement"), the aggregate principal amount of all loans (each a "Term Loan") made by CoBank to the Company pursuant to the Term Loan Agreement. The first Term Loan, made on the date hereof, is in the amount of $15,000,000. The Bond shall be dated the date of issue and shall mature on August 26, 2019 (the "Maturity Date"). The Bond shall bear interest at one or more of the following interest rate options as selected by the Company:

(1) Weekly Quoted Variable Ration Option. At a rate per annum equal at all times to the rate of interest established by CoBank on the first Business Day (as defined below) of each week (the "Variable Rate Option"). The rate established by CoBank shall be effective until the first Business Day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

(2) LIBOR Option. At a fixed rate equal to LIBOR (as defined below) plus 8/10ths of 1% per annum (the "LIBOR Option"). Under the LIBOR Option rates may be fixed: (a) on three (3) Business Days' prior notice; (b) on balances of $500,000 or in integral multiples of $100,000 in excess thereof (or on such other balances as may be agreeable to CoBank in its sole discretion in each instance); (c) for Interest Periods (as defined below) of 1, 2, 3, 6, or, if available, 12 months, as selected by the Company; and (d) on not more than five (5) separate balances at any one time.

(3) Quoted Fixed Rate Option. At one or more fixed rates to be quoted by CoBank in its sole discretion in each instance ("Quoted Fixed Rate Option"). Under the Quoted Fixed Rate Option, rates may be fixed: (a) on any Business Day; (b) on balances of $100,000 or in integral multiples of $100,000 in excess thereof; (c) for such periods (each, a "Quoted Fixed Rate Period") as may be agreeable to CoBank in its sole discretion in each instance; provided, however, that rates may not be fixed for a Quoted Fixed Rate Period of less than 180 days; and (d) on not more than five (5) separate balances at any one time.

Interest shall be calculated on the actual number of days that the Term Loans are outstanding on the basis of a 360-day year. Interest shall be: (i) calculated quarterly in arrears on the last day of each calendar quarter and on the Maturity Date; and (ii) due and payable on the 20th day of each January, April, July and October and on the Maturity Date. Notwithstanding the foregoing, at CoBank's option, interest on balances bearing interest at the LIBOR Option shall be calculated and paid on the last day of each Interest Period, and, as to any balance having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period.

The Variable Rate Series Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate equal to 2% per annum in excess of the rates otherwise in effect. The Variable Rate Series Bond and the Trustee's Certificate shall be substantially in the tenor of the form set forth in Schedule A hereto.

For purposes hereof:

"Business Day" means any day other than a Saturday, Sunday, or other day on which CoBank or the Federal Reserve Banks are closed for business, except that, when used with the respect to the LIBOR Option or any balance to bear interest thereunder, it shall mean a day which is both a Business Day and a day on which dealings in U.S. dollar deposits are being carried out in the London interbank market and banks are open for business in New York City and London, England.

"LIBOR" means the rate (rounded upward to the nearest hundredth of a percentage point and adjusted for reserves required on Eurocurrency Liabilities for banks subject to FRB Regulation D or required by any other federal law or regulation) quoted by the ICE Benchmark Administration.("ICE") (or, if the ICE ceases to quote such interest rate, a successor entity thereto providing such quotations) at 11:00 a.m. London time two (2) Business Days before the commencement of the Interest Period for the offering of U.S. dollar deposits in the London interbank market for the Interest Period designated by the Company, as published by Bloomberg or another major information vendor listed on ICE's official website (or the website of such successor entity).

"Interest Period" means a period commencing on the date the LIBOR Option is to take effect and ending on the numerically corresponding day in the next calendar month or the month that is 2, 3, 6, or 12 months after the date the LIBOR Option is to take effect, as the case may be; provided, however, that: (i) in the event such ending day is not a Business Day, such period shall be extended to the next Business Day unless such next Business Day falls in the next calendar month, in which case it shall end on the preceding Business Day; and (ii) if there is no numerically corresponding day in the month, then such period shall end on the last Business Day in the relevant month.

Payments of principal, premium and interest are to be made by the Company acting as its own paying agent.

Section 2. Subject to the paragraph below, the Company may, on three Business Days' prior written notice, prepay all or any portion of the Variable Rate Series Bond. In the event the Company would like to prepay, it shall notify CoBank thereof in writing not later than 12:00 Noon, Mountain Time three Business Days prior to the date on which the Company intends to prepay the Variable Rate Series Bond. Unless otherwise agreed to by CoBank in writing, all such notices shall be irrevocable. On the date fixed for prepayment, the Company shall prepay the Variable Rate Series Bond in the amount so designated, together with accrued interest thereon, and, if applicable, any surcharge owing under the paragraph below. All partial prepayments will be applied to such balances, fixed or variable, outstanding on the Variable Rate Series Bond being prepaid as CoBank shall specify.

The Company agrees that in the event it repays any Variable Rate Series Bond balance bearing interest at the LIBOR Option or the Quoted Fixed Rate Option prior to the last day of the Interest Period or Quoted Fixed Rate Period applicable thereto (whether such payment is made voluntarily, as a result of redemption, repurchase, acceleration or otherwise, including, without limitation as a result of a condemnation or casualty governed by Section 14.02 of Article Fourteen of the Indenture) or fails, for any reason, to borrow a Term Loan scheduled to bear interest at the LIBOR Option or Quoted Fixed Rate Option on the date scheduled therefor, or fails for any reason to convert or continue any Term Loan balance to or under the LIBOR Option or Quoted Fixed Rate Option on the date scheduled therefor, the Company will pay to CoBank a premium in an amount equal to the greater of $300 or the sum of: (i) the present value of any funding losses imputed by CoBank in accordance with its methodology to have been incurred by CoBank as a result thereof; plus (ii) unless such payment is made under Section 14.02 of Article Fourteen of the Indenture, a per annum yield of ½ of 1% of the balance for the period such amount was scheduled to have been outstanding under the LIBOR or Quoted Fixed Rate Options. Such surcharge shall be determined and calculated in accordance with methodology established by CoBank, a copy of which will be made available upon request.

Section 3. As provided therein, the entire unpaid principal balance of the Variable Rate Series Bond shall be due and payable on the stated maturity date hereof. Notwithstanding anything in this Fourteenth Supplemental Indenture or the Variable Rate Series Bond to the contrary, any payment of principal, interest, premium, or any other amount under the Variable Rate Series Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day and, in the case of principal, interest shall continue to accrue thereon until paid.

Section 4. The Variable Rate Series Bond shall be subject to transfer by the registered holder in person or by attorney duly authorized, on the books of the Company kept for that purpose at the office of the Trustee under the Indenture, upon surrender of the Variable Rate Series Bond and an instrument of transfer in form and content reasonably acceptable to the Trustee, and a new Bond or Bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 5. As to the Variable Rate Series Bond, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of the Indenture and payment of or on account of the principal and interest of any such Variable Rate Series Bond shall be made only to or upon the order in writing of such registered holder. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 6. The Variable Rate Series Bond shall be secured by the Indenture and shall be subject to all of the terms and conditions thereof, as specifically set forth therein.

Section 7. The Trustee shall not be responsible for any calculations or payments to be made herein or under the Variable Rate Series Bond.

ARTICLE TWO

Except to the extent hereby amended, the Indenture is in all respects hereby ratified, confirmed and approved by the Company.

ARTICLE THREE

In case any one or more of the provisions of this Fourteenth Supplemental Indenture shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other of its provisions, and this Fourteenth Supplemental Indenture shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

ARTICLE FOUR

This Fourteenth Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which is and shall be taken, accepted and received by the parties hereto and by all other persons as an original and all thereof shall constitute one and the same agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Park Water Company has caused this Fourteenth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Fourteenth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: Executive Vice President / Secretary

By: _____
Title: Sr. Vice President / CFO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

STATE OF CALIFORNIA)
) ss:
COUNTY OF LOS ANGELES)

On August 21, 2014 before me, _____ (insert name of the officer), Notary Public, personally appeared Leigh K. Jordan and Douglas Martinet, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____ [Seal]

ELLEN M. ZIMBALIST
Commission # 2060849
Notary Public - California
Los Angeles County
My Comm. Expires Apr 8, 2018

IN WITNESS WHEREOF, Park Water Company has caused this Fourteenth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Fourteenth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: _____

By: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: Teresa Petta
Title: Authorized Signatory

STATE OF CALIFORNIA)
) ss:
COUNTY OF Los Angeles)

On 8/21/2014 before me, Cynthia Cerda (insert name of the officer), Notary Public, personally appeared Teresa Petta, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Cerda [Seal]

CYNTHIA CERDA
COMM. #2047861
Notary Public - California
Los Angeles County
My Comm. Expires Nov. 3, 2017
NRO1 NRO1

40914096.6

BUS_RE/5335275.1

WWH000540

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage
VARIABLE RATE Series Bond due August 26, 2019

No. R-1

PARK WATER COMPANY, a California corporation (hereinafter called the *"Company"*), hereby promises to pay to

COBANK, ACB
or registered assigns, on August 26, 2019
the principal sum of

THIRTY MILLION DOLLARS ($30,000,000)

or, if the Company borrows less than $30,000,000 from CoBank, ACB (*"CoBank"*) under that certain Term Loan Agreement dated as of August 26, 2014, between the Company and CoBank, as same may be amended or restated from time to time (the *"Term Loan Agreement"*), the aggregate principal amount of all loans (each a *"Term Loan"*) made by CoBank to the Company pursuant to the Term Loan Agreement (the first Term Loan having been made on the date hereof in the amount of $15,000,000), in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at one or more of the following interest rate options as selected by the Company:

(1) Weekly Quoted Variable Ration Option. At a rate per annum equal at all times to the rate of interest established by CoBank, ACB ("CoBank") on the first Business Day (as defined below) of each week (the "Variable Rate Option"). The rate established by CoBank shall be effective until the first Business Day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

(2) LIBOR Option. At a fixed rate equal to LIBOR (as defined below) plus 8/10ths of 1% per annum (the "LIBOR Option"). Under the LIBOR Option rates may be fixed: (a) on three (3) Business Days' prior notice; (b) on balances of $500,000 or in integral multiples of $100,000 in excess thereof (or on such other balances as may be agreeable to CoBank in its sole discretion in each instance); (c) for Interest Periods (as defined below) of 1, 2, 3, 6, or, if available, 12 months, as selected by the Company; and (d) on not more than five (5) separate balances at any one time.

(3) Quoted Fixed Rate Option. At one or more fixed rates to be quoted by CoBank in its sole discretion in each instance ("Quoted Fixed Rate Option"). Under the Quoted Fixed Rate Option, rates may be fixed: (a) on any Business Day; (b) on balances of $100,000 or in integral multiples of $100,000 in excess thereof; (c) for such periods (each, a "Quoted Fixed Rate Period") as may be agreeable to CoBank in its sole discretion in each instance; provided, however, that rates may not be fixed for a Quoted Fixed Rate Period of less than 180 days; and (d) on not more than five (5) separate balances at any one time.

Interest shall be calculated on the actual number of days that the Term Loans are outstanding on the basis of a 360-day year. Interest shall be: (i) calculated quarterly in arrears on the last day of each calendar quarter and on the Maturity Date; and (ii) due and payable on the 20th day of each January, April, July and October and on the Maturity Date. Notwithstanding the foregoing, at CoBank's option, interest on balances bearing interest at the LIBOR Option shall be calculated and paid on the last day of each Interest Period, and, as to any balance having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period.

The Variable Rate Series Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate equal to 2% per annum in excess of the rates otherwise in effect.

For purposes hereof:

"Business Day" means any day other than a Saturday, Sunday, or other day on which CoBank or the Federal Reserve Banks are closed for business, except that, when used with the respect to the LIBOR Option or any balance to bear interest thereunder, it shall mean a day which is both a Business Day and a day on which dealings in U.S. dollar deposits are being carried out in the London interbank market and banks are open for business in New York City and London, England.

"LIBOR" means the rate (rounded upward to the nearest hundredth of a percentage point and adjusted for reserves required on Eurocurrency Liabilities for banks subject to FRB Regulation D or required by any other federal law or regulation) quoted by the ICE Benchmark Administration.("ICE") (or, if the ICE ceases to quote such interest rate, a successor entity thereto providing such quotations) at 11:00 a.m. London time two (2) Business Days before the commencement of the Interest Period for the offering of U.S. dollar deposits in the London interbank market for the Interest Period designated by the Company, as published by Bloomberg or another major information vendor listed on ICE's official website (or the website of such successor entity).

"Interest Period" means a period commencing on the date the LIBOR Option is to take effect and ending on the numerically corresponding day in the next calendar month or the month that is 2, 3, 6, or 12 months after the date the LIBOR Option is to take effect, as the case may be; provided, however, that: (i) in the event such ending day is not a Business Day, such period shall be extended to the next Business Day unless such next Business Day falls in the next calendar month, in which case it shall end on the preceding Business Day; and (ii) if there is no

numerically corresponding day in the month, then such period shall end on the last Business Day in the relevant month.

Payments of principal, premium and interest are to be made by the Company acting as its own paying agent.

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter defined, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of that Indenture, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the *"Original Indenture"*), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by The Bank of New York Mellon Trust Company, N.A. as sole trustee (the *"Trustee"*). Reference is hereby made to the Original Indenture and all supplemental indentures thereto including the Fourteenth Supplemental Indenture dated as of August 26, 2014 (the *"Fourteenth Supplement"*) (collectively, the *"Indenture"*) for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, such Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Variable Rate Series Bond due August 26, 2019 (hereinafter referred to as the "*Variable Rate Series Bond*"). The entire unpaid principal balance of the Variable Rate Series Bond shall be due and payable on August 26, 2019.

Subject to the paragraph below, the Company may, on three Business Days' prior written notice, prepay all or any portion of the Variable Rate Series Bond. In the event the Company would like to prepay, it shall notify CoBank thereof in writing not later than 12:00 Noon, Mountain Time three Business Days prior to the date on which the Company intends to prepay the Variable Rate Series Bond. Unless otherwise agreed to by CoBank in writing, all such notices shall be irrevocable. On the date fixed for prepayment, the Company shall prepay the Variable Rate Series Bond in the amount so designated, together with accrued interest thereon, and, if applicable, any surcharge owing under the paragraph below. All partial prepayments will be applied to such balances, fixed or variable, outstanding on the Variable Rate Series Bond being prepaid as CoBank shall specify.

The Company agrees that in the event it repays any Variable Rate Series Bond balance bearing interest at the LIBOR Option or the Quoted Fixed Rate Option prior to the last day of the Interest Period or Quoted Fixed Rate Period applicable thereto (whether such payment is made voluntarily, as a result of redemption, repurchase, acceleration or otherwise, including, without limitation as a result of condemnation or casualty governed by Section 14.02 of Article Fourteen of the Indenture) or fails, for any reason, to borrow a Term Loan scheduled to bear interest at the

LIBOR Option or Quoted Fixed Rate Option on the date scheduled therefor, or fails for any reason to convert or continue any Term Loan balance to or under the LIBOR Option or Quoted Fixed Rate Option on the date scheduled therefor, the Company will pay to CoBank a premium in an amount equal to the greater of $300 or the sum of: (i) the present value of any funding losses imputed by CoBank in accordance with its methodology to have been incurred by CoBank as a result thereof; plus (ii) unless such payment is made under Section 14.02 of Article Fourteen of the Indenture, a per annum yield of ½ of 1% of the balance for the period such amount was scheduled to have been outstanding under the LIBOR or Quoted Fixed Rate Options. Such surcharge shall be determined and calculated in accordance with methodology established by CoBank, a copy of which will be made available upon request.

The Trustee shall not be responsible for any calculations or payments to be made herein.

If this Bond is called for redemption and payment duly provided (all as provided in the Term Loan Agreement), this Bond shall cease to bear interest from and after the date fixed for such redemption.

Subject to the foregoing, this Bond may be redeemed from certain condemnation and casualty proceeds in accordance with the Indenture.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

In case an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount

equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated: _____, 2014

PARK WATER COMPANY

By _____
Senior Vice President

ATTEST:

_____
Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON THE BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is the Bond of the series designated herein, described in the within-mentioned Indenture.

Dated: _____, 2014

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____
Authorized Signatory

LOAN AGREEMENT

This Loan Agreement (this "Agreement") dated as of February 13, 2014, is between Wells Fargo Bank, National Association (the "Bank") and Park Water Company (the "Borrower").

1. FACILITY NO. 1 LINE OF CREDIT AMOUNT AND TERMS

1.1 Line of Credit Amount

(a) During the availability period described below, the Bank will provide a line of credit to the Borrower. The amount of the line of credit (the "Facility No. 1 Commitment") is Twelve Million and 00/100 Dollars ($12,000,000.00).

(b) This is a revolving line of credit. During the availability period, the Borrower may repay principal amounts and re-borrow them.

(c) The Borrower agrees not to permit the principal balance outstanding to exceed the Facility No. 1 Commitment. If the Borrower exceeds this limit, the Borrower will immediately pay the excess to the Bank.

1.2 Availability Period. The line of credit is available between the date of this Agreement and February 13, 2016, or such earlier date as the availability may terminate as provided in this Agreement (the "Facility No. 1 Expiration Date").

The availability period for this line of credit will be considered renewed if and only if the Bank has sent to the Borrower a written notice of renewal for the line of credit (the "Renewal Notice"). If this line of credit is renewed, it will continue to be subject to all the terms and conditions set forth in this Agreement except as modified by the Renewal Notice. If this line of credit is renewed, the term "Facility No. 1 Expiration Date" shall mean the date set forth in the Renewal Notice as the Expiration Date and the same process for renewal will apply to any subsequent renewal of this line of credit. A renewal fee may be charged at the Bank's option. The amount of the renewal fee will be specified in the Renewal Notice.

1.3 Repayment Terms.

(a) Interest shall accrue on each loan made pursuant to this Agreement. The Borrower will pay all accrued and unpaid interest on March 1, 2014, and then on the same day of each month thereafter until payment in full of any principal outstanding under this facility.

(b) The Borrower will repay in full any principal, interest or other charges outstanding under this facility no later than the Facility No. 1 Expiration Date.

1.4 Interest Rate.

(a) The interest rate is a rate per year equal to the BBA LIBOR Daily Floating Rate plus 1.50 percentage point(s).

(b) The BBA LIBOR Daily Floating Rate is a fluctuating rate of interest which can change on each banking day. The rate will be adjusted on each banking day to equal the British Bankers Association LIBOR Rate (or any successor thereto approved by the Bank if the British Bankers Association is no longer making a

LIBOR rate available) ("BBA LIBOR") for U.S. dollar deposits for delivery on the date in question for a one month term beginning on that date. The Bank will use the BBA LIBOR Rate as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, as adjusted from time to time in the Bank's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs that are generally charged by the Bank to similarly situated borrowers. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars.

1.5 Optional Interest Rates. Instead of the interest rate based on the rate stated in the paragraph entitled "Interest Rate" above, the Borrower may elect the optional interest rates listed below for this Facility No. 1 during interest periods agreed to by the Bank and Borrower. The option interest rates shall be subject to the terms and conditions descried later in this Agreement. Any principal amount bearing interest at an optional rate under this Agreement is referred to as a "Portion." The following optional interest rates are available:

(a) The LIBOR Rate plus 1.5 percentage point(s).

1A OPTIONAL INTEREST RATES

1A.1 Optional Rates. Each optional interest rate is a rate per year. Interest will be paid on March 1, 2014, and then on the same day of each month thereafter until payment in full of any principal outstanding under this Agreement. No Portion will be converted to a different interest rate during the applicable interest period. Upon the occurrence of an event of default under this Agreement, the Bank may terminate the availability of optional interest rates for interest periods commencing after the default occurs. At the end of each interest period, the interest rate will revert to the rate stated in the paragraph(s) entitled "Interest Rate" above, unless the Borrower has designated another optional interest rate for the Portion.

1A.2 LIBOR Rate. The election of the LIBOR Rate shall be subject to the following terms and requirements:

(a) The interest period during which the LIBOR Rate will be in effect will be one month, two months, three months or six months. The first day of the interest period must be a day other than a Saturday or a Sunday on which banks are open for business in New York and London and dealing in offshore dollars (a "LIBOR Banking Day"). The last day of the interest period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market.

(b) Each LIBOR Rate portion will be for an amount not less than One Hundred Thousand and 00/100 Dollars ($100,000.00).

(c) The "LIBOR Rate" means the interest rate determined by the following formula. (All amounts in the calculation will be determined by the Bank as of the first day of the interest period.)

LIBOR Rate = London Inter-Bank Offered Rate

(1.00- Reserve Percentage) Where,

(i) "London Inter-Bank Offered Rate" means for any applicable interest period, the rate per annum equal to the BBA LIBOR, as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars.

(ii) "Reserve Percentage" means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to the nearest 1/100 of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages.

(d) The Borrower shall irrevocably request a LIBOR Rate Portion no later than 9:00 a.m. Pacific time on the LIBOR Banking Day preceding the day on which the London Inter-Bank Offered Rate will be set, as specified above. For example, if there are no intervening holidays or weekend days in any of the relevant locations, the request must be made at least three days before the LIBOR Rate takes effect.

(e) The Bank will have no obligation to accept an election for a LIBOR Rate Portion if any of the following described events has occurred and is continuing:

(i) Dollar deposits in the principal amount, and for periods equal to the interest period, of a LIBOR Rate Portion are not available in the London inter-bank market; or

(ii) The LIBOR Rate does not accurately reflect the cost of a LIBOR Rate Portion.

(f) Each prepayment of a LIBOR Rate Portion, whether voluntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid and a prepayment fee as described below. A "prepayment" is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Agreement.

(g) The prepayment fee is intended to compensate the Bank for the funding costs of the prepaid credit, if any. The prepayment fee will be determined by calculating the funding costs incurred by the Bank, based on the cost of funds at the time the

interest rate was fixed, and subtracting the interest income which can be earned by the Bank by reinvesting the prepaid funds at the Reinvestment Rate. The calculation is defined more fully below.

(h) The "Fixed Interest Rate Period" is the period during which the interest rate in effect at the time of the prepayment does not change. If the Fixed Interest Rate Period does not extend for the entire remaining life of the credit, then the following rules will apply:

(i) For any portion of the prepaid principal for which the scheduled payment date is after the end of the Fixed Interest Rate Period, the prepayment fee for that portion shall be calculated based only on the period through the end of the Fixed Interest Rate Period, as described below.

(ii) If a prepayment is made on a date on which the interest rate resets, then there will be no prepayment fee.

(iii) The prepayment fee calculation is made separately for each Prepaid Installment. A "Prepaid Installment" is the amount of the prepaid principal that would have been due on a particular scheduled payment date (the "Scheduled Payment Date"). However, as explained in the preceding paragraph, all amounts of the credit which would have been paid after the end of the Fixed Interest Rate Period shall be considered a single Prepaid Installment with a Scheduled Payment Date (for the purposes of this calculation) equal to the last day of the Fixed Interest Rate Period.

(i) The prepayment fee for a particular Prepaid Installment will be calculated as follows:

(i) Calculate the monthly interest payments that would have accrued on the Prepaid Installment through the applicable Scheduled Payment Date, if the prepayment had not been made. The interest payments will be calculated using the Original Cost of Funds Rate.

(ii) Next, calculate the monthly interest income which could be earned on the Prepaid Installment if it were reinvested by the Bank at the Reinvestment Rate through the Scheduled Payment Date.

(iii) Calculate the monthly differences of the amounts calculated in (i) minus the amounts calculated in (ii).

(iv) If the remaining term of the Fixed Interest Rate Period is greater than one year, calculate the present value of the amounts calculated in (iii), using the Reinvestment Rate. The result of the present value calculation is the prepayment fee for the Prepaid Installment.

(j) Finally, the prepayment fees for all of the Prepaid Installments are added together. The sum, if greater than zero, is the total prepayment fee due to the Bank.

(k) The following definitions will apply to the calculation of the prepayment fee:

(i) "Original Cost of Funds Rate" means the fixed interest rate per annum, determined solely by the Bank, at which the Bank would be able to borrow funds in the Bank Funding Markets for the duration of the Fixed Interest Rate Period in the amount of the prepaid principal and with a term, interest payment frequency, and principal repayment schedule matching the prepaid principal.

(ii) "Bank Funding Markets" means one or more wholesale funding markets available to the Bank, including the LIBOR, Eurodollar, and SWAP markets as applicable and available, or such other appropriate money market as determined by the Bank in its sole discretion.

(iii) "Reinvestment Rate" means the fixed rate per annum, determined solely by the Bank, as the rate at which the Bank would be able to reinvest funds in the amount of the Prepaid Installment in the Bank Funding Markets on the date of prepayment for a period of time approximating the period starting on the date of prepayment and ending on the Scheduled Payment Date.

(l) The Original Cost of Funds Rate and the Reinvestment Rate are the Bank's estimates only and the Bank is under no obligation to actually purchase or match funds for any transaction or reinvest any prepayment. The Bank may adjust the Original Cost of Funds Rate and the Reinvestment Rate to reflect the compounding, accrual basis, or other costs of the prepaid amount. The rates shall include adjustments for reserve requirements, federal deposit insurance and any other similar adjustment which the Bank deems appropriate. These rates are not fixed by or related in any way to any rate the Bank quotes or pays for deposits accepted through its branch system.

2. FEES AND EXPENSES

2.1 Fees

(a) Unused Commitment Fee. The Borrower agrees to pay a fee on any difference between the Facility No. 1 Commitment and the amount of credit it actually uses, determined by the average of the daily amount of credit outstanding during the specified period. The fee will be calculated at 0.225% per year.

This fee is due on March 31, 2014, and on the last day of each following quarter until the expiration of the availability period.

(b) Waiver Fee. If the Bank, at its discretion, agrees to waive or amend any terms of this Agreement, the Borrower will, at the Bank's option, pay the Bank a fee for each waiver or amendment in an amount advised by the Bank at the time the Borrower requests the waiver or amendment. Nothing in this paragraph shall imply that the Bank is obligated to agree to any waiver or amendment requested by the Borrower. The Bank may impose additional requirements as a condition to any waiver or amendment.

(c) Late Fee. To the extent permitted by law, the Borrower agrees to pay a late fee in an amount not to exceed four percent (4.0%) of any payment that is more than fifteen (15) days late. The imposition and payment of a late fee shall not constitute a waiver of the Bank's rights with respect to the default.

(d) Upfront Fee. The Borrower agrees to pay an upfront fee for Facility No. 1 in the amount of Nine Thousand Six Hundred and 00/100 Dollars ($9,600). This fee is due on the date of this Agreement.

2.2 Expenses. The Borrower agrees to immediately repay the Bank for expenses that include, but are not limited to, filing, recording and search fees, appraisal fees, title report fees, and documentation fees.

2.3 Reimbursement Costs. The Borrower agrees to reimburse the Bank for any expenses it incurs in the preparation of this Agreement and any agreement or instrument required by this Agreement. Expenses include, but are not limited to, reasonable attorneys' fees, including any allocated costs of the Bank's in-house counsel to the extent permitted by applicable law.

3. DISBURSEMENTS, PAYMENTS AND COSTS

3.1 Disbursements and Payments.

(a) Each payment by the Borrower will be made in U.S. Dollars and immediately available funds by wire transfer in accordance with the wiring instructions specified below, or such other wiring instructions specified in writing by the Bank, or, for payments not required to be made by direct debit, by mail to the address shown on the Borrower's statement or at one of the Bank's banking centers in the United States.

(b) Wiring Instructions:

Wells Fargo Bank, National Association
Roanoke, Virginia
ABA #: [redacted]
Acct. #: [redacted]
Account Name: Roanoke Loan Center
Ref: Park Water

(c) Each disbursement by the Bank and each payment by the Borrower will be evidenced by records kept by the Bank. In addition, the Bank may, at its discretion, require the Borrower to sign one or more promissory notes.

3.2 Telephone and Telefax Authorization.

(a) The Bank may honor telephone or telefax instructions for advances or repayments given, or purported to be given, by any one of the individuals authorized to sign loan agreements on behalf of the Borrower, or any other individual designated by any one of such authorized signers.

(b) Advances will be wired to the account specified below by the Borrower or such other of the Borrower's accounts as designated in writing by the Borrower.

(c) Borrower's Account:

ABA #: [redacted]
Acct. #: [redacted]
Account Name: Park Water Company
Ref: Credit Facility Transfer

(d) The Borrower will indemnify and hold the Bank harmless from all liability, loss, and costs in connection with any act resulting from telephone or telefax instructions the Bank reasonably believes are made by any individual authorized by the Borrower to give such instructions. This paragraph will survive this Agreement's termination, and will benefit the Bank and its officers, employees, and agents.

3.3 **Banking Days**. Unless otherwise provided in this Agreement, a banking day is a day other than a Saturday, Sunday or other day on which commercial banks are authorized to close, or are in fact closed, in the state where the Bank's lending office is located, and, if such day relates to amounts bearing interest at an offshore rate (if any), means any such day on which dealings on dollar deposits are conducted among banks in the offshore dollar Interbank market. All payments and disbursements which would be due on a day which is not a banking day will be due on the next banking day. All payments received on a day which is not a banking day will be applied to the credit on the next banking day.

3.4 **Interest Calculation**. Except as otherwise stated in this Agreement, all interest and fees, if any, will be computed on the basis of a 360-day year and the actual number of days elapsed. This results in more interest or a higher fee than if a 365-day year is used. Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid.

3.5 **Default Rate**. Upon the occurrence of any default or after maturity or after Judgment has been rendered on any obligation under this Agreement, all amounts outstanding under this Agreement, including any interest, fees, or costs which are not paid when due, will at the option of the Bank bear interest at a rate which is 6.0 percentage point(s) higher than the rate of interest otherwise provided under this Agreement. This may result in compounding of interest. This will not constitute a waiver of any default.

3.7 **Additional Costs**. The Borrower will pay the Bank, on demand, for the Bank's costs or losses arising from any Change in Law which are allocated to this Agreement or any credit outstanding under this Agreement. The allocation will be made as determined by the Bank, using any reasonable method. The costs include, without limitation, the following:

(a) any reserve or deposit requirements (excluding any reserve requirement already reflected in the calculation of the interest rate in this Agreement); and

(b) any capital or liquidity requirements relating to the Bank's assets and commitments for credit.

"Change in Law" means the occurrence, after the date of this Agreement, of the adoption or taking effect of any new or changed law, rule, regulation or treaty, or the issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives issued in connection with that Act, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or

any successor authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

4. CONDITIONS

Before the Bank is required to extend any credit to the Borrower under this Agreement, it must receive any documents and other items it may reasonably require, in form and content acceptable to the Bank, including any items specifically listed below.

4.1 **Authorizations**. If the Borrower or any guarantor is anything other than a natural person, evidence that the execution, delivery and performance by the Borrower and/or such guarantor of this Agreement and any instrument or agreement required under this Agreement have been duly authorized.

4.2 **Governing Documents**. If required by the Bank, a copy of the Borrower's organizational documents.

4.3 **Payment of Fees**. Payment of all fees and other amounts due and owing to the Bank, including without limitation payment of all accrued and unpaid expenses incurred by the Bank as required by the paragraph entitled "Reimbursement Costs."

4.4 **Good Standing**. Certificates of good standing for the Borrower from its state of formation and from any other state in which the Borrower is required to qualify to conduct its business.

4.5 **Insurance**. Evidence of Insurance coverage, as required in the "Covenants" section of this Agreement.

4.6 **Environmental Information**. A completed Bank form Environmental Questionnaire.

4.7 **PUC Approval**. To the extent required by the California Public Utilities Code, evidence that the California Public Utilities Commission has given its approval of the credit facilities provided in this Agreement.

4.8 **Consent**. Receipt of a written consent under the Borrower's existing loan agreement from Bank of America, N.A. permitting the Borrower to enter into this Agreement.

5. REPRESENTATIONS AND WARRANTIES

When the Borrower signs this Agreement, and until the Bank is repaid in full, the Borrower makes the following representations and warranties. Each request for an extension of credit constitutes a renewal of these representations and warranties as of the date of the request,

5.1 **Formation**. If the Borrower is anything other than a natural person, it is duly formed and existing under the laws of the state or other Jurisdiction where organized.

5.2 **Authorization**. This Agreement, and any instrument or agreement required hereunder, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers.

5.3 **Enforceable Agreement**. This Agreement is a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, and any instrument or

agreement required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable.

5.4 **Good Standing**. In each state in which the Borrower does business, it is properly licensed, in good standing, and, where required, in compliance with fictitious name statutes.

5.5 **No Conflicts**. This Agreement does not conflict with any law, agreement, or obligation by which the Borrower is bound.

5.6 **Financial Information**. All financial and other information that has been or will be supplied to the Bank is sufficiently complete to give the Bank accurate knowledge of the Borrower's (and any guarantor's) financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to the Bank, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Borrower (or any guarantor). If the Borrower is comprised of the trustees of a trust, the foregoing representations shall also pertain to the trustor(s) of the trust.

5.7 **Lawsuits**. There is no lawsuit, tax claim or other dispute pending or threatened against the Borrower which, if lost, would impair the Borrower's financial condition or ability to repay the loan, except as have been disclosed in writing to the Bank.

5.8 **Permits Franchises**. The Borrower possesses all permits, memberships, franchises, contracts and licenses required and all trademark rights, trade name rights, patent rights, copyrights and fictitious name rights necessary to enable it to conduct the business in which it is now engaged.

5.9 **Other Obligations**. The Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, except as have been disclosed in writing to the Bank.

5.10 **Tax Matters**. The Borrower has no knowledge of any pending assessments or adjustments of its income tax for any year and all taxes due have been paid, except as have been disclosed in writing to the Bank.

5.11 **No Event of Default**. There is no event which is, or with notice or lapse of time or both would be, a default under this Agreement.

5.12 **Insurance**. The Borrower has obtained, and maintained in effect, the insurance coverage required in the "Covenants" section of this Agreement.

6. COVENANTS

The Borrower agrees, so long as credit is available under this Agreement and until the Bank is repaid in full

6.1 **Use of Proceeds**.

(a) To use the proceeds of Facility No. 1 is for capital expenditures and general corporate purposes.

(b) The proceeds of the credit extended under this Agreement may not be used directly or indirectly to purchase or carry any "margin stock" as that term is

defined in Regulation U of the Board of Governors of the Federal Reserve System, or extend credit to or invest in other parties for the purpose of purchasing or carrying any such "margin stock," or to reduce or retire any indebtedness incurred for such purpose.

6.2 **Financial Information**. To provide the following financial information and statements in form and content acceptable to the Bank, and such additional information as requested by the Bank from time to time. The Bank reserves the right, upon written notice to the Borrower, to require the Borrower to deliver financial information and statements to the Bank more frequently than otherwise provided below, and to use such additional formation and statements to measure any applicable financial covenants in this Agreement

(a) Within 120 days of the fiscal year end, the annual financial statements of the Borrower, certified and dated by an authorized financial officer. These financial statements must be audited (with an opinion satisfactory to the Bank) by a Certified Public Accountant acceptable to the Bank. The statements shall be prepared on a consolidated and consolidating basis.

(b) Within 60 days of the period's end, quarterly financial statements of the Borrower, certified and dated by an authorized financial officer. These financial statements may be company-prepared. The statements shall be prepared on a consolidated and consolidating basis.

(c) Within 120 days of the end of each fiscal year and within 60 days of the end of each quarter, a compliance certificate of the Borrower signed by an authorized financial officer, and setting forth (i) the information and computations (in sufficient detail) to establish compliance with all financial covenants at the end of the period covered by the financial statements then being furnished and (ii) whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any default under this Agreement applicable to the party submitting the information and, if any such default exists, specifying the nature thereof and the action the party is taking and proposes to take with respect thereto.

6.3 **Other Debts**. Not to have outstanding or incur any direct or contingent liabilities or lease obligations (other than those to the Bank), or become liable for the liabilities of others, without the Bank's written consent. This does not prohibit:

(a) Acquiring goods, supplies, or merchandise on normal trade credit.

(b) Endorsing negotiable instruments received in the usual course of business.

(c) Obtaining surety bonds in the usual course of business.

(d) Liabilities, lines of credit and leases in existence on the date of this Agreement disclosed in writing to the Bank.

(e) Additional debts and lease obligations for business purposes which do not exceed a total principal amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00) outstanding at any one time.

(f) Permitted additional mortgage bond issuance, subject to:

(i) pro-forma incurrence test compliance under the "Mortgage Bond Indenture", after giving effect to the additional bond issuance, and

(ii) pro-forma covenant compliance under this Agreement after giving effect to the additional bond issuance.

"Mortgage Bond Indenture" means the 8th Supplemental Indenture dated 5/1/12 between Park Water Company and BNY Western Trust Company, supplementing, amending and restating the Indenture, dated November 1, 1973, as subsequently amended through the 13th Supplemental Indenture, dated June 4, 2013.

(g) The Borrower will not, and will not permit any subsidiary of the Borrower, to create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to any debt unless, after giving effect to the occurrence of such debt:

(i) the aggregate Total Debt (as defined below) then outstanding will not exceed 65% of Total Capitalization (as defined below), and

(ii) in the case of the issuance of Funded Debt by a subsidiary of the Borrower, the aggregate Funded Debt of all subsidiaries of the Borrower then outstanding will not exceed 20% of Stockholders Equity, as that term is defined in Section 1.02 of the Mortgage Bond Indenture.

"Funded Debt" means debt for borrowed money having a final maturity of more than one year from date of origin.

6.4 **Other Liens**. Not to create, assume, or allow any security interest or lien (including judicial liens) on property the Borrower now or later owns, except

(a) Liens and security interests in favor of the Bank.

(b) Liens for taxes not yet due.

(c) Liens outstanding on the date of this Agreement disclosed in writing to the Bank.

(d) Additional purchase money security interest in assets acquired after the date of this Agreement.

(e) Liens arising under the Mortgage Bond Indenture.

6.5 **Maintenance of Assets**.

(a) Not to sell, assign, lease, transfer or otherwise dispose of any part of the Borrower's business or the Borrower's assets except in the ordinary course of the Borrower's business.

(b) Not to sell, assign, lease, transfer or otherwise dispose of any assets for less than fair market value, or enter into any agreement to do so.

(c) Not to enter into any sale and leaseback agreement covering any of its fixed assets.

(d) To maintain and preserve all rights, privileges, and franchises the Borrower now has.

(e) To make any repairs, renewals, or replacements to keep the Borrower's properties in good working condition.

6.6 **Investments**. Not to have any existing, or make any new, investments in any individual or entity, or make any capital contributions or other transfers of assets to any individual or entity, except for:

(a) Existing investments disclosed to the Bank in writing.

(b) Investments in the Borrower's current subsidiaries.

(c) Investments in any of the following

(i) certificates of deposit;

(ii) U.S. treasury bills and other obligations of the federal government; and

(iii) readily marketable securities (including commercial paper, but excluding restricted stock and stock subject to the provisions of Rule 144 of the Securities and Exchange Commission).

6.7 **Loans**. Not to make any loans, advances or other extensions of credit to any individual or entity, except for

(a) Existing extensions of credit disclosed to the Bank in writing.

(b) Extensions of credit to the Borrower's current subsidiaries.

(c) Extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business to non-affiliated entities.

6.8 **Change of Management**. Without the Bank's prior written consent (which shall not be unreasonably be withheld), not to make any substantial change in its present executive or management personnel of the Borrower.

6.9 **Change of Ownership**. Without the Bank's prior written consent (which shall not be unreasonably be withheld), not to cause, permit, or suffer any change in the Borrower's capital ownership.

6.10 **Additional Negative Covenants**. Not to, without the Bank's written consent

(a) Enter into any consolidation, merger, or other combination, or become a partner in a partnership, a member of a joint venture, or a member of a limited liability company.

(b) Acquire or purchase a business or its assets.

(c) Engage in any business activities substantially different from the Borrower's present business.

(d) Liquidate or dissolve the Borrower's business.

(e) Voluntarily suspend the Borrower's business for more than seven (7) days in any thirty (30) day period

6.11 **Notices to Bank**. To promptly notify the Bank in writing of

(a) Any lawsuit over One Million and 00/100 Dollars ($1,000,000.00) against the Borrower (or any guarantor or, if the Borrower is comprised of the trustees of a trust, any trustor).

(b) Any substantial dispute between any governmental authority and the Borrower (or any guarantor or, if the Borrower is comprised of the trustees of a trust, any trustor).

(c) Any event of default under this Agreement, or any event which, with notice or lapse of time or both, would constitute an event of default.

(d) Any material adverse change in the Borrower's (or any guarantor's, or, if the Borrower is comprised of the trustees of a trust, any trustor's) business condition (financial or otherwise), operations, properties or prospects, or ability to repay the credit.

(e) Any change in the Borrower's name, legal structure, principal residence (for an individual), state of registration (for a registered entity), place of business, or chief executive office if the Borrower has more than one place of business.

For purposes of this Agreement, "Obligor" shall mean any guarantor, any party pledging collateral to the Bank, or, if the Borrower is comprised of the trustees of a trust, any trustor.

6.12 **Insurance**.

(a) General Business Insurance. To maintain insurance as is usual for the business it is in.

6.13 **Compliance with Laws**. To comply with the laws (including any fictitious or trade name statute), regulations, and orders of any government body with authority over the Borrower's business. The Bank shall have no obligation to make any advance to the Borrower except in compliance with all applicable laws and regulations and the Borrower shall fully cooperate with the Bank in complying with all such applicable laws and regulations.

6.14 **ERISA Plans**. Promptly during each year, to pay and cause any subsidiaries to pay contributions adequate to meet at least the minimum funding standards under ERISA with respect to each and every Plan; file each annual report required to be filed pursuant to ERISA in connection with each Plan for each year, and notify the Bank within ten (10) days of the occurrence of any reportable event that might constitute grounds for termination of any capital Plan by the Pension Benefit Guaranty Corporation

or for the appointment by the appropriate United States District Court of a trustee to administer any Plan. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time. Capitalized terms in this paragraph shall have the meanings defined within ERISA. "Plan" means a plan within the meaning of Section 3(2) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate, including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA. "ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code of 1986, as amended.

6.15 Books and Records. To maintain adequate books and records.

6.16 Audits. To allow the Bank and its agents to inspect the Borrower's properties and examine, audit, and make copies of books and records at any reasonable time. If any of the Borrower's properties, books or records are in the possession of a third party, the Borrower authorizes that third party to permit the Bank or its agents to have access to perform inspections or audits and to respond to the Bank's requests for information concerning such properties, books and records.

6.17 Cooperation. To take any action reasonably requested by the Bank to carry out the intent of this Agreement.

6.18 Total Debt to Total Capitalization Ratio. To maintain on a consolidated basis a ratio of Total Debt to Total Capitalization not exceeding 65%.

(a) "Total Debt" means all outstanding liabilities for borrowed money and other interest-bearing liabilities, including current and long-term debt.

(b) "Total Capitalization" means as of the date of any determination, the sum of (i) Total Debt then outstanding, plus (ii) Stockholders Equity of the Company.

6.19 Interest Coverage Ratio. To maintain on a consolidated basis an Interest Coverage Ratio of at least 1.50:1.0.

(a) "Interest Coverage Ratio" means the ratio of EBIT to interest expense on all obligations. This ratio will be calculated at the end of each reporting period for which the Bank requires financial statements from the Borrower, using the results of the twelve-month period ending with that reporting period.

(b) "EBIT' means net income, less income or plus loss from discontinued operations and extraordinary items, plus income taxes, plus interest expense, plus other non-cash charges.

6.20 Loans to Officers and Employees. Not to make any loans, advances or other extensions of credit (including extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services) to any of the Borrower's officers or employees in excess of Five Hundred Thousand and 00/100 Dollars ($500,000.00) in the aggregate at any one time.

6A HAZARDOUS SUBSTANCES

6A.1 Indemnity Regarding Hazardous Substances. The Borrower will indemnify and hold harmless the Bank from any loss or liability the Bank incurs in connection with or as a result of this

Agreement, which directly or indirectly arises out of the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of a hazardous substance.

This indemnity will apply whether the hazardous substance is on, under or about the Borrower's property or operations or property leased to the Borrower. The indemnity includes but is not limited to attorneys' fees (including the reasonable estimate of the allocated cost of in-house counsel and staff). The indemnity extends to the Bank, its parent, subsidiaries and all of their directors, officers, employees, agents, successors, attorneys and assigns.

6A.2 Compliance Regarding Hazardous Substances. The Borrower represents and warrants that the Borrower has complied with all current and future laws, regulations and ordinances or other requirements of any governmental authority relating to or imposing liability or standards of conduct concerning protection of health or the environment or hazardous substances.

6A.3 Notices Regarding Hazardous Substances. Until full repayment of the loan, the Borrower will promptly notify the Bank in writing of any threatened or pending investigation of the Borrower or its operations by any governmental agency under any current or future law, regulation or ordinance pertaining to any hazardous substance.

6A.4 Site Visits. Observations and Testing. The Bank and its agents and representatives will have the right at any reasonable time, after giving reasonable notice to the Borrower, to enter and visit any locations where the collateral securing this Agreement (the "Collateral") is located for the purposes of observing the Collateral, taking and removing environmental samples, and conducting tests. The Borrower shall reimburse the Bank on demand for the costs of any such environmental investigation and testing. The Bank will make reasonable efforts during any site visit, observation or testing conducted pursuant this paragraph to avoid interfering with the Borrower's use of the Collateral. The Bank is under no duty to observe the Collateral or to conduct tests, and any such acts by the Bank will be solely for the purposes of protecting the Bank's security and preserving the Bank's rights under this Agreement. No site visit, observation or testing or any report or findings made as a result thereof ("Environmental Report") (i) will result in a waiver of any default of the Borrower; (ii) impose any liability on the Bank; or (iii) be a representation or warranty of any kind regarding the Collateral (including its condition or value or compliance with any laws) or the Environmental Report (including its accuracy or completeness). In the event the Bank has a duty or obligation under applicable laws, regulations or other requirements to disclose an Environmental Report to the Borrower or any other party, the Borrower authorizes the Bank to make such a disclosure. The Bank may also disclose an Environmental Report to any regulatory authority, and to any other parties as necessary or appropriate in the Bank's judgment. The Borrower understands and agrees that any Environmental Report or other information regarding a site visit, observation or testing that is disclosed to the Borrower by the Bank or its agents and representatives is to be evaluated (including any reporting or other disclosure obligations of the Borrower) by the Borrower without advice or assistance from the Bank.

6A.5 Unsecured Obligation; Continuation of Indemnity. Notwithstanding any provision in the deed of trust or mortgage encumbering any real property of the Borrower, the Borrower's obligations to the Bank under this Article are not secured by such real property. The Borrower's obligations to the Bank under this Article, except the obligation to give notices to the Bank, shall survive termination of this Agreement, repayment of the Borrower's obligations to the Bank under this Agreement, and foreclosure of the deed of trust or mortgage encumbering the real property or similar proceedings.

6A.6 Definition of Hazardous Substances. "Hazardous substances" means any substance, material or waste that is or becomes designated or regulated as "toxic," "hazardous," "pollutant," or "contaminant" or a similar designation or regulation under any current or future federal, state or local law

(whether under common law, statute, regulation or otherwise) or judicial or administrative interpretation of such, including without limitation petroleum or natural gas.

6A.7 Continuing Obligation. The Borrower's obligations to the Bank under this Article, except the obligation to give notices to the Bank, shall survive termination of this Agreement and repayment of the Borrower's obligations to the Bank under this Agreement.

7. DEFAULT AND REMEDIES

If any of the following events of default occurs, the Bank may do one or more of the following declare the Borrower in default, stop making any additional credit available to the Borrower, and require the Borrower to repay its entire debt immediately and without prior notice. If an event which, with notice or the passage of time, will constitute an event of default has occurred and is continuing, the Bank has no obligation to make advances or extend additional credit under this Agreement. In addition, if any event of default occurs, the Bank shall have all rights, powers and remedies available under any instruments and agreements required by or executed in connection with this Agreement, as well as all rights and remedies available at law or in equity. If an event of default occurs under the paragraph entitled "Bankruptcy," below, With respect to the Borrower, then the entire debt outstanding under this Agreement will automatically be due immediately.

7.1 Failure to Pay. The Borrower fails to make a payment under this Agreement when due.

7.2 Other Bank Agreements. Any default occurs under any other agreement the Borrower (or any Obligor) or any of the Borrower's related entities or affiliates has with the Bank or any affiliate of the Bank. For purposes of this Agreement, "Obligor'' shall mean any guarantor, any party pledging collateral to the Bank, or, if the Borrower is comprised of the trustees of a trust, any trustor.

7.3 Cross-default. Any default occurs under any agreement in connection with any credit the Borrower (or any Obligor) or any of the Borrower's related entities or affiliates has obtained from anyone else or which the Borrower (or any Obligor) or any of the Borrower's related entities or affiliates has guaranteed.

7.4 False Information. The Borrower or any Obligor has given the Bank false or misleading information or representations.

7.5 Bankruptcy. The Borrower, any Obligor, or any general partner of the Borrower or of any Obligor files a bankruptcy petition, a bankruptcy petition is filed against any of the foregoing parties, or the Borrower, any Obligor, or any general partner of the Borrower or of any Obligor makes a general assignment for the benefit of creditors.

7.6 Receivers. A receiver or similar official is appointed for a substantial portion of the Borrower's, or any Obligor's, business, or the business is terminated, or, if any Obligor is anything other than a natural person, such Obligor is liquidated or dissolved.

7.7 Lawsuits. Any lawsuit or lawsuits are filed on behalf of one or more trade creditors against the Borrower or any Obligor in an aggregate amount of One Million and 00/100 Dollars ($1,000,000.00) or more in excess of any insurance coverage.

7.8 Judgments. Any judgments or arbitration awards are entered against the Borrower or any Obligor, or the Borrower or any Obligor enters into any settlement agreement with respect to any

litigation or arbitration, in an aggregate amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00) or more in excess of any insurance coverage.

7.9 **Material Adverse Change**. A material adverse change occurs, or is reasonably likely to occur, in the Borrower's (or any Obligor's) business condition (financial or otherwise), operations, properties or prospects, or ability to repay the credit.

7.10 **Government Action**. Any government authority takes action that the Bank believes materially adversely affects the Borrower's, or any Obligor's, financial condition or ability to repay.

7.11 **Default under Related Documents**. Any default occurs under any guaranty, subordination agreement, security agreement, deed of trust, mortgage, or other document required by or delivered in connection with this Agreement or any such document is no longer in effect, or any guarantor purports to revoke or disavow the guaranty.

7.12 **ERISA Plans**. Any one or more of the following events occurs with respect to a Plan of the Borrower subject to Title IV of ERISA, provided such event or events could reasonably be expected, in the judgment of the Bank, to subject the Borrower to any tax, penalty or liability (or any combination of the foregoing) which, in the aggregate, could have a material adverse effect on the financial condition of the Borrower:

(a) A reportable event shall occur under Section 4043(c) of ERISA with respect to a Plan.

(b) Any Plan termination (or commencement of proceedings to terminate a Plan) or the full or partial withdrawal from a Plan by the Borrower or any ERISA Affiliate.

7.13 **Other Breach Under Agreement**. A default occurs under any other term or condition of this Agreement not specifically referred to in this Article. This includes any failure or anticipated failure by the Borrower (or any other party named in the Covenants section) to comply with the financial covenants set forth in this Agreement, whether such failure is evidenced by financial statements delivered to the Bank or as otherwise known to the Borrower or the Bank.

8. ENFORCING THIS AGREEMENT, MISCELLANEOUS

8.1 **GAAP**. Except as otherwise stated in this Agreement, all financial information provided to the Bank and all financial covenants will be made under generally accepted accounting principles, consistently applied.

8.2 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of California. To the extent that the Bank has greater rights or remedies under federal law, whether as a national bank or otherwise, this paragraph shall not be deemed to deprive the Bank of such rights and remedies as may be available under federal law.

8.3 **Successors and Assigns**. This Agreement is binding on the Borrower's and the Bank's successors and assignees. The Borrower agrees that it may not assign this Agreement without the Bank's prior consent. The Bank may sell participations in or assign this loan, and may exchange information about the Borrower (including, without limitation, any information regarding any hazardous substances) with actual or potential participants or assignees. If a participation is sold or the loan is assigned, the purchaser will have the right of set-off against the Borrower.

8.4 **Dispute Resolution Provision**. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision". This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to (i) this Agreement (including any renewals, extensions or modifications), or (ii) any document related to this Agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this Agreement.

(b) At the request of any party to this Agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this Agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Bank may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this agreement. All Claims shall be determined by one arbitrator, however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and shall dismiss the arbitration if the Claim is barred under the applicable statutes of limitation. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (j) of this Dispute Resolution

Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Agreement.

(f) The procedure described above will not apply if the Claim, at the time of the proposed submission to arbitration, arises from or relates to an obligation to the Bank secured by real property. In this case, all of the parties to this Agreement must consent to submission of the Claim to arbitration.

(g) To the extent any Claims are not arbitrated, to the extent permitted by law the Claims shall be resolved in court by a judge without a jury, except any Claims which are brought in California state court shall be determined by judicial reference as described below.

(h) Any Claim which is not arbitrated and which is brought in California state court will be resolved by a general reference to a referee (or a panel of referees) as provided in California Code of Civil Procedure Section 638. The referee (or presiding referee of the panel) shall be a retired Judge or Justice. The referee (or panel of referees) shall be selected by mutual written agreement of the parties. If the parties do not agree, the referee shall be selected by the Presiding Judge of the Court (or his or her representative) as provided in California Code of Civil Procedure Section 638 and the following related sections. The referee shall determine all issues, whether of fact or law, in accordance with existing California law and the California rules of evidence and civil procedure. The referee shall be empowered to enter equitable as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a trial, including without limitation motions for summary judgment or summary adjudication. The award that results from the decision of the referee(s) will be entered as a judgment in the court that appointed the referee, in accordance with the provisions of California Code of Civil Procedure Sections 644(a) and 645. The parties reserve the right to seek appellate review of any judgment or order, including but not limited to, orders pertaining to class certification, to the same extent permitted in a court of law.

(i) This Dispute Resolution Provision does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies. The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration or judicial reference.

(j) Any arbitration or court trial (whether before a judge or jury or pursuant to judicial reference) of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). The Class Action Waiver precludes any party from participating in or being represented in any class or representative action regarding a Claim. Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court

or referee and not by an arbitrator. The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.**

(k) By agreeing to binding arbitration or judicial reference, the parties irrevocably and voluntarily waive any right they may have to a trial by jury as permitted by law in respect of any Claim. Furthermore, without intending in any way to limit this Dispute Resolution Provision, to the extent any Claim is not arbitrated or submitted to judicial reference, the parties irrevocably and voluntarily waive any right they may have to a trial by jury to the extent permitted by law in respect of such Claim. This waiver of jury trial shall remain in effect even if the Class Action Waiver is limited, voided or found unenforceable. **WHETHER THE CLAIM IS DECIDED BY ARBITRATION, BY JUDICIAL REFERENCE, OR BY TRIAL BY A JUDGE, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS AGREEMENT IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW.**

8.5 **Severability, Waivers**. If any part of this Agreement is not enforceable, the rest of the Agreement may be enforced. The Bank retains all rights, even if it makes a loan after default. If the Bank waives a default, it may enforce a later default. Any consent or waiver under this Agreement must be in writing.

8.6 **Attorneys' Fees**. The Borrower shall reimburse the Bank for any reasonable costs and attorneys' fees incurred by the Bank in connection with the enforcement or preservation of any rights or remedies under this Agreement and any other documents executed in connection with this Agreement, and in connection with any amendment, waiver, "workout" or restructuring under this Agreement. In the event of a lawsuit or arbitration proceeding, the prevailing party is entitled to recover costs and reasonable attorneys' fees incurred in connection with the lawsuit or arbitration proceeding, as determined by the court or arbitrator. In the event that any case is commenced by or against the Borrower under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute, the Bank is entitled to recover costs and reasonable attorneys' fees incurred by the Bank related to the preservation, protection, or enforcement of any rights of the Bank in such a case. As used in this paragraph, "attorneys' fees" includes the allocated costs of the Bank's in-house counsel.

8.7 **Set-Off**

(a) In addition to any rights and remedies of the Bank provided by law, upon the occurrence and during the continuance of any event of default under this Agreement, the Bank is authorized, at any time, to set-off and apply any and all Deposits of the Borrower or any Obligor held by the Bank against any and all Obligations owing to the Bank. The set-off may be made irrespective of whether or not the Bank shall have made demand under this Agreement or any guaranty, and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable Deposits.

(b) The set-off may be made without prior notice to the Borrower or any other party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Obligor) to the fullest extent permitted by law. The Bank agrees promptly to notify the Borrower after any such set-off and application, provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

(c) For the purposes of this paragraph, "Deposits" means any deposits (general or special, time or demand, provisional or final, individual or joint) and any instruments owned by the Borrower or any Obligor which come into the possession or custody or under the control of the Bank. "Obligations" means all obligations, now or hereafter existing, of the Borrower to the Bank under this Agreement and under any other agreement or instrument executed in connection with this Agreement, and the obligations to the Bank of any Obligor.

8.8 One Agreement. This Agreement and any related security or other agreements required by this Agreement, collectively:

(a) represent the sum of the understandings and agreements between the Bank and the Borrower concerning this credit,

(b) replace any prior oral or written agreements between the Bank and the Borrower concerning this credit, and

(c) are intended by the Bank and the Borrower as the final, complete and exclusive statement of the terms agreed to by them.

In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail. Any reference in any related document to a "promissory note" or a "note" executed by the Borrower and dated as of the date of this Agreement shall be deemed to refer to this Agreement, as now in effect or as hereafter amended, renewed, or restated.

8.9 Indemnification. The Borrower will indemnify and hold the Bank harmless from any loss, liability, damages, judgments, and costs of any kind relating to or arising directly or indirectly out of (a) this Agreement or any document required hereunder, (b) any credit extended or committed by the Bank to the Borrower hereunder, and (c) any litigation or proceeding related to or arising out of this Agreement, any such document, or any such credit. This indemnity includes but is not limited to attorneys' fees (including the allocated cost of in-house counsel). This indemnity extends to the Bank, its parent, subsidiaries and all of their directors, officers, employees, agents, successors, attorneys, and assigns. This indemnity will survive repayment of the Borrower's obligations to the Bank. All sums due to the Bank hereunder shall be obligations of the Borrower, due and payable immediately without demand.

8.10 Notices. Unless otherwise provided in this Agreement or in another agreement between the Bank and the Borrower, all notices required under this Agreement shall be personally delivered or sent by first-class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Agreement, or sent by facsimile to the fax numbers listed on the signature page, or to such other addresses as the Bank and the Borrower may specify from time to time in writing. Notices and other communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the US mail, first-class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered.

8.11 **Headings**. Article and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

8.12 **Counterparts**. This Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

8.13 **Borrower Information; Reporting to Credit Bureaus**. The Borrower authorizes the Bank at any time to verify or check any information given by the Borrower to the Bank, check the Borrower's credit references, verify employment, and obtain credit reports. The Borrower agrees that the Bank shall have the right at all times to disclose and report to credit reporting agencies and credit rating agencies such information pertaining to the Borrower and/or all guarantors as is consistent with the Bank's policies and practices from time to time in effect.

[SIGNATURE PAGES FOLLOW

This Agreement is executed as of the date stated at the top of the first page.

Borrower	Bank
Park Water Company	Wells Fargo Bank, National Association
By: _____ Name: Christopher Schilling Title: C.E.O.	By: _____ Name: _____ Title: _____
By: _____ Name: Douglas K Martinez Title: Sr. V.P / C.F.O.	
Address where notices to the Borrower are to be sent:	Address where notices to the Bank are to be sent:
9750 Washburn Road Downey, CA 90241	Wells Fargo Corporate Banking Attention: Yann Blindert 1300 SW 5th Avenue, 6th Floor Portland, OR 97201 MAC P6101-066

Federal law requires Well Fargo Bank, National Association (the "Bank") to provide the following notice. The notice is not part of the foregoing agreement or instrument and may not be altered. Please read the notice carefully.

USA PATRIOT ACT NOTICE

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or obtains a loan. The Bank will ask for the Borrower's legal name, address, tax ID number or social security number, and other identifying information. The Bank may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

This Agreement is executed as of the date stated at the top of the first page.

Borrower

Park Water Company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Bank

Wells Fargo Bank, National Association

By: _____
Name: Yann Blindert
Title: Director

Address where notices to the Borrower are to be sent:

9750 Washburn Road
Downey, CA 90241

Address where notices to the Bank are to be sent:

Wells Fargo Corporate Banking
Attention: Yann Blindert
1300 SW 5th Avenue, 6th Floor
Portland, OR 97201
MAC P6101-066

Federal law requires Well Fargo Bank, National Association (the "Bank") to provide the following notice. The notice is not part of the foregoing agreement or instrument and may not be altered. Please read the notice carefully.

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December 21, 2010

Carlyle Infrastructure Partners, L.P.
1001 Pennsylvania Avenue, NW
Washington, DC 20004-2505
Attention: Robert Dove

Gentlemen:

This letter sets forth the terms of our agreement regarding the rights of Henry H. Wheeler, Jr. ("Wheeler") to lend funds to Park Water Company ("Park") following the closing of the contemplated merger transaction (the "Merger") among Park and certain affiliates of Carlyle Infrastructure Partners, L.P. ("Carlyle"). This Agreement has been negotiated concurrently with and as part of the negotiations between Wheeler and Carlyle for Wheeler's sale of Park to Carlyle pursuant to an Agreement and Plan of Merger being executed concurrently herewith (the "Merger Agreement"). Capitalized terms shall have the meaning as defined in the Merger Agreement unless separately defined herein. The terms of our Agreement are as follows:

1. Within five years following the Effective Time, Park and Carlyle will use their commercially reasonable efforts to offer Wheeler the opportunity to lend up to $20 million to Park (the "Wheeler Loans") through the issuance of first mortgage bonds, secured loans or other debt facilities on terms mutually agreed upon by Park and Wheeler and at market rates or at rates that are preferential to Park. The parties expect that the repayment term of any Park debt under the Wheeler Loans will be between 20 and 30 years, provided that the structure of any Park financing, including the tenor and repayment terms, will be determined by Park in its reasonable discretion based on then-current market conditions. The Wheeler Loans shall comply with Park's other existing indebtedness and other contractual arrangements and will not require Park to seek any consent, amendment or waiver of any provision of any such indebtedness or other contracts, that would result in the modification of any such indebtedness or other contracts.

2. Within 24 months following the Effective Time, Park and Carlyle will use their commercially reasonable efforts to offer Wheeler the opportunity to lend Park approximately $7.5 million of the $20 million Wheeler Loans through the issuance of Park's first mortgage bonds, secured loans or other debt facilities on terms mutually agreed to by Park and Wheeler and at market rates or at rates that are preferential to Park.

3. Any first mortgage bonds issued to Wheeler pursuant to the Wheeler Loans will be issued under Park's then current Indenture.

4. If Park issues debt to a syndicate of lenders, Park will use commercially reasonable efforts to offer Wheeler the opportunity to lend funds to Park on the same terms and conditions applicable to the other members of the syndicate, provided that Wheeler would not be entitled to any upfront, underwriting, arranging or similar fees or discounts, and, in order to ensure that pricing of such syndicated debt is arms length, any opportunity to join such syndicate would be offered to Wheeler only after pricing for such syndicated debt had been established.

Wheeler acknowledges that it is customary in syndicated lending facilities to exclude natural persons from the definition of eligible lenders and Wheeler may be required to make his loan through a corporate or partnership entity. In addition, Wheeler agrees that Carlyle and Park shall be permitted to disclose Wheeler's potential participation in a syndicate to other prospective lenders.

5. The terms and conditions of all Park borrowings from Wheeler pursuant to the Wheeler Loans will be subject to the prior approval of the California Public Utilities Commission (the "PUC"). Park will use its commercially reasonable efforts to obtain such approval and Wheeler agrees to cooperate with Park as reasonably requested in connection with Park's application to the PUC for such approval.

6. Notwithstanding the foregoing, the parties acknowledge that the timing and amount of any borrowings by Park will be based upon Park's actual capital needs, and nothing in this Agreement will be deemed to obligate Carlyle or Park to offer Wheeler the opportunity to make Wheeler Loans unless and to the extent that borrowing pursuant to such loans is consistent with Park's actual capital needs.

7. This Agreement shall only be effective as of the Effective Time of the Merger.

8. This Agreement is personal to Wheeler and shall not be assignable by him to any Person other than to the Henry H. Wheeler, Jr. Trust, as amended, whose Trustee is Henry H. Wheeler, Jr.; provided that as contemplated in section 4 above, any corporation or partnership wholly-owned by Wheeler and the Henry H. Wheeler, Jr. Trust, as amended, may be a lender. This Agreement shall inure to the benefit of and be binding upon any successor or assign of Park or Carlyle.

9. This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes any prior understandings, agreements or representations by or between such parties, written or oral, that may have related in any way to the subject matter hereof.

10. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

11. All notices, requests, demands, claims and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by facsimile (with written confirmation of transmission); the first Business Day, after it is sent, if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., Federal Express); and five Business Days after the date mailed by certified or registered mail, postage prepaid, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to:

If to Wheeler:

c/o Nyri Wheeler
21031 Manessa Circle
Huntington Beach, CA 92646
Attention: Henry H. Wheeler, Jr.

If to Park:

Park Water Company
9750 Washburn Road
Downey, CA 90241-7002
Facsimile No.: (562) 923-1186
Attention: Christopher Schilling

If to Carlyle:

Carlyle Infrastructure Partners, L.P.
1001 Pennsylvania Avenue, NW
Washington, DC 20004-2505
Attention: Robert Dove
Facsimile No.: (202) 347-1818

Any party hereto may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth above using any other means, but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any party hereto may change the address or facsimile number to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving each other party notice in the manner herein set forth.

12. This Agreement (and any claim or controversy arising out of or relating to this Agreement) shall be governed by and construed in accordance with the domestic Laws of the State of California without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of California.

13. This Agreement may not be amended except in a written instrument executed by the parties hereto. No amendment, supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the party hereto to be bound thereby.

[SIGNATURE PAGE FOLLOWS]

Very truly yours,

Henry H. Wheeler, Jr.

AGREED:

PARK WATER COMPANY

By:
Name: Henry H. Wheeler, Jr.
Title: Chief Executive Officer

CARLYLE INFRASTRUCTURE PARTNERS, L.P.

By: Carlyle Infrastructure General Partner, L.P.
Its: General Partner

By: TC Group Infrastructure, L.L.C.
Its: General Partner

By: _____
Name:
Title:

Very truly yours,

_____
Henry H. Wheeler, Jr.

AGREED:

PARK WATER COMPANY

By: _____
Name: Henry H. Wheeler, Jr.
Title: Chief Executive Officer

CARLYLE INFRASTRUCTURE PARTNERS, L.P.

By: Carlyle Infrastructure General Partner, L.P.
Its: General Partner

By: TC Group Infrastructure, L.L.C.
Its: General Partner

By: _____
Name: Robert Dove
Title: Managing Director

(Execution Version)

$30,000,000 COBANK TERM LOAN
TO
PARK WATER COMPANY

TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT (this "Agreement") is entered into as of August 26, 2014, between **PARK WATER COMPANY**, a California corporation (the "Company"), and **CoBANK, ACB,** a federally chartered instrumentality of the United States ("CoBank").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01. Definitions. Except as otherwise expressly provided in this Agreement, capitalized terms used in this Agreement and defined in Exhibit A hereto shall have the meanings set forth in that Exhibit.

SECTION 1.02. Rules of Interpretation. Except as otherwise expressly provided in this Agreement, the rules of interpretation set forth in Exhibit A shall apply to this Agreement.

ARTICLE 2
AMOUNT AND TERMS OF LOANS

SECTION 2.01. The Term Loan Facility. On the terms and subject to the conditions set forth in this Agreement, CoBank agrees to make loans (each, a "Term Loan") to the Company from time to time during the period set forth below in an aggregate principal amount not to exceed $30,000,000 (the "Commitment"). Under the Commitment, amounts borrowed and later repaid may not be reborrowed.

SECTION 2.02. Purpose. The purpose of the Commitment is to replenish working capital utilized by the Company: (A) for the construction, completion, extension or improvement of its facilities and the facilities of its Subsidiaries; and (B) to repay debt.

SECTION 2.03. Term. The term of the Commitment shall be from the date hereof up to and including the first anniversary of the date hereof.

SECTION 2.04. Availability. Term Loans will be made on any Business Day upon the written request of the Company. Each written request must be: (A) in the form attached hereto as Exhibit B (the "Request for Loan"); (B) duly completed and executed; and (C) unless otherwise agreed to by CoBank in its sole discretion in each instance, received by CoBank not later than 12:00 Noon, Mountain Time on the date of funding of the requested Term Loan. Term Loans will be made available by wire transfer of immediately available funds to such account or accounts as may be authorized by the Company on forms supplied or approved by CoBank.

SECTION 2.05. Interest.

(A) Interest Rate Options. The Company agrees to pay interest on the unpaid principal balance of the Term Loans in accordance with one or more of the following interest rate options, as selected by the Company in accordance with the terms hereof:

(1) **Weekly Quoted Variable Ration Option**. At a rate per annum equal at all times to the rate of interest established by CoBank on the first Business Day of each week (the "Variable Rate Option"). The rate established by CoBank shall be effective until the first Business Day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

(2) **LIBOR Option**. At a fixed rate equal to LIBOR plus 8/10ths of 1% per annum (the "LIBOR Option"). Under the LIBOR Option rates may be fixed: (a) on three (3) Business Days' prior notice; (b) on balances of $500,000 or in integral multiples of $100,000 in excess thereof (or on such other balances as may be agreeable to CoBank in its sole discretion in each instance); (c) for Interest Periods of 1, 2, 3, 6, or, if available, 12 months, as selected by the Company; and (d) on not more than five (5) separate balances at any one time.

(3) **Quoted Fixed Rate Option**. At one or more fixed rates to be quoted by CoBank in its sole discretion in each instance ("Quoted Fixed Rate Option"). Under the Quoted Fixed Rate Option, rates may be fixed: (a) on any Business Day; (b) on balances of $100,000 or in integral multiples of $100,000 in excess thereof; (c) for such periods (each, a "Quoted Fixed Rate Period") as may be agreeable to CoBank in its sole discretion in each instance; provided, however, that rates may not be fixed for a Quoted Fixed Rate Period of less than 180 days; and (d) on not more than five (5) separate balances at any one time.

(B) **Elections**. Subject to the limitations set forth above, the Company shall select the applicable option or options at the time it requests a Term Loan, and:

(1) may, on any Business Day, elect to convert balances bearing interest at the Variable Rate Option to the Quoted Fixed Rate Option;

(2) may, effective as of the last day of any Quoted Fixed Rate Period, elect to convert a balance bearing at the Quoted Fixed Rate Option to the Variable Rate Option or refix a rate under the Quoted Fixed Rate Option;

(3) may, on three (3) Business Days' prior notice, elect to convert balances bearing interest at the Variable Rate Option or the Quoted Fixed Rate Option to the LIBOR Option or refix a rate under the LIBOR Option; provided, however, that balances bearing interest at the Quoted Fixed Rate Option or the LIBOR Option may not be converted to or continued under the LIBOR Option until the last day of the Quoted Fixed Rate Period or Interest Period applicable thereto; and

(4) may, effective as of the last day of any Interest Period, elect to convert a balance subject to the LIBOR Option to the Variable Rate Option or the Quoted Fixed Rate Option.

In the absence of an election provided for herein, the Company shall be deemed to have elected the Variable Rate Option. All elections provided for herein: (a) shall be irrevocable; (b) must be received by 12:00 Noon, Mountain Time on the applicable Business Day; and (c) may be made telephonically or in writing in the form attached hereto as Exhibit C; provided, however, that if requested by CoBank, any election made telephonically shall be promptly confirmed in writing in the form attached hereto as Exhibit C. Notwithstanding the foregoing: (i) in no event may the Company elect to fix rates for a period ending after the Maturity Date; and (ii) without limiting any other provision hereof, upon the occurrence and during the continuance of a Default or Event of Default, the Company may not elect to fix rates under the Quoted Fixed Rate Option or the LIBOR Option.

(C) Computation and Payment. Interest shall be calculated on the actual number of days that the Term Loans are outstanding on the basis of a 360-day year. Interest shall be: (i) calculated quarterly in arrears on the last day of each calendar quarter and on the Maturity Date; and (ii) due and payable on the 20th day of each January, April, July and October and on the Maturity Date. Notwithstanding the foregoing, at CoBank's option, iinterest on balances bearing interest at the LIBOR Option shall be calculated and paid on the last day of each Interest Period, and, as to any balance having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period.

(D) Additional Provisions Regarding LIBOR Option. Notwithstanding any other provision hereof, CoBank shall have the right to temporarily suspend or permanently terminate the Company's ability to fix rates under the LIBOR Option or for one or more Interest Periods if, for any reason whatsoever (including a Change in Law): (1) LIBOR is no longer being quoted in the London interbank market or is no longer being quoted for an Interest Period; (2) CoBank or any Participant is prohibited from offering rates based on LIBOR; or (3) CoBank's or any Participant's cost to fund balances bearing interest at the LIBOR Option (as determined by CoBank or such Participant in its sole discretion) increases beyond any corresponding increase in LIBOR or decreases less than any corresponding decrease in LIBOR. In addition, if as a result of a Change in Law, CoBank or any of its Participants is required to allocate additional capital to, or otherwise bear increased costs as a result of maintaining balances under, the LIBOR Option, the Company agrees to indemnify CoBank and its Participants upon demand against all such resultant increases in such costs, provided, however, that the Company shall not be required to compensate CoBank or any Participant for any such increase in cost accrued or incurred more than one hundred eighty (180) days prior to the date that CoBank or such Participant, as the case may be, notifies the Company of the event that gives rise to such claim, except that, if the circumstance giving rise to such increase in cost is, as a result of selection of the LIBOR Option by the Company, retroactive, then such one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.06. Commitment Fee. In consideration of the Commitment, the Company agrees to pay to CoBank a commitment fee on the average daily unused portion of the Commitment available after April 30, 2015, at a rate per annum equal to ¼ of 1% per annum. Such fee shall be: (A) calculated on the date the Commitment expires or is terminated on the actual number of days elapsed during the period on the basis of a year consisting of 360 days; and (B) due and payable on the date the Commitment expires or is terminated.

SECTION 2.07. Repayment. The Company agrees to repay the Term Loans in full on the Maturity Date.

SECTION 2.08. Prepayment.

(A) Voluntary Prepayment. Subject to Subsection (B) hereof, the Company may, on three Business Days' prior written notice, prepay all or any portion of a Term Loan. In the event the Company would like to prepay one or more Term Loans, it shall notify CoBank thereof in writing not later than 12:00 Noon, Mountain Time three Business Days prior to the date on which the Company intends to prepay the Term Loan(s). Unless otherwise agreed to by CoBank in writing, all such notices shall be irrevocable. On the date fixed for prepayment, the Company shall prepay the Term Loan(s) so designated, together with accrued interest thereon, and, if applicable, any surcharge owing under Subsection (B) hereof. All partial prepayments will be applied to such balances, fixed or variable, outstanding on the Term Loan(s) being prepaid as CoBank shall specify.

(B) Premium. The Company agrees that in the event it repays any Term Loan balance bearing interest at the LIBOR Option or the Quoted Fixed Rate Option prior to the last day of the Interest Period or Quoted Fixed Rate Period applicable thereto (whether such payment is made voluntarily, as a result of redemption, repurchase, acceleration or otherwise) or fails, for any reason, to borrow a Term Loan scheduled to bear interest at the LIBOR Option or Quoted Fixed Rate Option on the date scheduled therefor, or fails for any reason to convert or continue any Term Loan balance to or under the LIBOR Option or Quoted Fixed Rate Option on the date scheduled therefor, the Company will pay to CoBank a premium in an amount equal to the greater of $300 or the sum of: (i) the present value of any funding losses imputed by CoBank in accordance with its methodology to have been incurred by CoBank as a result thereof; plus (ii) unless such payment is made under Section 14.02 of the Indenture, a per annum yield of ½ of 1% of the balance for the period such amount was scheduled to have been outstanding under the LIBOR or Quoted Fixed Rate Options. Such surcharge shall be determined and calculated in accordance with methodology established by CoBank, a copy of which will be made available upon request.

SECTION 2.09. Bond. The Company's obligation to repay the Term Loans shall be evidenced by a single Variable Rate Series Bond Due August 26, 2019 in the form attached hereto as Exhibit D-1 (as amended or restated from time to time, a "Bond").

SECTION 2.10. Security. The Company's obligations hereunder and the Bond, shall be secured under the Indenture, equally and ratably with all other bonds or other obligations secured under the Indenture. The Company agrees to take such steps (including the execution and recording of such instruments and documents) as CoBank may from time to time reasonably require in order to enable the Trustee to obtain, perfect and maintain the Lien of the Indenture on the Mortgaged Property.

SECTION 2.11. Method of Payment. The Company shall make or cause its paying agent to make all payments to CoBank under the Loan Documents by wire transfer of immediately available funds, by check, or, if specified by separate agreement between the Company and CoBank, by automated clearing house or other similar cash handling processes. Wire transfers shall be made to ABA No. 307088754 for advice to and credit of "CoBANK" (or to such other account as CoBank may direct by notice). Funds received after 3:00 P.M. Mountain Time may, in CoBank's discretion, be credited on the next Business Day. Checks shall be mailed to CoBank, Department 167, Denver, Colorado 80291-0167 (or to such other place as CoBank may direct by notice). Credit for payment by check will not be given until the later of the next Business Day after receipt of the check or the day on which CoBank receives immediately available funds. The Company agrees that CoBank shall not be obligated to present any Bond to the Trustee or any paying agent for payment.

SECTION 2.12. CoBank Books and Records. CoBank will keep a record of: (A) the date and amount of each Term Loan; (B) the interest rate elections and/or interest rates applicable to all Term Loans, and the effective dates of all changes thereto; (C) all fees and expenses due and payable to CoBank hereunder and under the other Loan Documents; and (D) the date and amount of all principal, interest, and fees paid by the Company to CoBank hereunder and under the other Loan Documents. To the extent permitted by applicable Law, such record (and all computer printouts thereof) shall be presumed correct absent manifest error as to the obligations of the Company therein recorded; provided, that the failure of CoBank to maintain such record, or any error therein, shall not in any manner affect the obligation of the Company to repay (with applicable interest) any loan hereunder in accordance with the terms of this Agreement and the other Loan Documents.

SECTION 2.13. Business Days. Notwithstanding the terms of the Indenture, if any date on which principal, interest, or fees is due and payable is not a Business Day, then such payment shall be

due and payable on the next Business Day and, in the case of principal, interest shall continue to accrue on the amount thereof.

ARTICLE 3
CONDITIONS PRECEDENT

SECTION 3.01. Conditions to Initial Term Loan. CoBank's obligation to make the initial Term Loan hereunder is subject to the fulfillment, prior to or at the closing of such Term Loan, of the following conditions:

(A) This Agreement. This Agreement shall have been duly executed and delivered by the parties.

(B) Bond. CoBank shall have received a Bond in the principal amount of, and dated as of the date of, the Term Loan, duly executed by the Company and authenticated by the Trustee under the Indenture.

(C) Request for Loan. CoBank shall have received a duly completed and executed Request for Loan.

(D) Representations and Warranties. The representations and warranties of the Company contained in Article 4 hereof and in the Request for Loan shall be true and correct as of the date of funding of the requested Term Loan.

(E) Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained herein required to be performed or complied with by it prior to making the Term Loan, and at the time of the Term Loan, no Default or Event of Default exists or will exist under the Indenture.

(F) Compliance with the Indenture. The Company shall have performed and complied with all agreements and conditions contained in the Indenture which are required to be performed or complied with by the Company in order for the Bond evidencing such Term Loan to be secured under the Indenture, and CoBank shall have received such evidence hereof as may be satisfactory to CoBank. Without limiting the foregoing, CoBank shall have received copies of all instruments and documents required by the Indenture in order for the Bond to be secured thereunder.

(G) Regulatory Approvals. The Term Loans shall have been duly authorized by order of the PUC, such order shall be in full force and effect, and all appeal periods applicable to such order shall have expired.

(H) Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall be satisfactory in substance and form to, and in the reasonable judgment of, CoBank and its special counsel.

(I) Secretary's Certificate. CoBank shall have received an original certificate of the Secretary or Assistant Secretary of the Company dated as of the date of this Agreement (or as of such other date as may be acceptable to CoBank) attaching and certifying as to each of the following (which certificate and attachments must be in form and content acceptable to CoBank): (1) the resolutions of the Company's board of directors authorizing the execution and delivery of this Agreement and the other Loan Documents; (2) a certificate of incumbency setting forth the names and true ink signatures of each

officer of the Company authorized to sign the Loan Documents; (3) a copy, certified within 15 days of the date of this Agreement (or within such other number of days as may be agreeable to CoBank) by the Secretary of State of California, of the articles of incorporation of the Company, as same may have been amended; (4) a certificate issued by the Secretary of State (or equivalent) of California dated within 15 days of the date of this Agreement (or within such other number of days as may be agreeable to CoBank), attesting to the due formation and good standing of the Company in such state; (5) the bylaws of the Company, as amended; and (6) the Indenture. Except for the items referred to in clauses (1) and (2) above, all of such items may be on compact disk or other media acceptable to CoBank in its discretion.

(J) Insurance. CoBank shall have received, in form and substance satisfactory to CoBank, such evidence as CoBank may require that the Company and each of its Subsidiaries is in compliance with Section 6.02 hereof (including the flood insurance requirements thereof).

(K) Security. CoBank shall have received such evidence as CoBank shall require that: (1) all steps (including the execution, delivery and recording of such instruments and documents) required by the Indenture or under Law in order for the Trustee to obtain and perfect its Lien on the Mortgaged Property as and to the extent contemplated by the Indenture have been taken; (2) such Lien is entitled to the priority contemplated by the Indenture; and (3) there are no other Liens on the Mortgaged Property except as permitted by the Indenture.

(L) Legal Opinions. CoBank shall have received from Fulbright & Jaworski L.L.P., counsel for the Company, and Garlington, Lohn and Robinson, special Montana counsel for the Company, their respective opinions, dated as of the date of funding of the Term Loan.

(M) Payment of Special Counsel Fees. The Company shall have paid all reasonable fees and disbursements of Sherman & Howard, LLC as set forth in a statement from Sherman & Howard, LLC delivered to the Company prior to the date of funding of the Term Loan.

(N) Other Matters. CoBank shall have received such additional certificates, opinions and other documents as CoBank shall have required, and all legal matters incident to the consummation of the transactions contemplated hereby and the making of the initial Term Loan shall be satisfactory to CoBank and its counsel in all respects.

SECTION 3.02. Conditions to Each Subsequent Term Loan. CoBank's obligation to make each subsequent Term Loan to the Company, is subject to the fulfillment, prior to or at the time such Term Loan is made, of the following conditions:

(A) [Intentionally Omitted].

(B) Request for Loan. CoBank shall have received a duly completed and executed Request for Loan.

(C) Representations and Warranties. The representations and warranties of the Company contained in Article 4 hereof and in the Request for Loan shall be true and correct as of the date of funding of the Term Loan.

(D) Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained herein required to be performed or complied with by it prior to or at the Closing, and at the time of the Closing no Default or Event of Default will exist under the Indenture.

(E) Other Matters. CoBank shall have received such additional certificates, opinions and other documents as CoBank shall have required, and all legal matters incident to the making of the Term Loan shall be satisfactory to CoBank and its counsel in all respects.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF COMPANY

To induce CoBank to enter into this Agreement and make each Term Loan hereunder, the Company represents and warrants:

SECTION 4.01. Corporate Organization and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California. The Company does not engage in business in any other state. Apple Valley Ranchos Water Company ("Apple Valley"), a California corporation, and Mountain Water Company ("Mountain"), a Montana corporation are the only entities in which the Company directly or indirectly owns fifty percent or more of such entities' outstanding capital stock or other equity interests. Apple Valley is a corporation duly organized, validly existing and in good standing under the laws of the State of California. Mountain is a corporation duly organized, validly existing and in good standing under the laws of the State of Montana. Apple Valley does not engage in business outside the State of California. Mountain does not engage in business outside the State of Montana. The Company has all requisite corporate power to own and operate its properties, to carry on its business as it is now being conducted, to enter into the Fourteenth Supplemental Indenture and this Agreement, to issue the Bond, and to carry out the transactions contemplated thereby. Apple Valley and Mountain (collectively referred to herein as the "Subsidiaries") have all requisite corporate power to own and operate their respective properties and to carry on their respective businesses as now being conducted. The Company and each of the Subsidiaries which operate as public utilities have received all necessary authorizations, if any, from the PUC and the Public Service Commission of the State of Montana (the "MPSC") to issue their respective outstanding capital stock and all authorizations from the PUC and the MPSC and except as set forth in Exhibit F hereto, all such material franchises, licenses and certificates of convenience and necessity as are material to the operations or revenues of the Company and its Subsidiaries, taken as a whole.

SECTION 4.02 Financial Statements. The Company has heretofore submitted to CoBank (i) a consolidated balance sheet of the Company and its Subsidiaries at December 31, 2013, and consolidated statements of income and retained earnings and of cash flows of the Company for the year then ended, as certified by Ernst & Young LLP, independent certified public accountants, and (ii) a consolidated balance sheet of the Company and its Subsidiaries (the "Balance Sheet")at March 31, 2014 (the "Balance Sheet Date") and consolidated statements of income and retained earnings and of cash flows of the Company for the three-month period then ended as prepared by the Company. Such financial statements have each been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby, and in accordance with the PUC's Uniform Classification of Accounts for Water Corporations, and are correct and fairly represent the financial condition of the Company at the respective dates of such balance sheets, and the results of its operations and cash flows for the respective periods shown therein; provided, however, that the March 31, 2014 financial statements are subject to normal year-end adjustments. Since the Balance Sheet Date, there has been (i) no material change in the Company's financial condition, except in the ordinary course of business, and (ii) no material adverse change of any kind in the property, business, affairs or condition (financial or otherwise) of the Company.

SECTION 4.03. Litigation. Except as set forth in Exhibit F hereto, there is no action, suit, proceeding or investigation at law or in equity or before or by any court, public board or body

pending or, to the best of the Company's knowledge, threatened against or affecting the Company or any Subsidiary that would have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, and neither the Company nor any Subsidiary, to the best of the Company's knowledge, is in default in respect of any order, writ, injunction or decree of any court or of any governmental department, commission, board, bureau, agency or other instrumentality. No local, state or federal taxes payable by or assessed against the Company, any Subsidiary or any of the properties of the Company or any Subsidiary are delinquent or are in default.

SECTION 4.04. Compliance with Other Agreements and Applicable Law. Neither the execution nor delivery of this Agreement, the Fourteenth Supplemental Indenture or the Bond, or payment of the Bond, nor the consummation of the transactions hereby or thereby contemplated, nor the fulfillment of the terms hereof or thereof, conflicts with or results in any breach of or constitutes a default under any of the terms, conditions or provisions of (i) the Articles of Incorporation or Bylaws of the Company, as amended, (ii) any judgment, order or decree of any court or arbiter, of which the Company is a party, (iii) any contract, undertaking, indenture or other agreement or instrument to which the Company is a party or by which it is or its properties could be bound or (iv) any federal or California or Montana state law.

SECTION 4.05. Corporate Action. All corporate action on the part of the Company necessary for the authorization, execution, delivery and performance of this Agreement, the Fourteenth Supplemental Indenture and the Bond has been taken.

SECTION 4.06. Title to Properties. The Company and the Subsidiaries have good title to all of the real property used in their respective businesses (other than real property used or occupied under easements or leased from others, as to which it has the right of possession, and other than that which may be taken by condemnation) ("Real Property"), including real property of the Company described in preliminary title report attached hereto as Exhibit E. The Real Property, systems and franchises shall be referred to hereinafter as the "Properties". Except as set forth in Exhibit F hereto, the Company is not aware of any changes in the parcels of Real Property described in Exhibit E, and the Company has not acquired any additional real property since the date of preliminary title report attached hereto as Exhibit E. There are no taxes or assessments that have been assessed against the Properties or any portion thereof which are delinquent. No liens or encumbrances encumber the Properties or any portion thereof other than liens or encumbrances permitted by the Indenture. To the best of the Company's knowledge, there is no off-record lien, encumbrance or encroachment affecting any of the Properties. The Company is not aware of any encroachment of the Properties onto adjoining or adjacent properties or of any encroachment onto the Properties from adjoining or adjacent properties.

SECTION 4.07. Indebtedness. The Company and the Subsidiaries have no indebtedness as of the Balance Sheet Date except as disclosed on the Balance Sheet and except as has been incurred in the ordinary course of business since the Balance Sheet Date. Except as set forth in Exhibit F hereto, as of July 31, 2014, neither the Company nor any of the Subsidiaries is indebted to its shareholders or to its banks, and the aggregate accounts payable of the Company and the Subsidiaries are not in excess of $4,000,000. No Default or Event of Default has occurred and is continuing under the Indenture. Neither the Company nor any Subsidiary is in default in the payment of principal or interest on any indebtedness or is in default under any instrument or instruments or agreements under and subject to which any indebtedness has been issued, and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an Event of Default thereunder.

SECTION 4.08. **Subsidiaries**. The Company has two Subsidiaries, Apple Valley and Mountain.

SECTION 4.09. **Commitments**. The Company has no contracts outstanding of a nature different from those customarily made in the ordinary course of business by companies engaged in the public utility water or sanitation business. The Company is not a party to, nor is it in any manner obligated under, any material unusual or burdensome contracts, including any material, unusual or burdensome management contracts or arrangements.

SECTION 4.10. **Income Taxes**. All federal, state and local tax returns of the Company and its Subsidiaries required by law to be filed have been filed, and all federal, state and local taxes, assessments, fees and other governmental charges upon the Company, its Subsidiaries or upon any of their respective properties, income or franchises, which are shown to be due and payable have been paid. No controversy in respect of additional federal, state or local taxes is pending or, to the knowledge of the Company, threatened which would have a materially adverse effect upon the Company and its Subsidiaries, taken as a whole, if adversely determined. The provision for taxes for the Company and its Subsidiaries on the books of the Company is adequate for all open years.

SECTION 4.11. **Private Offering**. Neither the Company, directly or indirectly, nor any agent on its behalf has offered or will offer the Bond to, or has solicited or will solicit an offer to acquire the Bond or any similar security from, or has otherwise approached or negotiated or will approach or negotiate in respect of the Bond with, any person other than CoBank, each of whom was offered all or a portion of the Bond only at a private sale for investment. Neither the Company, directly or indirectly, nor any agent on its behalf has offered or will offer the Bond or any similar security to, or has solicited or will solicit an offer to acquire the Bond or any similar security from, any person so as to require the issuance and sale of the Bond to be registered pursuant to Section 5 of the Securities Act of 1933, as amended, or to require that the Company qualify the Fourteenth Supplemental Indenture under the Trust Indenture Act of 1939, as amended.

SECTION 4.12. **Governmental Approval**. The Company is a "public utility" as defined in Section 216 of the California Public Utilities Code, as amended (the "California Code"). Accordingly, its ability to issue the Bond and to encumber its assets to secure the Bond is conditioned upon obtaining an order from the PUC authorizing such issuance and encumbrance, pursuant to Sections 818 and 851, respectively, of the California Code. The Company has received from the PUC an Opinion and Order, No. 14-05-007, dated May 1, 2014 (the "Opinion and Order"), authorizing such issuance and encumbrance, and has provided CoBank and the Trustee with a copy thereof certified by the Secretary of the Company. Aside from such Opinion and Order, there is no other order, certificate or approval of a commission, official or officials required by law to make the Bond valid, legal and binding obligations.

SECTION 4.13. **Regulatory Compliance**. The shares of stock of those Subsidiaries of the Company pledged as collateral under the Indenture are not margin stock (within the meaning of Regulation T of the Board of Governors of the Federal Reserve System), and the issuance of the Bond and the application of the proceeds therefrom by the Company do not and will not violate Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System.

SECTION 4.14. **Not an Investment Company or Holding Company**. The Company is not an "investment company" nor a company "controlled" by an "investment company" within the meanings of the Investment Company Act of 1940, as amended, or a "holding company" or an "affiliate" of a "holding company" or of a subsidiary of a "holding company" within the meanings of the Public Utility Holding Company Act of 2005.

SECTION 4.15. Perfection of Security Interest. The Indenture creates in favor of the Trustee, on behalf of CoBank and the other holders of bonds and other obligations secured under the Indenture, a security interest in certificates representing all of the issued and outstanding shares of stock of all Subsidiaries and the Trustee's continued possession of such certificates maintains a perfected first security interest in such shares of stock.

SECTION 4.16. Filing and Recordation. The Indenture creates in favor of the Trustee, on behalf of CoBank and the other holders of bonds or other obligations secured under the Indenture, a Lien on and security in all other property subject to the Lien of the Indenture. The Indenture and all financing statements (including any financing statements required to be filed under the provisions of the California Uniform Commercial Code) have been duly recorded and filed in such manner and in such place as is required by Law to establish, preserve and protect the security interest thereby created on all collateral specifically or generally described in such documents as subject to such security interests and under the laws enforced, and it will not be necessary to rerecord any such documents.

SECTION 4.17. ERISA. The consummation of the transactions provided for in this Agreement and compliance by the Company with the provisions hereof and the Bond issued hereunder will not involve any prohibited transaction within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"). Each Plan of the Company complies in all material respects with all applicable statutes and governmental rules and regulations, and (a) no Reportable Event has occurred and is continuing with respect to any Plan, (b) neither the Company nor any ERISA Affiliate has withdrawn from any Plan or Multiemployer Plan or instituted steps to do so, and (c) no steps have been instituted to terminate any Plan. To the best knowledge of the Company, no condition exists or event or transaction has occurred in connection with any Plan which could result in the incurrence by the Company or any ERISA Affiliate of any material liability, fine or penalty. No Plan maintained by the Company or any ERISA Affiliate, nor any trust created thereunder, has failed to meet the minimum funding standards of Section 412 of the Code or Section 302 of ERISA nor, except as disclosed in the Company's financial statements for the year ended December 31, 2013, does the present value of all benefits vested under all Plans exceed, as of the last annual valuation date, the value of the assets of the Plans allocable to such vested benefits. Neither the Company nor any ERISA Affiliate has any contingent liability with respect to any post-retirement "welfare benefit plan" except as has been disclosed to CoBank in the Company's financial statements for the year ended December 31, 2013. As used in this Section 4.17, the terms "Plan," "Reportable Event," "Multiemployer Plan," "ERISA Affiliate" and "welfare benefit plan" shall have the respective meanings assigned to them in ERISA.

SECTION 4.18. Foreign Assets Control Regulations, Etc.

(A) Neither the Company nor any Controlled Entity is (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury ("OFAC") (an "OFAC Listed Person") (ii) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program, or (iii) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions, including but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act ("CISADA") or any similar law or regulation with respect to Iran or any other country, the Sudan Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order

relating to any of the foregoing (collectively, "U.S. Economic Sanctions") (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (i), clause (ii) or clause (iii), a "Blocked Person"). Neither the Company nor any Controlled Entity has been notified that its name appears or may in the future appear on a state list of Persons that engage in investment or other commercial activities in Iran or any other country that is subject to U.S. Economic Sanctions.

(B) No part of the proceeds from the sale of the Bond hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (i) in connection with any investment in, or any transactions or dealings with, any Blocked Person, or (ii) otherwise in violation of U.S. Economic Sanctions.

(C) Neither the Company nor any Controlled Entity (i) has been found in violation of, charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States law or regulation governing such activities (collectively, *"Anti-Money Laundering Laws"*) or any U.S. Economic Sanctions violations, (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or any U.S. Economic Sanctions violations, (iii) has been assessed civil penalties under any Anti-Money Laundering Laws or any U.S. Economic Sanctions, or (iv) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Subsidiary is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws and U.S. Economic Sanctions.

(D)

(1) Neither the Company nor any Controlled Entity (i) has been charged with, or convicted of bribery or any other anti-corruption related activity under any applicable law or regulation in a U.S. or any non-U.S. country or jurisdiction, including but not limited to, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010 (collectively, *"Anti-Corruption Laws"*), (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws or (iv) has been or is the target of sanctions imposed by the United Nations or the European Union;

(2) To the Company's actual knowledge after making due inquiry, neither the Company nor any Controlled Entity has, within the last five years, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or a commercial counterparty for the purposes of: (i) influencing any act, decision or failure to act by such Government Official in his or her official capacity or such commercial counterparty, (ii) inducing a Governmental Official to do or omit to do any act in violation of the Governmental Official's lawful duty, or (iii) inducing a Governmental Official or a commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage; and

(3) No part of the proceeds from the sale of the Bond hereunder will be used, directly or indirectly, for any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage. The Company has established procedures and controls which it reasonably believes are adequate (and

otherwise comply with applicable law) to ensure that the Company and each Subsidiary is and will continue to be in compliance with all applicable current and future Anti-Corruption Laws.

(E) As used in this Section 4.18, the following terms have the respective meanings set forth below:

"Controlled Entity" means (i) any of the Subsidiaries of the Company and any of their or the Company's respective Controlled Affiliates and (ii) if the Company has a parent company, such parent company and its Controlled Affiliates. As used in this definition, ***"Control"*** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Governmental Official" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

"OFAC Sanctions Program" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx.

"USA PATRIOT Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

SECTION 4.19. Operation of Business. The Company and each Subsidiary possesses all licenses, certificates, permits, authorizations, approvals, franchises, patents, copyrights, trademarks, trade names, rights thereto, or the like, the absence of which would reasonably be expected to have a Material Adverse Effect, and neither the Company nor any Subsidiary is in violation of the rights of others with respect thereto, except for any violation that would not reasonably be expected to have a Material Adverse Effect.

SECTION 4.20. Compliance With Laws. Except as disclosed in any officer's certificate submitted in connection herewith, the Company and each Subsidiary is in compliance in all material respects with all Laws which, if not complied with, would reasonably be expected to have a Material Adverse Effect.

SECTION 4.21. Disclosure. No officer's certificate, application, or other written factual statement or information furnished to CoBank and/or the Trustee, by or on behalf of the Company, in connection with the transactions contemplated in this Agreement, when taken as a whole, contains any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not materially misleading.

ARTICLE 5
COVENANTS

SECTION 5.01. Reports and Rights of Inspection. The Company will keep, and will cause each Subsidiary to keep, proper books of record and account in which full and correct entries will be made of all dealings or transactions of, or in relation to, the business and affairs of the Company or such Subsidiary, in accordance with generally accepted accounting principles consistently applied (except for changes disclosed in the financial statements furnished pursuant to this Section 5.01 and concurred in by the independent public accountants referred to in Section 5.01 hereof), and will furnish to CoBank and each institutional holder of the Bond (in duplicate if so specified below or otherwise requested):

(A) Quarterly Statements. As soon as available and in any event within 60 days after the end of each quarterly fiscal period (except the last) of each fiscal year, copies of:

(1) a consolidated balance sheet of the Company and its Subsidiaries as of the close of such quarterly fiscal period, setting forth in comparative form the consolidated figures for the fiscal year then most recently ended;

(2) a consolidated statement of income of the Company and its Subsidiaries for such quarterly fiscal period and for the portion of the fiscal year ending with such quarterly fiscal period, in each case setting forth in comparative form the consolidated figures for the corresponding periods of the preceding fiscal year;

(3) a consolidated statement of cash flows of the Company and its Subsidiaries for the portion of the fiscal year ending with such quarterly fiscal period, setting forth in comparative form the consolidated figures for the corresponding period of the preceding fiscal year; and

(4) all in reasonable detail, prepared and certified by an authorized financial officer of the Company as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments.

(B) Annual Statements. As soon as available and in any event within 120 days after the close of each fiscal year of the Company, copies of:

(1) a consolidated and consolidating balance sheet of the Company and its Subsidiaries as of the close of such fiscal year; and

(2) consolidated and consolidating statements of income, common shareholders' equity and cash flows of the Company and its Subsidiaries for such fiscal year, in each case setting forth in comparative form the comparable figures for the preceding fiscal year, all in reasonable detail and accompanied by a report thereon of Ernst & Young LLP or another firm of independent public accountants selected by the Company and reasonably acceptable to the holders of a majority of the Bond to the effect that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the end of the fiscal year being reported on and the consolidated results of the operations and cash flows for said year in conformity with generally accepted accounting principles and that the examination of such accountants in connection with such financial statements has been conducted in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as said accountants deemed necessary in the circumstances.

(C) **Audit Reports**. Promptly upon receipt thereof, one copy of each interim or special audit made by independent accountants of the books of the Company or any Subsidiary.

(D) **Other Reports**. Promptly, upon their becoming available, copies of any orders in any proceedings to which the Company or any of its Subsidiaries is a party, issued by any governmental agency, Federal or state, having jurisdiction over the Company or any of its Subsidiaries which in the opinion of the Company is likely to have a Material Adverse Effect on the financial condition of the Company and its Subsidiaries taken as a whole.

(E) **Annual Compliance Certificate**. Together with the financial statements referred to in Section 5.01(B) hereof, a certificate of the Chief Financial Officer of the Company stating that such officer has reviewed the provisions of the Indenture and this Agreement and stating whether there existed as of the date of such financial statements and whether, to the best of such officer's knowledge, there exists on the date of the certificate or existed at any time during the period covered by such financial statements any Default or Event of Default under the Indenture or any breach of the terms hereof and, if any such condition or event exists on the date of the certificate, specifying the nature and period of existence thereof and the action the Company is taking and proposes to take with respect thereto.

(F) **Accountant's Certificates**. Within the period provided in paragraph (b) above, a certificate of the accountants who render an opinion with respect to such financial statements, stating that they have reviewed the Indenture and stating further whether, in making their audit, anything has come to the attention of such accountants which would indicate that any Default or Event of Default exists under any of the terms or provisions of the Indenture insofar as any such terms or provisions pertain to or involve accounting matters or determinations, and if such accountants shall have become aware of any such condition or event, specifying the nature and period of existence thereof.

(G) **Notice of Default or Event of Default**. Promptly after becoming aware thereof, notice of the occurrence of a Default or an Event of Default or any breach of the terms hereof.

(H) **Requested Information**. With reasonable promptness, such other data and information as such institutional holder of the Bond may reasonably request.

Without limiting the foregoing, the Company will permit CoBank and each institutional holder of the Bond (or such persons as such institutional holder may designate), to visit and inspect, under the Company's guidance, any of the properties of the Company or any Subsidiary, to examine all of their books of account, records, reports and other papers, to make copies and extracts therefrom and to discuss their respective affairs, finances and accounts with their respective officers, employees, and independent public accountants all at such reasonable times and as often as may be reasonably requested. The Company shall not be required to pay or reimburse any holder for expenses which such holder may incur in connection with any such visitation or inspection, except that if such visitation or inspection is made during any period when a Default or an Event of Default under the Indenture shall have occurred and be continuing, the Company agrees to reimburse such holder for all such reasonable expenses promptly upon demand.

ARTICLE 6
ADDITIONAL COVENANTS

SECTION 6.01. Compliance with Indenture. The Company agrees to comply in all material respects with its obligations under the Indenture.

SECTION 6.02. Insurance.

(A) Maintain insurance, and cause each Subsidiary to maintain insurance, in accordance with Section 5.05 of the Indenture. All such policies insuring any portion of the Mortgaged Property, as applicable, shall have lender or mortgagee loss payable clauses or endorsements in favor of the Trustee or applicable in form and content, and as otherwise required by, the Indenture.

(B) To the extent required under the Flood Laws, obtain and maintain flood insurance for such structures and contents constituting the Mortgaged Property located in a flood hazard zone, in such amounts as similar structures and contents are insured by prudent companies in similar circumstances carrying on similar businesses and otherwise satisfactory to CoBank.

SECTION 6.03. Indemnification. The Company hereby agrees to indemnify and hold CoBank harmless from, against and in respect of any and all loss, liability and expense (including reasonable attorneys' fees) arising from any misrepresentation or nonfulfillment of any undertaking on the part of the Company under this Agreement, or from any misrepresentation in, or omission from, this or any other instrument given, or to be given, to CoBank pursuant to this Agreement. The indemnification obligations of the Company under this Section 6.03 shall be capped at an amount equal to the aggregate amount of the Term Loans made hereunder and evidenced by the Bond. The indemnification obligations of the Company under this Section 6.03 shall survive the execution and delivery of this Agreement, the delivery of the Bond to CoBank and the consummation of the transactions contemplated herein.

SECTION 6.04. Expenses. The Company shall pay all expenses in connection with the preparation of this Agreement and the Fourteenth Supplemental Indenture and the issuance and delivery of the Bond pursuant thereto. Whether or not the sale of the Bond as herein contemplated shall be completed, the Company shall reimburse CoBank at CoBank's request for any out-of-pocket expenses which CoBank may have incurred or shall incur relative to the transactions contemplated hereby (including any cost or expense incident to the enforcement of any of the obligations of the Company hereunder or which may result from the issuance of the Bond) and to pay the reasonable fees and disbursements of Sherman & Howard, LLC for its services contemplated hereunder.

SECTION 6.05. Use of Proceeds. The Company agrees that the proceeds of the Term Loans will be used only as described in the Opinion and Order.

SECTION 6.06. Continuation Statements. The Company will take such steps as may from time to time be necessary in order to continue the perfection and priority of the lien of the Indenture on the Mortgaged Property, including, without limitation, filing from time to time such supplemental mortgages and such continuation statements or other documents with respect to any financing statements filed to perfect the lien of the Indenture as may be required by law in order to preserve and protect the security of the holders of the Bond and all rights of the Trustee under the Indenture.

SECTION 6.07. Home Office Payment. Notwithstanding anything to the contrary contained in the Indenture or the Bond, the Company will punctually pay when due the principal thereof, interest thereon and premium, if any, due with respect to said principal, without any presentment thereof, directly to CoBank, its nominee or to a subsequent institutional holder at CoBank's address or its nominee's address set forth in Schedule I hereto or such other address as CoBank, its nominee or such subsequent institutional holder may from time to time designate in writing to the Company or, if a Bank account with a United States Bank is designated for CoBank or its nominee on Schedule I hereto or in any written notice to the Company from CoBank, from its nominee or from any such subsequent institutional holder, the Company will make such payments in immediately available funds to such bank account,

marked for attention as indicated, or in such other manner or to such other account in any United States Bank as CoBank, or its nominee or such subsequent institutional holder may from time to time direct in writing.

The holder of any Bond to which this Section applies agrees that upon payment in full of any Bond such holder shall surrender such Bond to the Trustee. Such holder further agrees that in the event it shall sell or transfer any Bond (i) it will, prior to the delivery of such Bond make a notation of the aggregate principal amount paid and redeemed on the Bond to be so sold, transferred or otherwise disposed of or (ii) present such Bond to the Trustee in exchange for a new Bond or Bonds of aggregate principal amount equal to the unpaid portion thereof.

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default. The occurrence of an Event of Default under the Indenture shall constitute an Event of Default hereunder.

SECTION 7.02. Remedies. Upon the occurrence and during the continuance of a Default or Event of Default or a breach of any provision contained herein, CoBank shall have no obligation to make any Term Loan to the Company and may discontinue doing so at any time without prior notice. In addition, upon the occurrence and during the continuance of an Event of Default, CoBank may, upon notice to the Company:

(A) Termination and Acceleration. Terminate the Commitment and, subject to the terms of the Indenture, declare the unpaid principal balance of the Term Loans, all accrued interest thereon, and all other amounts payable under this Agreement, the Bond, and all other Loan Documents to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the Term Loans and all such other amounts shall become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by the Company.

(B) Enforcement. Proceed to protect, exercise, and enforce such other rights and remedies as may be provided by this Agreement, the Indenture, or under Law. Each and every one of such rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of CoBank to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude any future or other exercise thereof, or the exercise of any other right. Without limiting the foregoing, CoBank may commence an action seeking specific performance, injunctive relief or damages; and the Company hereby waives, to the fullest extent permitted by Law, any defense based on the adequacy of a remedy at law that might be asserted as a bar to the remedy of specific performance or injunctive relief.

(C) Application of Funds. Apply all payments received by it to the Company's obligations to CoBank in such order and manner as CoBank may elect in its sole discretion.

In addition to the rights and remedies set forth above, upon the occurrence and during the continuance of an Event of Default, at CoBank's option in each instance (and automatically following the maturity of the Term Loans, whether as a result of acceleration or otherwise), the unpaid principal balance of the Term Loans shall bear interest from the date of such Event of Default until such Event of Default shall have been waived or cured in a manner satisfactory to CoBank at 2% per annum in excess of the rate(s) of interest that would otherwise be in effect on the Term Loans under the terms hereof. In addition, in the event the Company fails to pay interest, fees, or any other sum owing hereunder when due, then, if

permitted by Law and at CoBank's option in each instance, the amount not paid shall bear interest at 2% per annum in excess of the Variable Rate Option (as in effect from time to time during that period) until paid. All incremental interest required to be paid pursuant to this Section shall be payable on demand and shall be calculated on the basis of a year consisting of 360 days.

ARTICLE 8
MISCELLANEOUS

SECTION 8.01. Complete Agreement, Amendments, Etc. The Loan Documents are intended by the parties to be a complete and final expression of their agreement. No amendment, modification, or waiver of any provision of the Loan Documents, and no consent to any departure by the Company herefrom or therefrom, shall be effective unless approved by CoBank and contained in a writing signed by or on behalf of CoBank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 8.02. Applicable Law. Except to the extent governed by applicable federal Law, this Agreement and the Bond shall be governed by the Laws of the State of California, without reference to choice of law doctrine.

SECTION 8.03. Notices. All notices hereunder shall be in writing and shall be deemed to have been duly given upon delivery if personally delivered or sent by facsimile or similar transmission, or three (3) days after mailing if sent by express, certified or registered mail, to the parties at the following addresses (or such other address as either party may specify by like notice):

If to CoBank, as follows:

CoBank, ACB
5500 South Quebec Street
Greenwood Village, Colorado 80111
Facsimile: (303) 740-4002
Attention: Power, Energy and Utilities Division

If to the Company, as follows:

Park Water Company
9750 Washburn Road
Downey, California 90241
Facsimile: (562) 861-5902
Attention: Chief Financial Officer

SECTION 8.04. Costs, Expenses, and Taxes. To the extent allowed by Law, the Company agrees to pay all reasonable out-of-pocket costs and expenses (including the fees and expenses of counsel retained or employed by CoBank) incurred by CoBank in connection with the origination, administration, interpretation, collection, and enforcement of this Agreement and the other Loan Documents, including: (A) all costs and expenses incurred in obtaining, perfecting, maintaining, determining the priority of, and releasing any security for the Company's obligations; (B) any stamp, intangible, transfer or like tax incurred in connection with this Agreement or any other Loan Document or the recording hereof or thereof; and (C) all costs and expenses incurred in connection with investigating or addressing the Company's compliance with the Loan Documents or any Default or Event of Default.

SECTION 8.05. Effectiveness and Severability. This Agreement shall continue in effect until: (A) all indebtedness and obligations of the Company under this Agreement and the other Loan Documents shall have been paid or satisfied; (B) CoBank has no commitment to extend credit to or for the account of the Company; and (C) either party sends written notice to the other party terminating this Agreement. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof.

SECTION 8.06. Successors and Assigns. This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the Company and CoBank and their respective successors and assigns, except that the Company may not assign or transfer its rights or obligations under this Agreement or the other Loan Documents without the prior written consent of CoBank. CoBank shall have the right to sell all or any portion of the Term Loans and its rights under the Loan Documents (or grant participations therein), and, in connection therewith, shall have the right to provide any financial and other information on the Company and its Subsidiaries as may be in CoBank's possession provided that such assignee or prospective assignee agrees (subject to normal qualifications) to keep such information confidential.

SECTION 8.07. Participations, Etc. From time to time, CoBank may sell to one or more banks, financial institutions or other lenders (each a "Participant") a participation in one or more of the Term Loans. However, no such participation shall relieve CoBank of any commitment made to the Company hereunder. In connection with the foregoing, CoBank may disclose information concerning the Company and its Subsidiaries, if any, to any Participant or prospective Participant, provided that such Participant or prospective Participant agrees (subject to normal qualifications) to keep such information confidential. A sale of a participation interest may include certain voting rights of the Participants regarding the Term Loans hereunder (including without limitation the administration, servicing and enforcement thereof). CoBank agrees to give written notification to the Company of any sale of a participation interest.

SECTION 8.08. Headings. Captions and headings used in this Agreement are for reference and convenience of the parties only, and shall not constitute a part of this Agreement.

SECTION 8.09. Patriot Act Notice. CoBank hereby notifies the Company that pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Patriot Act"), it and its affiliates are required to obtain, verify and record information that identifies the Company, which information includes the name, address, tax identification number and other information regarding the Company that will allow CoBank to identify the Company in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective for CoBank and its affiliates.

SECTION 8.10. Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES SEVERALLY ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE BETWEEN SUCH PARTIES IN CONNECTION WITH THIS AGREEMENT, THE BOND OR ANY OF THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF COBANK RELATING TO THE ADMINISTRATION OF THE TERM LOANS OR ENFORCEMENT OF THE LOAN DOCUMENTS AND AGREES THAT IT WILL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. Except as prohibited by Law, each party to this Agreement hereby waives any right it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Company certifies that no representative, agent or attorney of CoBank has represented, expressly or otherwise, that CoBank would not, in the event of litigation, seek to enforce the foregoing waivers. Each party to this Agreement acknowledges to the other that such other party has been induced

to enter into this Agreement and the other Loan Documents, by, among other things, the waivers and certifications contained herein.

SECTION 8.11. Taxes.

(A) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Company to CoBank under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law requires the deduction or withholding of any Tax from any such payment by the Company, then the Company shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Company shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) CoBank receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(B) Payment of Other Taxes by the Company. The Company shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of CoBank timely reimburse it for the payment of, any Other Taxes.

(C) Indemnification by the Company. The Company shall indemnify CoBank, within ten days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by CoBank or required to be withheld or deducted from a payment to CoBank and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by CoBank shall be conclusive absent manifest error.

(D) Evidence of Payments. As soon as practicable after any payment of Taxes by the Company to a Governmental Authority pursuant to this Section, the Company shall deliver to CoBank the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to CoBank.

(E) Treatment of Certain Refunds. If CoBank determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the Company an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of CoBank and without interest (other than any interests paid by the relevant Governmental Authority with respect to such refund). The Company, upon the request of CoBank, shall repay to CoBank the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that CoBank is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section, in no event will CoBank be required to pay any amount to the Company pursuant to this Section the payment of which would place CoBank in a less favorable net after-Tax position than CoBank would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This Section shall not be construed to require CoBank to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Company or any other Person.

(F) Survival. Each party's obligations under this Section shall survive the repayment, satisfaction or discharge of all obligations owing by the Company to CoBank hereunder and under any Loan Document.

SECTION 8.12 Counterparts. This Agreement and any amendment hereto may be executed in counterparts (and by different parties in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single agreement.

SECTION 8.13. Non-Patronage Loans. Non-patronage Designation. The Term Loans made by CoBank under this Agreement shall be on a non-patronage basis. Hence, no patronage shall be paid with respect to the Term Loans.

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

[Signatures on next pages]

CoBANK, ACB

By: _____

Name: __Bryan D. Ervin_____

Title: ___Vice President_____

(Signature Page to Term Loan Agreement)

PARK WATER COMPANY

By: _____

Name: Douglas K. Martinet

Title: Senior Vice President/CFO

(Signature Page to Term Loan Agreement)

BUS_RE/5368300.1

EXHIBIT A

DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01 **Definitions.** As used in this Agreement, any amendment thereto, or in any Bond, the following terms shall have the following meanings:

Accounting Change shall mean changes in accounting principles required or permitted by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

Agreement shall have the meaning set forth in the introductory paragraph hereof.

Apple Valley shall have the meaning set forth in Section 4.01 hereof.

Balance Sheet shall have the meaning set forth in Section 4.02 hereof.

Balance Sheet Date shall have the meaning set forth in Section 4.02 hereof.

Bond shall have the meaning set forth in Section 2.09 hereof.

Business Day shall mean any day other than a Saturday, Sunday, or other day on which CoBank or the Federal Reserve Banks are closed for business, except that, when used with the respect to the LIBOR Option or any balance to bear interest thereunder, it shall mean a day which is both a Business Day and a day on which dealings in U.S. dollar deposits are being carried out in the London interbank market and banks are open for business in New York City and London, England.

California Code shall have the meaning set forth in Section 4.12 hereof.

Change in Law shall mean any change after the date hereof in any Law (including the introduction of any new Law) or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof.

CoBank shall have the meaning set forth in the introductory paragraph hereof and shall include its successors and assigns.

Code shall have the meaning set forth in Section 4.17 hereof.

Commitment shall have the meaning set forth in Section 2.01 hereof.

Company shall have the meaning set forth in the introductory paragraph hereof and shall include its permitted successors and assigns.

Default shall mean the occurrence of any event which with the giving of notice or the passage of time or the occurrence of any other condition would become an Event of Default.

Dollars and the sign **"$"** shall mean lawful money of the United States of America.

ERISA shall have the meaning set forth in Section 4.17 hereof.

Eurocurrency Liabilities shall have meaning as set forth in FRB Regulation D.

Event of Default shall mean any of the events specified in the Indenture as an "Event of Default".

Excluded Taxes shall mean any of the following Taxes imposed on or with respect to CoBank or any assignee thereof (each, a "Lender") or required to be withheld or deducted from a payment to a Lender, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Lender being organized under the Laws of, or having its principal office or, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Term Loan or Commitment pursuant to a Law in effect on the date on which (i) such Lender acquires such interest in the Term Loan or Commitment, or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 8.11, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, and (c) Taxes attributable to such Lender's failure to comply with Section 8.11.

Flood Laws shall mean, collectively, (1) the National Flood Insurance Act of 1968, (2) the Flood Disaster Protection Act of 1973, (3) the National Flood Insurance Reform Act of 1994 and (4) the Flood Insurance Reform Act of 2004, in each case, as now or hereinafter in effect, and any successor statute thereto, and all such other applicable Laws related thereto.

Fourteenth Supplemental Indenture shall mean that certain Fourteenth Supplemental Indenture, dated as of August 26, 2014, between the Company and The Bank of New York Mellon Trust Company, N.A. The Fourteenth Supplemental Indenture amends and supplements the Company's original Indenture, dated November 1, 1973, as previously amended, supplemented and restated through its Thirteenth Supplemental Indenture, dated June 4, 2013.

FRB Regulation D shall mean Regulation D as promulgated by the Board of Governors of the Federal Reserve System, 12 CFR Part 204, as amended.

Governmental Authority shall mean the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

ICE shall mean ICE Benchmark Administration.

Indemnified Taxes means (1) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Company to CoBank under any Loan Document and (2) to the extent not otherwise described in (1), Other Taxes.

Indenture shall mean that certain original Indenture dated as of November 1, 1973 executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, and all supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000, (h) an Eighth

Supplemental Indenture dated as of May 1, 2002, which restated in its entirety the Original Indenture and all amendments and supplements thereto prior to such Eighth Supplemental Indenture, (i) a Ninth Supplemental Indenture dated as of May 15, 2002, (j) a Tenth Supplemental Indenture dated as of January 27, 2006, (k) an Eleventh Supplemental Indenture dated as of October 6, 2008, (l) a Twelfth Supplemental Indenture dated as of October 6, 2008, (m) a Thirteenth Supplemental Indenture dated June 4, 2013, and (n) a Fourteenth Supplemental Indenture dated August 26, 2014.

Interest Period shall mean a period commencing on the date the LIBOR Option is to take effect and ending on the numerically corresponding day in the next calendar month or the month that is 2, 3, 6, or 12 months after the date the LIBOR Option is to take effect, as the case may be; provided, however, that: (i) in the event such ending day is not a Business Day, such period shall be extended to the next Business Day unless such next Business Day falls in the next calendar month, in which case it shall end on the preceding Business Day; and (ii) if there is no numerically corresponding day in the month, then such period shall end on the last Business Day in the relevant month.

Laws shall mean all laws, rules, regulations, codes, orders and the like.

LIBOR shall mean the rate (rounded upward to the nearest hundredth of a percentage point and adjusted for reserves required on Eurocurrency Liabilities for banks subject to FRB Regulation D or required by any other federal law or regulation) quoted by the ICE (or, if the ICE ceases to quote such interest rate, a successor entity thereto providing such quotations) at 11:00 a.m. London time two (2) Business Days before the commencement of the Interest Period for the offering of U.S. dollar deposits in the London interbank market for the Interest Period designated by the Company, as published by Bloomberg or another major information vendor listed on ICE's official website (or the website of such successor entity).

LIBOR Option shall have the meaning set forth in Section 2.05(A)(2) hereof.

Lien shall mean any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement, charge or encumbrance of any kind or nature whatsoever (including any conditional sale or other title retention agreement).

Loan Documents shall mean this Agreement, the Bond, and all instruments or documents relating to this Agreement or the Bond, including, without limitation, the Indenture and all officers certificates furnished pursuant to this Agreement.

Material Adverse Effect shall mean a material adverse effect on: (1) the operations, properties, margins. business, assets, liabilities (actual or contingent) or condition (financial or otherwise) of the Company or any Subsidiary, taken as a whole, or (2) the ability of the Company to perform its obligations under the Loan Documents.

Maturity Date shall mean the fifth (5th) anniversary of the date of this Agreement.

Mortgaged Property shall have the meaning set forth in the Indenture.

Mountain shall have the meaning set forth in Section 4.01 hereof.

MPSC shall have the meaning set forth in Section 4.01 hereof.

Opinion and Order shall have the meaning set forth in Section 4.12 of this Agreement.

Other Connection Taxes shall mean Taxes imposed as a result of a present or former connection between CoBank and the jurisdiction imposing such Tax (other than connections arising from CoBank having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

Other Taxes shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

Participant shall have the meaning set forth in Section 8.07 of this Agreement.

Patriot Act shall have the meaning set forth in Section 8.09 hereof.

Person shall mean an individual, partnership, corporation, cooperative, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority, or other entity of whatever nature.

Properties shall have the meaning set forth in Section 4.06 of this Agreement.

PUC shall mean the Public Utilities Commission of the State of California.

Quoted Fixed Rate Option shall have the meaning set forth in Section 2.05(A)(3) hereof.

Quoted Fixed Rate Period shall have the meaning set forth in Section 2.05(A)(3) hereof.

Request for Loan shall have the meaning set forth in Section 2.04 hereof.

Santa Paula shall have the meaning set forth in Section 4.01 of this Agreement.

Subsidiaries shall have the meaning set forth in Section 4.01 hereof.

Taxes shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

Term Loan shall have the meaning set forth in Section 2.01 hereof.

Trustee shall mean the Trustee under the Indenture, as such trustee may change from time to time.

Variable Rate Option shall have the meaning set forth in Section 2.05(A)(1).

SECTION 1.02 Rules of Interpretation. The following rules of interpretation shall apply to this Agreement and any amendment hereto:

Accounting Changes. In the event that any Accounting Change shall occur and such change results in a change in the method of calculation of financial ratios, standards or terms in this Agreement,

then the Company and CoBank agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating the Company's financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Company and CoBank, all financial ratios, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. For purposes of determining compliance with any financial covenants contained in this Agreement, any election by the Company to measure an item of Indebtedness using fair value (as permitted by FASB ASC 825 or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Number. All terms stated in the singular shall include the plural, and all terms stated in the plural shall include the singular.

Default. The expression "while any Default or Event of Default shall have occurred and be continuing" (or like expression) shall be deemed to include the period following any acceleration of the Bond (unless such acceleration is rescinded).

Including. The term "including" shall be construed as meaning "including, but not limited to".

Successors. Any reference herein to any Person shall be construed to include such Person's successors and permitted assigns.

References to Agreement. Except as otherwise provided herein, all references to an agreement shall mean to that agreement as it may be amended or restated from time to time.

Loan No. RX1324

EXHIBIT B

REQUEST FOR LOAN

TO: COBANK, ACB

FROM: PARK WATER COMPANY

DATE: August 26, 2014

SUBJECT: REQUEST FOR LOAN

Reference is hereby made to that certain Term Loan Agreement dated as of August 26, 2014 and numbered RX1324T1 (the "Loan Agreement"), between **PARK WATER COMPANY** (the "Company") and CoBank, ACB ("CoBank"). Capitalized terms used in this Request for Loan and not defined herein shall have the meanings given to those terms in the Loan Agreement.

PART 1- DATE AND AMOUNT OF LOAN

Pursuant to Section 2.04 of the Loan Agreement, the Company hereby requests that on August 26, 2014,[1] CoBank make a Term Loan to the Company in the amount of $ 15,000,000 [2].

PART 2-INTEREST RATE SELECTION

The Term Loan is to bear interest in accordance with one or more of the following interest rate options:

Amount (in dollars)[3]	Rate Option[4]	Interest Period or Quoted Fixed Rate Period (if applicable)[5]
15,000,000	Libor	1 Month

[1] Insert date of Term Loan.

[2] Insert amount of Term Loan.

[3] Insert amount for each interest rate option. For example, if the Company would like to borrow $15,000,000 and would like half of it to accrue interest at the LIBOR Option and the other half to accrue interest at the Quoted Fixed Rate Option, insert $7,500,000 on the first line and $7,500,000 on the second line.

[4] Insert Variable Rate Option, LIBOR Option, or Quoted Fixed Rate Option.

[5] If LIBOR or Quoted Fixed Rate Option is selected, insert the proposed Interest Period or Quoted Fixed Rate Period. Note that if the Quoted Fixed Rate Option is selected and the rate quoted by CoBank on the date of funding of the Term Loan is not accepted by the Company, the Term Loan will bear interest at the Base Rate Option until a new option is selected. Also note that unless the Company and CoBank enter into a forward fixed rate agreement; all rates quoted by CoBank under the Quoted Fixed Rate Option will be quoted on the morning of the date of funding of the Term Loan.

PART 3
REPRESENTATIONS AND WARRANTIES

To induce CoBank to make the Term Loan, the Company hereby represents and warrants that (a) each of the representations and warranties set forth in the Loan Agreement is true and correct as of the date hereof; and (b) each of the conditions precedent to CoBank's obligation to make the Term Loan have been satisfied. Without limiting (a) above, the Company represents and warrants that no Default or Event of Default has occurred and is continuing.

PART 4
DISPOSITION OF PROCEEDS

Please remit the proceeds of the Term Loan by wire transfer to the account shown in the Master Agreement for Cash Management and Transaction Services between the Company and CoBank (or, if more than one account is shown therein, to the following account: _____).

PARK WATER COMPANY

By: _____

Its: Sr Vice President/C.F.O.

EXHIBIT C

INTEREST RATE ELECTIONS

TO: CoBANK, ACB

FROM: PARK WATER COMPANY

DATE: August 26, 2014

SUBJECT: INTEREST RATE ELECTION

Reference is hereby made to that certain Term Loan Agreement dated as of August 26, 2014 and numbered RX1324T1, between **PARK WATER COMPANY** and CoBank, ACB (the "Loan Agreement"). Capitalized terms used in this notice and not defined herein shall have the meanings given to those terms in the Loan Agreement.

Pursuant to Section 2.05(B) of the Loan Agreement, the Company hereby requests the following interest rate elections

Amount (in dollars)[1]	Existing Rate Option[2]	If Balance is already fixed, date Interest Period or Quoted Fixed Rate Period Expires	New Rate Option[3]	Interest Period or Quoted Fixed Rate Period (if applicable)[4]
15,000,000			Libor	1 Month

To induce CoBank to fix the rate of interest hereunder, the Company hereby represents and warrants that no Default or Event of Default has occurred or is continuing.

PARK WATER COMPANY

By: [signature]

Its: Sr. Vice President / C.F.O

[1] Insert amount for each election.
[2] Insert existing rate option.
[3] Insert Variable Rate Option, LIBOR Option or Quoted Fixed Rate Option.
[4] Insert Interest Period or Quoted Fixed Rate Period.

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EXHIBIT D-2

FORM OF COMPLIANCE CERTIFICATE

TO: **COBANK, ACB**

FROM: **PARK WATER COMPANY**

DATE: **_____, 20____**

SUBJECT: **COMPLIANCE CERTIFICATE FOR FISCAL YEAR ENDING ON _____, 20___.**

Reference is hereby made to that certain Term Loan Agreement dated as of August 26, 2014 (the "Loan Agreement"), between **PARK WATER COMPANY** (the "Company") and **COBANK, ACB** ("CoBank"). Capitalized terms used in this certificate and not defined herein shall have the meanings given to those terms in the Loan Agreement.

I am the Chief Financial Officer of the Company and am furnishing this Certificate to you pursuant to Section 5.01(E) of the Loan Agreement.

Attached hereto are the annual financial statements, together with the auditor's report with respect to such financial statements, as required by Section 5.01 of the Loan Agreement.

I hereby certify that a review in reasonable detail of the activities of Company during the period covered by the financial statements attached hereto has been made or caused to be made under my supervision and that [*please check one of the following boxes and, if the second box is checked, complete the information required thereunder*]:

[ ] Such review has not disclosed the existence during or at the end of the period covered by the financial statements or during the period from the end of the financial statements until the date hereof of any condition or event which constitutes a Default or an Event of Default;

[ ] Such review has disclosed the existence of the following Default(s) and/or Event(s) of Default [*specify the nature and period of existence thereof and what action the Company has taken, is taking and proposes to take with respect thereto*]: _____.

PARK WATER COMPANY

_____
(Signature)

_____
(Print Name)

_____
(Title)

EXHIBIT E

PRELIMINARY TITLE REPORT

Fidelity National Title Company

AMENDED PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein, ***Fidelity National Title Company*** *hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Countersigned by:

Authorized Signature

SEAL

BY President

ATTEST Secretary

Authorized Signature

Fidelity National Title Company
1300 Dove Street, Suite 310, Newport Beach, CA 92660
Phone: (949) 622-5000• Fax: (949) 477-6813

PRELIMINARY REPORT

Amended

Title Officer: Curtis Taplin (MA) Order No.: 997-23050157-B-CT1

TO:
Fulbright & Jaworski LLP
555 S. Flower St., 41st Floor
Los Angeles, CA 90071

ATTN: .**Robert C. Barnes**
YOUR REFERENCE:

PROPERTY ADDRESS: **12902 Fiarford Avenue, Norwalk, CA**
11950 Foster Road, Norwalk, CA
10431 Faywood Street, Bellflower, CA
12214 Alondra Boulevard, Norwalk, CA
15401 Bloomfield Avenue, Los Angeles, CA
11526 Excelsior Drive, Norwalk, CA
13902 Halcourt Avenue, Norwalk, CA
9744 Washburn Road, Downey, CA
9939 Lindale Street, Bellflower, CA
12535 Harris Avenue, Lynwood, CA

EFFECTIVE DATE: **August 12, 2014 at 7:30 a.m.**

The form of policy or policies of title insurance contemplated by this report is:

CLTA Std. Owner's

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

   A Fee as to Parcel(s) A1, A2, A3, A4, B, C, D1, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S1, T, U and V
   Easement(s) more fully described below as to Parcel(s) D2, D3, D4, D5 and S2

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

   PARK WATER COMPANY, a corporation; and
   PARK WATER COMPANY, a California corporation, by "Agreement of Merger", recorded February 10, 1953, as Instrument No. 3546, Official Records, as to Parcel D

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

   See Exhibit A attached hereto and made a part hereof.

/jh 07/23/14

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITIES OF NORWALK, BELLFLOWER, LYNWOOD, LOS ANGELES, COMPTON AND DOWNEY, COUNTY OF LOS ANGELES AND VENTURA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCEL A1: (12902 FAIRFORD AVENUE, NORWALK)

THE EASTERLY 17.50 FEET OF LOT 37, OF TRACT NO. 15496, AS PER MAP RECORDED IN BOOK 344, PAGE 22 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL A2:

THE WESTERLY 17.50 FEET OF LOT 36, OF TRACT NO. 15496, AS PER MAP RECORDED IN BOOK 344, PAGE 22 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL A3:

THE NORTHERLY 15.94 FEET OF THE EASTERLY 17.50 FEET OF LOT 38, OF TRACT NO. 15496, AS PER MAP RECORDED IN BOOK 344, PAGE 22 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL A4:

THE NORTHERLY 15.94 FEET OF THE WESTERLY 17.50 FEET OF LOT 35, OF TRACT NO. 15496, AS PER MAP RECORDED IN BOOK 344, PAGE 22 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(S): 8049-030-011

PARCEL B: (VACANT, NORWALK)

THE SOUTH 34.06 FEET OF THE WEST 17.5 FEET OF LOT 35 OF TRACT NO. 15496, IN THE CITY OF NORWALK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 344, PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(S): 8049-030-009

PARCEL C: (11950 FOSTER ROAD, NORWALK)

LOT 201 OF TRACT NO. 13882, IN THE CITY OF NORWALK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 353, PAGES 38 THROUGH 41, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(S): 8054-016-020

PARCEL D: (VACANT, BELLFLOWER)

PARCEL D1:

THAT PORTION OF THE RANCHO LOS CERRITOS, IN THE CITY OF BELLFLOWER, IN SAID COUNTY AS PER MAP RECORDED IN BOOK 2, PAGES 202 THROUGH 205, INCLUSIVE OF PATENTS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE CENTER LINE OF LAKEWOOD BOULEVARD, 100 FEET WIDE AS DESCRIBED IN DEED TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 14618, PAGE 334 OF OFFICIAL RECORDS OF SAID COUNTY, THAT IS NORTH 1°05'30" WEST 893.17 FEET FROM THE INTERSECTION OF SAID CENTER LINE WITH THE CENTER LINE OF COMPTON BOULEVARD, AS IT NOW EXISTS (60 FEET WIDE); THENCE PARALLEL WITH THE CENTER LINE OF SAID COMPTON BOULEVARD ALONG THE SOUTHERLY LINE OF THE PARCEL OF LAND DESCRIBED IN DEED TO FLOYD V. HONADEL AND WIFE, RECORDED IN BOOK 17035, PAGE 26 OF OFFICIAL RECORDS OF SAID COUNTY, NORTH 89°43'30" EAST 228 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 89°43'30" EAST 60 FEET; THENCE SOUTH 1°05'30" EAST 30 FEET; THENCE SOUTH 89°43'30" WEST 60 FEET; THENCE NORTH 1°05'30" WEST TO THE TRUE POINT OF BEGINNING.

PARCEL D2:

THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT OF WAY TO LAY, CONSTRUCT, MAINTAIN, OPERATE, REPAIR, RENEW, CHANGE THE SIZE OF AND REMOVE ONE OR MORE PIPE LINES, AND ONE OR MORE SERVICE CONNECTIONS AT ANY TIME AND FROM TIME TO TIME WITH METERING, REGULATING AND OTHER EQUIPMENT FOR THE CONVEYANCE OF WATER, WITH THE RIGHT OF INGRESS, EGRESS AND REGRESS TO AND FROM THE SAME, IN, OVER, UNDER, THROUGH, ALONG, ACROSS AND UPON ANY PART OR PARTS OF THAT PORTION OF THE SAID RANCHO LOS CERRITOS DESCRIBED AS FOLLOWS:

A STRIP OF LAND 6 FEET IN WIDTH, EXTENDING FROM THE EASTERLY LINE OF SAID LAKEWOOD BOULEVARD EASTWARDLY THROUGH THE LAND DESCRIBED IN DEED RECORDED IN BOOK 22974, PAGE 87 OF OFFICIAL RECORDS OF SAID COUNTY, THROUGH THE LAND DESCRIBED IN DEED RECORDED IN BOOK 21195, PAGE 142 OF OFFICIAL RECORDS; AND THROUGH THE LAND DESCRIBED IN DEED RECORDED IN BOOK 23263, PAGE 170 OF OFFICIAL RECORDS TO THE EASTERLY LINE OF THE LAND DESCRIBED IN LAST MENTIONED DEED. SAID STRIP LYING SOUTHERLY OF, PARALLEL WITH AND CONTIGUOUS TO THE MOST SOUTHERLY LINE OF THE PROPERTY DESCRIBED IN DEED TO FLOYD V. HONADEL AND WIFE, RECORDED IN THE OFFICE OF THE COUNTY RECORDER IN BOOK 17035, PAGE 26 OF OFFICIAL RECORDS OF SAID COUNTY.

PARCEL D3:

A STRIP OF LAND FOR ROAD PURPOSES, ALSO FOR INGRESS AND EGRESS, OVER, UPON AND ACROSS THAT PORTION OF THE SAID RANCHO LOS CERRITOS DESCRIBED AS FOLLOWS:

A STRIP OF LAND 20 FEET WIDE EXTENDING FROM THE EASTERLY LINE OF SAID LAKEWOOD BOULEVARD EASTWARDLY THROUGH THE LAND DESCRIBED IN DEED RECORDED IN BOOK 22974, PAGE 87 OF OFFICIAL RECORDS OF SAID COUNTY; THROUGH THE LAND DESCRIBED IN DEED RECORDED IN BOOK 21195, PAGE 142 OF OFFICIAL RECORDS; AND THROUGH THE LAND DESCRIBED IN DEED RECORDED IN BOOK 23263, PAGE 170 OF OFFICIAL RECORDS TO THE EASTERLY LINE OF THE LAND DESCRIBED IN LAST MENTIONED DEED. THE NORTHERLY LINE OF SAID STRIP BEING PARALLEL TO THE SOUTHERLY LINE OF THE LAND DESCRIBED IN DEED RECORDED IN BOOK 17035, PAGE 26 OF OFFICIAL RECORDS OF SAID COUNTY, AND DISTANT SOUTHERLY FROM SAID SOUTHERLY LINE 30 FEET MEASURED AT RIGHT ANGLES.

PARCEL D4:

THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT OF WAY TO LAY, CONSTRUCT, MAINTAIN, OPERATE, REPAIR, RENEW, CHANGE THE SIZE OF AND REMOVE ONE OR MORE PIPE LINES, AND ONE OR MORE SERVICE CONNECTIONS AT ANY TIME AND FROM TIME TO TIME WITH METERING, REGULATING AND OTHER EQUIPMENT FOR THE CONVEYANCE OF WATER, WITH THE RIGHT OF INGRESS, EGRESS AND REGRESS TO AND FROM THE SAME, IN, OVER, UNDER, THROUGH, ALONG, ACROSS AND UPON ANY PART OR PARTS OF THAT PORTION OF THE SAID RANCHO LOS CERRITOS DESCRIBED AS FOLLOWS:

A STRIP OF LAND 6 FEET IN WIDTH EXTENDING FROM THE NORTHERLY LINE OF THE LAND DESCRIBED IN DEED RECORDED IN BOOK 23263, PAGE 170 OF OFFICIAL RECORDS OF SAID COUNTY, TO THE

SOUTHERLY LINE OF THE SO DESCRIBED LAND. THE WESTERLY LINE OF SAID STRIP BEING PARALLEL TO THE CENTER LINE OF SAID LAKEWOOD BOULEVARD AND 198 FEET EASTERLY THEREOF MEASURED AT RIGHT ANGLES. GRANTEE HEREIN AGREES TO LAY ALL PIPES AND OTHER EQUIPMENT BELOW GROUND.

PARCEL D5:

THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT OF WAY TO LAY, CONSTRUCT, MAINTAIN, OPERATE, REPAIR, RENEW, CHANGE THE SIZE OF AND REMOVE ONE OR MORE PIPE LINES, AND ONE OR MORE SERVICE CONNECTIONS AT ANY TIME AND FROM TIME TO TIME WITH METERING, REGULATING AND OTHER EQUIPMENT FOR THE CONVEYANCE OF WATER, WITH THE RIGHT OF INGRESS, EGRESS AND REGRESS TO ND FROM THE SAME, IN, OVER, UNDER, THROUGH, ALONG, ACROSS AND UPON ANY PART OR PARTS OF THAT PORTION OF THE SAID RANCHO LOS CERRITOS DESCRIBED AS FOLLOWS:

A STRIP OF LAND 55 FEET IN WIDTH LYING EASTERLY OF, PARALLEL WITH AND CONTIGUOUS TO THE SAID CENTER LINE OF LAKEWOOD BOULEVARD AND EXTENDING FROM THE NORTHERLY TO THE SOUTHERLY LINE OF THE LAND DESCRIBED IN DEED RECORDED IN BOOK 22974, PAGE 87 OF OFFICIAL RECORDS OF SAID COUNTY.

APN(S): 6278-008-001

PARCEL E: (10431 FAYWOOD STREET, BELLFLOWER)

LOT 45 OF TRACT NO. 15866, IN THE CITY OF BELLFLOWER, AS PER MAP RECORDED IN BOOK 424 PAGES 26 AND 27 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(S): 6275-009-021

PARCEL F: (VACANT, LYNWOOD)

THAT PORTION OF LOT 121 OF TRACT NO. 13337, IN THE CITY OF LYNWOOD, AS PER MAP RECORDED IN BOOK 282 PAGES 46, 47, 48 AND 49 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID LOT; THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT, SOUTH 41 DEGREES 33 MINUTES 03 SECONDS EAST 79.71 FEET TO AN ANGLE POINT THEREON; THENCE NORTH 61 DEGREES 14 MINUTES 48 SECONDS EAST 110.68 FEET IN A DIRECT LINE TO THE MOST WESTERLY CORNER OF LOT 122 OF SAID TRACT; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 121, NORTH 84 DEGREES 00 MINUTES 00 SECONDS WEST 145.19 FEET TO THE NORTHWESTERLY CORNER OF SAID LOT 121; THENCE ALONG THE NORTHWESTERLY LINE OF SAID LOT 121, BEING A CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 225 FEET, A DISTANCE OF 10.34 FEET TO THE POINT OF BEGINNING.

APN(S): 6186-043-017

PARCEL G: (12214 ALONDRA BOULEVARD, NORWALK)

THE EASTERLY 35 FEET OF THE WESTERLY 105 FEET OF THE NORTHERLY 125 FEET OF THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 3 SOUTH, RANGE 11 WEST, S. B. M., IN THE RANCHOS LOS COYOTES, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF SAID SECTION DISTANT ALONG SAID SOUTHERLY LINE, SOUTH 89° 33' 30" WEST 2041.73 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THENCE NORTH 0° 13' 13" WEST 240 FEET; THENCE WESTERLY IN A DIRECT LINE 292.37 FEET TO A POINT IN A LINE PARALLEL WITH AN DISTANT EASTERLY 328.54 FEET, MEASURED AT RIGHT ANGLES, FROM THE WESTERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION, SAID LAST MENTIONED POINT BEING DISTANT NORTHERLY, ALONG SAID PARALLEL LINE, 240 FEET FROM THE SOUTHERLY LINE OF SAID

SECTION; THENCE ALONG SAID PARALLEL LINE, SOUTH 0° 32' 45" EAST 240 FEET TO SAID SOUTHERLY LINE; THENCE NORTH 89° 33' 30" EAST 291.01 FEET TO THE POINT OF BEGINNING.

SAID LAND IS A PORTION OF PARCEL 1 AS SHOWN ON LICENSED SURVEYORS MAP FILED IN BOOK 59 PAGE 13 OF RECORD OF SURVEYS OF SAID COUNTY.

APN(S): 8082-020-021

PARCEL H: (15401 BLOOMFIELD AVENUE, NORWALK)

THE SOUTHERLY 319.42 FEET OF THAT PORTION OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 3 SOUTH, RANGE 11 WEST, IN THE RANCHO LOS COYOTES, IN THE CITY OF NORWALK, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN UPON A COPY OF MAPS MADE BY CHARLES T. HEALEY, RECORDED IN BOOK 41819 PAGES 141 ET SEQ., OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 30 FEET WEST AND 50 FEET SOUTH OF THE EAST QUARTER CORNER OF SAID SECTION; THENCE SOUTH ALONG THE WEST LINE OF BLOOMFIELD AVENUE 1220.00 FEET; THENCE WEST AT RIGHT ANGLES 150.00 FEET; THENCE NORTH PARALLEL WITH THE WEST LINE OF BLOOMFIELD AVENUE 1220.00 FEET; THENCE EAST 150.0 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THE NORTHERLY 239.42 FEET OF SAID LAND.

ALSO EXCEPTING THEREFROM ONE-HALF OF ALL MINERALS, OF WHATSOEVER NATURE, INCLUDING BUT NOT LIMITED TO OIL, OTHER HYDROCARBON GAS AND ASSOCIATED SUBSTANCES IN OR UNDER OR THAT MAY BE PRODUCED FROM SAID LAND, AS RESERVED BY SUNSET OIL COMPANY, A CORPORATION, IN DEED RECORDED ON APRIL 30, 1954 AS INSTRUMENT NO. 1301, IN BOOK 44465 PAGE 18 OFFICIAL RECORDS OF SAID COUNTY.

APN(S): 8082-013-001

PARCEL I: (11526 EXCELSIOR DRIVE, NORWALK)

LOT 136 OF TRACT NUMBER 6669, IN THE CITY OF NORWALK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 113 PAGE(S) 45 AND 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(S): 8079-006-004

PARCEL J: (13902 HALCOURT AVENUE)

LOT 74 OF TRACT NO. 16205, IN THE CITY OF NORWALK, AS PER MAP RECORDED IN BOOK 365 PAGES 11 TO 15 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(S): 8052-002-056

PARCEL K: (VACANT, NORWALK)

THAT PORTION OF THE SOUTHEAST ONE-QUARTER (1/4) OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS SHOWN ON MAP RECORDED IN BOOK 1, AT PAGES 156, 157 AND 158 OF PATENTS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE WESTERLY LINE AND THE SOUTHERLY LINE AS SAID LINES ARE SHOWN ON MAP OF TRACT NO. 14880 AS PER MAP THEREOF RECORDED IN MAP BOOK 327, AT PAGES 45 AND 46 IN THE OFFICE OF SAID RECORDER; THENCE SOUTH 0° 06' 40" EAST, 587.31 FEET ALONG THE SOUTHERLY PROLONGATION OF THE WESTERLY SIDE OF SAID TRACT; THENCE SOUTH 89°

59' 08" EAST, 20 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89° 59' 08" WEST, 75 FEET; THENCE 0° 06' 40" EAST, 45 FEET; THENCE NORTH 89° 59' 08" WEST, 75 FEET; THENCE NORTH 0° 06' 40" WEST, 45 FEET TO THE TRUE POINT OF BEGINNING.

APN(S): 8021-023-029

PARCEL L: (2501 E. GREENLEAF BOULEVARD, COMPTON)

THAT PORTION OF LOT 7 IN RANGE 7 OF TEMPLE AND GIBSON TRACT, AS PER MAP THEREOF, RECORDED IN BOOK 2, AT PAGES 540 AND 541 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF LOT 102 IN TRACT NO. 14947, AS PER MAP THEREOF, RECORDED IN BOOK 320 AT PAGES 25 AND 26 OF MAP RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE NORTH 89° 55' 09" WEST ALONG THE SOUTHERLY LINE OF SAID TRACT NO. 14947, A DISTANCE OF 126.73 FEET; THENCE SOUTH 0° 06' 37" WEST, 100.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 0° 06' 37" WEST, 10000 FEET; THENCE SOUTH 89° 55' 09" WEST, 30.00 FEET; THENCE NORTH 0° 06' 37" EAST, 100.00 FEET; THENCE NORTH 89° 55' 09" WEST, 30.00 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

APN(S): 7301-022-040

PARCEL M: (9744 WASHBURN ROAD, DOWNEY)

THE WEST 8 ACRES OF THE EAST 10 ACRES OF THE WEST 40 ACRES OF LOT 5, IN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF DOWNEY, AS PER MAP RECORDED IN BOOK 1 PAGE 502 AND IN BOOK 32 PAGE 18 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING SOUTHERLY OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN DEED RECORDED JULY 12, 1977 AS INSTRUMENT NO. 77-747276, OFFICIAL RECORDS.

ALSO EXCEPT THE NORTH 30 FEET THEREOF, FOR ROADS, DITCHES, RAILROAD AND WATER COURSES.

ALSO EXCEPT ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ARLYNE A. LANSDALE, IN DEED RECORDED MAY 21, 1969 IN BOOK D-4376 PAGE 63, OFFICIAL RECORDS AS INSTRUMENT NO. 345.

APN(S): 6283-020-020

PARCEL N: (VACANT, BELLFLOWER)

THE NORTHERLY 23 FEET OF LOTS 63 AND 64, IN TRACT NO. 14826, IN THE CITY OF BELLFLOWER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 372, AT PAGES 30 TO 34, BOTH INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, STATE OF CALIFORNIA.

APN(S): 6280-018-016

PARCEL O: (9939 LINDALE STREET, BELLFLOWER)

LOT 96 OF TRACT NO. 15863, IN THE CITY OF BELLFLOWER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 366 PAGES 42 TO 45 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WESTERLY 60 FEET THEREOF.

APN(S): 6274-011-015

PARCEL P: (VACANT, DOWNEY)

THE SOUTHERLY 35 FEET OF LOTS 22 AND 23 OF TRACT NO. 15424, IN THE CITY OF DOWNEY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 393, PAGES 20 AND 21, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(S): 6262-020-015

PARCEL Q: (12535 HARRIS AVENUE, LYNWOOD)

LOT 13 IN BLOCK A OF TRACT 11270, IN THE CITY OF LYNWOOD, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 204 PAGES 49 AND 50 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 140 FEET OF SAID LOT 13, SAID EAST 140 FEET BEING MEASURED ALONG THE NORTHERLY LINE OF SAID LOT.

APN(S): 6186-019-014

PARCEL R: (VACANT, LOS ANGELES)

LOT 34 OF RICO ACRES, IN THE COUNTY OF LOS ANGELES AS PER MAP RECORDED IN BOOK 13 PAGE 82 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(S): 6149-014-012

PARCEL S: (VACANT, COMPTON)

PARCEL S1:

LOT 51, TRACT NO. 19808, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 510, PAGES 1 AND 2 OF MAP RECORD IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, STATE OF CALIFORNIA. EXCEPTING THEREFROM THE EASTERLY 150 FEET OF SAID LOT 51.

PARCEL S2:

ALSO GRANTING TO SAID PARK WATER COMPANY THE RIGHT OF INGRESS, REGRESS AND EGRESS TO AND FROM THE SAME, OVER, ALONG, ACROSS AND UPON ANY PART OR PARTS OF THE NORTHERLY 10 FEET OF THE EASTERLY 150 FEET OF SAID LOT 51. TOGETHER WITH THE RIGHT TO PAVE THE SAME.

APN(S): 6144-017-032

PARCEL T: (VACANT, COMPTON)

THAT PORTION OF THE WEST 33 ACRES OF THE SOUTHEAST QUARTER OF LOT I OF THE TEMPLE AND GIBSON TRACT, IN THE CITY OF COMPTON, AS PER MAP RECORDED IN BOOK 2 PAGE 540 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WITHIN THE FOLLOWING DESCRIBED BOUNDARY LINES:

BEGINNING AT THE NORTHWESTERLY CORNER OF LOT 9 IN BLOCK A OF TRACT NO. 5797, AS PER MAP RECORDED IN BOOK 63 PAGE 51 OF MAPS, IN SAID COUNTY RECORDER'S OFFICE; THENCE ALONG THE

WESTERLY LINE OF SAID TRACT NO. 5797 SOUTH 3 DEGREES 26 MINUTES 40 SECONDS EAST 138.94 FEET, MORE OR LESS TO THE CENTER LINE OF ARBUTUS STREET, FORMERLY HAIG STREET, 40 FEET WIDE, ADJOINING SAID LOT 9 ON THE SOUTH; THENCE ALONG THE WESTERLY PROLONGATION OF SAID CENTER LINE SOUTH 89 DEGREES 32 MINUTES 45 SECONDS WEST 75 FEET; THENCE PARALLEL WITH SAID WESTERLY LINE NORTH 3 DEGREES 26 MINUTES 40 SECONDS WEST 138.94 FEET, MORE OR LESS, TO THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF SAID LOT 9; THENCE ALONG SAID LAST MENTIONED WESTERLY PROLONGATION NORTH 89 DEGREES 25 MINUTES 30 SECONDS EAST 75 FEET TO THE POINT OF BEGINNING.

EXCEPT ALL OIL, GAS AND HYDROCARBON SUBSTANCES IN OR UNDER SAID LAND, BUT WITHOUT RIGHT OF ENTRY FOR EXPLORATION THEREOF, AS RESERVED IN THE DEED FROM ALRA G. SWERER, RECORDED JULY 25, 1947, IN BOOK 24794 PAGE 348, OFFICIAL RECORDS.

APN(S): 6143-001-017

PARCEL U: (VACANT, COMPTON)

LOT 265 OF TRACT NO. 12999, IN THE CITY OF COMPTON, AS PER MAP RECORDED IN BOOK 258 PAGES 42, 43 AND 44 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING FROM SAID LOT AN UNDIVIDED ONE-HALF OF ALL OIL, GAS AND MINERALS AND RIGHTS PERTAINING THERETO, BUT WITH NO RIGHT OF ENTRY UPON THE SURFACE OF SAID LAND FOR THE PURPOSE OF EXTRACTING SAME, AS RESERVED IN THE DEED FROM SECURITY-FIRST NATIONAL BANK OF LOS ANGELES, RECORDED JUNE 2, 1941 IN BOOK 18509 PAGE 14 OF OFFICIAL RECORDS.

APN(S): 6134-004-019

PARCEL V: (VACANT UNINCORPORATED, VENTURA)

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 4 NORTH, RANGE 21 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF VENTURA, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT THAT PORTION OF SAID LAND EMBRACED WITHIN THE VULTURE OIL PLACER MINING CLAIM AS DESCRIBED IN THE PATENT RECORDED AUGUST 29, 1891, IN BOOK 1, PAGE 447 OF PATENTS.

APN: 040-0-010-255

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2014-2015.

B. Intentionally deleted.

C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

1. Water rights, claims or title to water, whether or not disclosed by the public records.

THE FOLLOWING MATTERS AFFECT PARCEL A:

2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, a corporation
Purpose:	Public utilities
Recording Date:	December 19, 1949
Recording No:	2173, of Official Records
Affects:	The Westerly 17.50 feet of Lots 35 and 36, and the Easterly 17.50 feet of Lots 37 and 38 In Tract No. 15496

THE FOLLOWING MATTERS AFFECT PARCEL B:

3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company
Purpose:	Pole lines and incidental purposes
Recording No:	Book 31760, Page 314, of Official Records
Affects:	A portion of said land

Reference is hereby made to said document for full particulars.

4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Associated Telephone Company, Ltd.
Purpose:	Poles, conduits and incidental purposes
Recording No:	Book 34294 Page 269, of Official Records
Affects:	Over the West 6 feet of said land

THE FOLLOWING MATTERS AFFECT PARCEL C:

5. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

   Recording No: Book 31014, Page 140, Official Records

   Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   Purpose: Ingress and egress
   Recording No: Book 31014, Page 140, Official Records
   Affects: A portion of said land as more particularly described in said document.

   Reference is hereby made to said document for full particulars.

7. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

   Granted to: Southern California Edison Company and Associated Telephone Company
   Purpose: Pole lines and conduits
   Recording No: Book 31339, Page 72, Official Records
   Affects: A portion of said land as more particularly described in said document.

   Reference is hereby made to said document for full particulars.

THE FOLLOWING MATTERS AFFECT PARCEL D:

8. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   Purpose: Water pipe line
   Recording No: Book 20726, Page 146 of Official Records

   Affects: Portions of the Land, the exact location of which can be determined by examination of the above-mentioned instrument, which contains a complete legal description of the affected portions of said Land.

9. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

   Purpose: Water pipelines, ingress and egress, road and incidental purposes
   Recording No: Book 20726, Page 37 of Official Records

   Affects: Portions of the Land, the exact location of which can be determined by examination of the above-mentioned instrument, which contains a complete legal description of the affected portions of said Land.

10. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

    Purpose: Road and incidental purposes
    Recording No: Book 21195, Page 142 of Official Records

11. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose:	Pipelines and incidental purposes
Recording No:	Book 22974, Page 87 of Official Records

12. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose:	Sewer and incidental purposes
Recording Date:	March 09, 1948
Recording No:	1514, in Book 26804, Page 202 of Official Records
Affects:	Portions of the Land, the exact location of which can be determined by examination of the above-mentioned instrument, which contains a complete legal description of the affected portions of said Land.

13. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose:	Pipelines and incidental purposes
Recording Date:	January 05, 1954
Recording No:	2501 of Official Records
Affects:	Portions of the Land, the exact location of which can be determined by examination of the above-mentioned instrument, which contains a complete legal description of the affected portions of said Land.

THE FOLLOWING MATTERS AFFECT PARCEL E:

14. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	Southern California Edison Company
Purpose:	poles
Recording Date:	February 05, 1952
Recording No:	Book 38191 Page 287 of Official Records
Affects:	The Northerly 6 feet of said land

15. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	Associated Telephone Company, LTD., a corporation
Purpose:	pole lines and conduits
Recording Date:	March 24, 1952
Recording No:	Book 38539 Page 228 of Official Records
Affects:	The North 6 feet of said land

16. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	Southern California Edison Company, a corporation
Purpose:	pole lines
Recording Date:	June 11, 1952
Recording No:	1952-2240 Book 39136 Page 054 of Official Records
Affects:	A portion of said land as more particularly described in said document.

17. A community oil and gas lease for the term therein provided, executed by the parties herein named, and other parties as owners of other lands described in said lease, with certain covenants, conditions and provisions, together with easements, if any, as set forth therein.

Dated:	June 24, 1966
Lessor:	Park Water Company
Lessee:	Union Oil Company of California, a corporation
Recording Date:	August 04, 1966
Recording No:	1966-2079 Book M-2306 Page 433 of Official Records

Said lease affects that portion of said Land lying below a depth of 500 feet from the surface thereof.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

THE FOLLOWING MATTERS AFFECT PARCEL F:

18. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date:	November 12, 1946
Recording No:	Instrument 27352-O, Certificate Number #RX-46107

THE FOLLOWING MATTERS AFFECT PARCEL G:

19. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No: Book 24779, Page 236, of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

20. Easement(s) over said Land for the purposes shown below and rights incidental thereto, as created by a deed of trust or mortgage.

Purpose:	Road and utility purposes
Trustor/Grantor/Mortgagor:	Pioneer Homes Company, a partnership
Recording Date:	July 15, 1947
Recording No:	Book 24796 Page 253, of Official Records
Affects:	The Northerly 10 feet of said land

21. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Park Water Company
Purpose:	Pipe lines and incidental purposes
Recording Date:	January 13, 1948
Recording No:	2994, of Official Records
Affects:	The Northerly 10 feet of said land

22. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Gas Company
Purpose:	Conduits and incidental purposes
Recording Date:	December 09, 1947
Recording No:	2530, of Official Records
Affects:	The Northerly 10 feet of said land

23. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any, as set forth therein.

Dated:	September 01, 1968
Lessor:	Park Water Company
Lessee:	American Petrofina Exploration Company, a corporation
Recording Date:	December 10, 1968
Recording No:	3037, of Official Records

Said lease affects that portion of said Land lying below a depth of 500 feet from the surface thereof.

Said lease provides for no right of surface entry.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

THE FOLLOWING MATTERS AFFECT PARCEL H:

24. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	United States of America
Purpose:	one 6 inch pipe line for the transportation of oil and petroleum
Recording Date:	August 04, 1950
Recording No:	Book 33897 Page 311 of Official Records
Affects:	the east 10 feet of said land

25. An Instrument dated November 9, 1954, entitled Notice and Approval (Re-Zone Exception Case No. 1804-1) by and between County of Los Angeles the Regional Planning Commission and Park Water Company, a corporation, which recites:

The regional planning commission of the County of Los Angeles excepts the following described property:

That portion of the Northeast quarter of the Southeast quarter of Section 19 Township 3 South, Range 11 West, to the Rancho Los Coyotes, described as follows:

Beginning at a point in the Westerly Line of Bloomfield Avenue, 60 feet wide that is West 30 feet and North 50 feet from the Southeast corner of said Northeast Quarter thence North along said westerly line 80 feet; thence West parallel to the Southerly line of said Northeast quarter 150 feet; thence South parallel to said Westerly line 80 feet; thence East parallel to said Southerly Line 150 feet to the point of beginning.

From the provisions of Ordinance No. 1494, Section 236 The Zoning Ordinance of the County of Los Angeles, but only Insofar as such exception is necessary to permit the use of said property to established, operate and maintain a water well, 27 ½ feet high, storage tank and appurtenant facilities subject to certain conditions as therein provided.

26. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, a corporation
Purpose:	pole lines
Recording Date:	January 13, 1960
Recording No:	Book D-719 Page 74 of Official Records
Affects:	A portion of said land as more particularly described in said document.

Reference is hereby made to said document for full particulars.

27. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	City of Norwalk
Purpose:	street and highway purpose
Recording Date:	April 04, 1962
Recording No:	Book D-1568 Page 121 of Official Records
Affects:	A portion of said land as more particularly described in said document.

Reference is hereby made to said document for full particulars.

28. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	General Telephone Company of California, a corporation
Purpose:	pole lines and conduits
Recording Date:	February 15, 1965
Recording No:	1965-4119, Book D-2798 Page 955 of Official Records
Affects:	A portion of said land as more particularly described in said document.

Reference is hereby made to said document for full particulars.

THE FOLLOWING MATTERS AFFECT PARCEL I:

29. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date:	May 08, 1940
Recording No:	604, Book 17448, Page 354 of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

30. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company
Purpose:	Public utilities
Recording Date:	April 27, 1949
Recording No:	1949-1634 of Official Records
Affects:	A portion of said land as more particularly described in said document.

THE FOLLOWING MATTERS AFFECT PARCEL J:

31. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

    Recording No: Book 32289 Page 324 of Official Records

    Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

32. An Easement affecting the portion of said land, and for the purposes stated herein, and incidental purposes, provided in the Declaration above mentioned

    For: utility installation
    Affects: Rear 6 feet

33. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

    In favor of: Southern California Edison Company
    Purpose: pole lines
    Recording No: Book 32858 Page 390 of Official Records
    Affects: Easterly 10 feet

34. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

    In favor of: Park Water Company
    Purpose: pipe lines
    Recording No: Book 32936 Page 256 of Official Records
    Affects: Easterly 6 feet

35. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

    In favor of: Southern California Edison Company and Associated Telephone Company, LTD.
    Purpose: pole lines
    Recording No: Book 3334 Page 253, of Official Records
    Affects: Easterly 10 feet

36. Any easements and servitudes remaining a charge on that portion of said land lying below a depth of 500 feet from the surface thereof, according to the provisions of an Oil Lease, recorded August 4, 1966 as Instrument No. 2079, Official Records. Said lease having been otherwise cancelled (as to said land) by deed recorded August 1, 1968 as Instrument No. 3530 of Official Records.

THE FOLLOWING MATTERS AFFECT PARCEL K:

37. A reservation of an easement for the drainage of Piuma Avenue over the South 10 feet of the east 305 feet of Parcel 11 and The South 10 feet of the West 394.81 feet of Parcel 12 as recited and shown on record of Survey Book 61 Page 3.

38. The effect of the disclosure on Record of Survey filed in Book 61 Page 3 of Record of Surveys in the office of the County Recorder of said County, of certain strips over portions of said parcels marked "Private Street".

39. A right of way for a ditch not over 5 feet wide through said land with right of entry to construct same and right to take water from the River San Gabriel through said ditch, reserved by deed from Santa Gertrudes Land Association to J. G. Strong, dated January 25, 1872, recorded in Book 24 Page 451 of Deeds.

40. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	County of Los Angeles
Purpose:	Public road and highway purposes
Recording Date:	March 10, 1950
Recording No:	3289, of Official Records
Affects:	To be known as Curtis and King Road

Reference is hereby made to said document for full particulars.

41. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, a corporation
Purpose:	Public utilities
Recording Date:	March 13, 1951
Recording No:	2505, of Official Records
Affects:	Southerly 6 feet

42. Matters contained in that certain document

Entitled:	Agreement for Joint Use
Dated:	March 25, 1952
Executed by:	County of Los Angeles and Park Water Company, a corporation
Recording Date:	April 03, 1952
Recording No:	2534, of Official Records

Reference is hereby made to said document for full particulars.

43. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, a corporation
Purpose:	Public utilities
Recording Date:	August 31, 1953
Recording No:	2806, of Official Records
Affects:	4 feet strip

44. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any, as set forth therein.

Dated:	January 01, 1968
Lessor:	Park Water Company, a public utility corp.
Lessee:	American Petrofina Exploration Company, a corporation
Recording Date:	March 22, 1968
Recording No:	2618, of Official Records

Said lease affects that portion of said Land lying below a depth of 500 feet from the surface thereof.

Said lease provides for no right of surface entry.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

THE FOLLOWING MATTERS AFFECT PARCEL L:

45. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, a corporation
Purpose:	Public utilities
Recording Date:	May 21, 1951
Recording No:	1951-1897 of Official Records
Affects:	The Easterly 6 feet

THE FOLLOWING MATTERS AFFECT PARCEL M:

46. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	City of Downey
Purpose:	public road and highway purposes
Recording Date:	November 02, 1966
Recording No:	1966-1429 Book D-3472 Page 29 of Official Records
Affects:	A portion of said land as more particularly described in said document.

47. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	Southern California Edison Company, a corporation
Purpose:	underground electrical supply systems and communication systems
Recording Date:	July 23, 1970
Recording No:	1970-2896 of Official Records
Affects:	A portion of said land as more particularly described in said document.

48. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	Anthony Edward Hamlin, Allen Ralph Hamlin
Purpose:	sanitary sewer
Recording Date:	August 11, 1970
Recording No:	1970-1891, Book D-4798 Page 558 of Official Records
Affects:	A portion of said land as more particularly described in said document.

49. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In favor of:	City of Downey
Purpose:	public road and highway purposes
Recording Date:	May 17, 1977
Recording No:	1977-514418 of Official Records
Affects:	A portion of said land as more particularly described in said document.

50. An Agreement dated May 04, 1977, by and between the City of Downey and Park Water Company, recorded May 20, 1977, as Instrument No. 77-532207, of Official Records.

Reference is made to said document for full particulars

THE FOLLOWING MATTERS AFFECT PARCEL N:

51. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date:	April 17, 1950
Recording No:	1674, of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

52. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, a corporation
Purpose:	Public utilities
Recording Date:	April 17, 1951
Recording No:	3079, of Official Records
Affects:	Strip of land four (4) feet in width

THE FOLLOWING MATTERS AFFECT PARCEL O:

53. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, and Associated Telephone Company, Ltd.
Purpose:	poles and cables
Recording Date:	May 16, 1950
Recording No:	1950-2429 of Official Records
Affects:	A portion of said land as more particularly described in said document.

Reference is hereby made to said document for full particulars.

54. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any, as set forth therein.

Dated:	June 24, 1966
Lessor:	Park Water Company, a corporation
Lessee:	Union Oil Company of California, a corporation
Recording Date:	August 04, 1966
Recording No:	1966-2079, Book M-2306 Page 433 of Official Records

Said lease affects that portion of said Land lying below a depth of 500 feet from the surface thereof.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

THE FOLLOWING MATTERS AFFECT PARCEL P:

55. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date:	January 26, 1951
Recording No:	1345, of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

56. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, a corporation
Purpose:	Public utilities
Recording Date:	January 04, 1951
Recording No:	2656, of Official Records
Affects:	The Easterly 6 feet of Lots 22 and 23

57. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any, as set forth therein.

Dated:	October 17, 1967
Lessor:	Park Water Company
Lessee:	Standard Oil Company of California
Recording Date:	November 15, 1967
Recording No:	2556, of Official Records

Said lease affects that portion of said Land lying below a depth of 500 feet from the surface thereof.

Said lease provides for no right of surface entry.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

THE FOLLOWING MATTERS AFFECT PARCEL Q:

58. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date:	July 12, 1939
Recording No:	Book 16742 Page 288 of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

59. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company, a corporation
Purpose:	underground electrical conduits and incidental purposes
Recording Date:	April 08, 1952
Recording No:	Book 38660 Page 254 of Official Records
Affects:	said land

Reference is hereby made to said document for full particulars.

60. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any, as set forth therein.

Lessor:	Park Water Company
Lessee:	Standard Oil Company of California, a corporation
Recording Date:	July 23, 1957
Recording No:	1957-2330 of Official Records

Said lease provides for no right of surface entry.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

Said lease affects that portion of said Land lying below a depth of 500 feet from the surface thereof.

61. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any, as set forth therein.

Lessor:	Park Water Company, a corporation
Lessee:	American Petrofina Exploration Company, a corporation
Recording Date:	May 08, 1969
Recording No:	1969-2234 of Official Records

Said lease affects that portion of said Land lying below a depth of 500 feet from the surface thereof.

Said lease provides for no right of surface entry.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

THE FOLLOWING MATTERS AFFECT PARCEL R:

62. A right of way not to exceed 3 feet on either side of the boundary line of said lot, with reasonable and necessary ingress and egress thereto, for the purpose of a laying and maintaining pipe lines to conduct and distribute water for domestic and irrigation purposes, as granted in deed to South Gate Water Company, recorded in Book 5177 Page 272 of Deeds, and modified by a corrected deed recorded in Book 5771 Page 177, of Deeds.

Said matter affects: Said land

63. Matters contained in that certain document

Entitled:	Affidavit of Acceptance
Dated:	September 22, 2009
Executed by:	The Department of Regional Planning and Park Water Company
Recording Date:	September 22, 2009
Recording No:	2009-1441001, of Official Records

Reference is hereby made to said document for full particulars.

64. Matters contained in that certain document

Entitled:	Affidavit of Acceptance
Dated:	August 10, 2011
Executed by:	The Department of Regional Planning and Park Water Company
Recording Date:	August 10, 2011
Recording No:	20111077561, of Official Records

Reference is hereby made to said document for full particulars.

THE FOLLOWING MATTERS AFFECT PARCEL S:

65. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date:	April 22, 1954
Recording No:	1954-820 OF Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

THE FOLLOWING MATTERS AFFECT PARCEL T:

66. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose:	conducting water for domestic and irrigation
Recording No:	Book 5047 Page 71 of Deeds
Affects:	said land

Reference is hereby made to said document for full particulars.

67. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company
Purpose:	pole lines
Recording No:	Book 29766 Page 202 of Official Records
Affects:	the Easterly 5 feet of said land

68. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	City of Compton
Purpose:	public street and highway purposes, conduits and public utilities
Recording No:	Book 36303 Page 30 of Official Records
Affects:	the Southerly 38 feet measured at right angles to the Southerly line of said land

THE FOLLOWING MATTERS AFFECT PARCEL U:

69. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No: Book 20899 Page 4 of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

70. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Edison Company Ltd.
Purpose:	poles, necessary guys, anchors
Recording No:	Book 21075 Page 222 of Official Records
Affects:	A portion of said land as more particularly described in said document.

Reference is hereby made to said document for full particulars.

71. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	Southern California Telephone Company
Purpose:	poles, necessary guys, anchors
Recording No:	Book 22404 Page 410 of Official Records
Affects:	the Northerly and Westerly 5 feet of said land

72. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	The County of Los Angeles
Purpose:	sanitary sewer
Recording No:	Book 22910 Page 386 of Official Records
Affects:	the Northerly 10 feet of said land

THE FOLLOWING MATTERS AFFECT ALL PARCELS:

73. An Indenture dated November 1, 1973, executed by Park Water Company, a corporation, to The Bank of New York Mellon Trust Company, N.A. is the successor trustee under the indenture to the Bank of New York Trust Company, N. A., successor to BNY Western Trust Company, successor to Harris Trust Company of California, successor to Bank of America National Trust and Savings which succeeded Security Pacific National Bank, a national banking association and D.R. Mc Eachren, as Trustees, to secure an indebtedness in the initial aggregate amount of $4,120,000.00 evidenced by bonds, and any other amounts payable under the terms thereof, recorded May 17, 1974, as Instrument No. 201, in the Office of the County Recorder of Los Angeles County.

Affects: The herein described Land and other land.

The following supplemental indentures thereto;

a. First Supplemental Indenture dated as of September 12, 1979
b. Second Supplemental Indenture dated February 1, 1988
c. Third Supplemental Indenture dated January 15, 1991
d. Fourth Supplemental Indenture dated March 11, 1993
e. Fifth Supplemental Indenture dated May 29, 1993
f. Sixth Supplemental Indenture dated August 29, 1995
g. Seventh Supplemental Indenture dated June 1, 2000
h. Eighth Supplemental Indenture dated May 1, 2002 which restated the Original Indenture and all the amendments and supplements thereto
i. Ninth Supplemental Indenture dated May 15, 2002
j. Tenth Supplemental Indenture dated January 27, 2006
k. Eleventh Supplemental Indenture dated October 6, 2008
l. Twelfth Supplemental Indenture dated October 6, 2008

Matters contained in that certain document

Entitled:	Thirteenth Supplemental Indenture
Dated:	October 06, 2008
Executed by:	Park Water Company and The Bank of New York Mellon Trust Company, N.A.
Recording Date:	June 4, 2013
Recording No:	20130832124, Official Records

Reference is hereby made to said document for full particulars.

74. A financing statement as follows:

Debtor:	Park Water Company
Secured Party:	Security Pacific National Bank, Trustee
Recording Date:	January 15, 1991
Recording No:	1991-64541 of Official Records

Affects: The herein described Land and other land.

A change to the above financing statement was filed

Nature of Change:	Assignment
Recording Date:	May 04, 1994
Recording No:	1994-858536 of Official Records

A change to the above financing statement was filed

Nature of Change:	Amendment (Collateral Change)
Recording Date:	December 5, 2013
Recording No:	20131721267, Official Records

A change to the above financing statement was filed

Nature of Change:	Amendment (Collateral Change)
Recording Date:	April 17, 2014
Recording No:	20140389447, Official Records

75. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

76. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.

77. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

78. The Company will require the following documents for review prior to the issuance of any title assurance predicated upon a conveyance or encumbrance by the corporation named below:

Name of Corporation: PARK WATER COMPANY, a corporation

a) A Copy of the corporation By-laws and Articles of Incorporation

b) An original or certified copy of a resolution authorizing the transaction contemplated herein

c) If the Articles and/or By-laws require approval by a 'parent' organization, a copy of the Articles and By-laws of the parent

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

THE FOLLOWING MATTERS AFFECT PARCEL V:

79. Easements, rights, covenants, conditions and provisions as contained in the instruments entitled, "Settlement and General Release", executed by Santa Paula Water Works, Ltd., a corporation, et al., recorded August 20, 1974 in Book 4302, Page 861 Official Records.

And the "Substitution of Alternative Temporary Easement under Settlement and the General Release Agreement", recorded March 07, 1978 in Book 5068, Page 128 Official Records.

80. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	United States of America
Purpose:	fuelbreak
Recording Date:	January 24, 1980
Recording No:	Book 5584, Page 416 Official Records
Affects:	a portion of said land as more particularly described in said document

81. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including, but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable laws, as set forth in the document referred to in the numbered item last above shown.

82. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any, as set forth therein.

Dated:	January 01, 1991
Lessor:	Santa Clara Land Company, Ltd, a limited partnership
Lessee:	Lawrence Barker, Jr., a married man
Recording Date:	August 02, 1991
Recording No:	91-112287 Official Records

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

83. Notwithstanding the covered risks as set forth in the policy, the company does not insure against loss or damage by reason of a lack of a right of access to and from the Land.

END OF ITEMS

NOTES

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8049-030-011
Fiscal Year:	2013-2014
1st Installment:	$115.04
2nd Installment:	$115.03
Exemption:	$0.00
Land:	$5,552.00
Improvements:	$1,971.00
Personal Property:	$0.00
Code Area:	0006768

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8049-030-009
Fiscal Year:	2013-2014
1st Installment:	$44.13
2nd Installment:	$44.12
Exemption:	$0.00
Land:	$374.00
Improvements:	$0.00
Personal Property:	$0.00
Code Area:	0006768

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8054-016-020
Fiscal Year:	2013-2014
1st Installment:	$220.77
2nd Installment:	$220.76
Exemption:	$0.00
Land:	$115,110.00
Improvements:	$1,564.00
Personal Property:	$0.00
Code Area:	0006764

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6278-008-001
Fiscal Year:	2013-2014
1st Installment:	$275.15
2nd Installment:	$275.13
Exemption:	$0.00
Land:	$4,154.00
Improvements:	$1,169.00
Personal Property:	$0.00
Code Area:	0011276

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6275-009-021
Fiscal Year:	2013-2014
1st Installment:	$392.40
2nd Installment:	$392.40
Exemption:	$0.00
Land:	$25,659.00
Improvements:	$1,564.00
Personal Property:	$0.00
Code Area:	0002375

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6186-043-017
Fiscal Year:	2013-2014
1st Installment:	$430.06
2nd Installment:	$430.06
Exemption:	$0.00
Land:	$19,085.00
Improvements:	$1,564.00
Personal Property:	$0.00
Code Area:	0006071

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8082-020-021
Fiscal Year:	2013-2014
1st Installment:	$91.78
2nd Installment:	$91.78
Exemption:	$0.00
Land:	$4,551.00
Improvements:	$1,564.00
Personal Property:	$0.00
Code Area:	0006768

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8082-013-001
Fiscal Year:	2013-2014
1st Installment:	$217.12
2nd Installment:	$217.12
Exemption:	$0.00
Land:	$18,690.00
Improvements:	$6,148.00
Personal Property:	$0.00
Code Area:	0013243

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8079-006-004
Fiscal Year:	2013-2014
1st Installment:	$129.77
2nd Installment:	$129.75
Exemption:	$0.00
Land:	$11,919.00
Improvements:	$1,971.00
Personal Property:	$0.00
Code Area:	0006764

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8052-002-056
Fiscal Year:	2013-2014
1st Installment:	$236.72
2nd Installment:	$236.72
Exemption:	$0.00
Land:	$18,091.00
Improvements:	$1,366.00
Personal Property:	$0.00
Code Area:	0006768

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8021-023-029
Fiscal Year:	2013-2014
1st Installment:	$207.41
2nd Installment:	$207.40
Exemption:	$0.00
Land:	$12,917.00
Improvements:	$1,366.00
Personal Property:	$0.00
Code Area:	0006768

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6283-020-020
Fiscal Year:	2013-2014
1st Installment:	$9,820.19
2nd Installment:	$9,820.18
Exemption:	$0.00
Land:	$517,660.00
Improvements:	$764.463.00
Personal Property:	$0.00
Code Area:	0003301

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6280-018-026
Fiscal Year:	2013-2014
1st Installment:	$267.27
2nd Installment:	$267.26
Exemption:	$0.00
Land:	$2,565.00
Improvements:	$1,167.00
Personal Property:	$0.00
Code Area:	0002350

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6274-011-015
Fiscal Year:	2013-2014
1st Installment:	$352.34
2nd Installment:	$352.33
Exemption:	$0.00
Land:	$18,491.00
Improvements:	$1,167.00
Personal Property:	$0.00
Code Area:	0002350

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6262-020-015
Fiscal Year:	2013-2014
1st Installment:	$176.99
2nd Installment:	$176.98
Exemption:	$0.00
Land:	$12,125.00
Improvements:	$1,167.00
Personal Property:	$0.00
Code Area:	0003271

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	8186-019-014
Fiscal Year:	2013-2014
1st Installment:	$309.04
2nd Installment:	$309.03
Exemption:	$0.00
Land:	$5,748.00
Improvements:	$1,246.00
Personal Property:	$0.00
Code Area:	0006089

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6149-014-012
Fiscal Year:	2013-2014
1st Installment:	$929.10
2nd Installment:	$929.09
Exemption:	$0.00
Land:	$24,866.00
Improvements:	$87,400.00
Personal Property:	$0.00
Code Area:	0009766

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6144-017-032
Fiscal Year:	2013-2014
1st Installment:	$158.79
2nd Installment:	$158.78
Exemption:	$0.00
Land:	$2,565.00
Improvements:	$2,165.00
Personal Property:	$0.00
Code Area:	0002853

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6143-001-017
Fiscal Year:	2013-2014
1st Installment:	$371.50
2nd Installment:	$371.49
Exemption:	$0.00
Land:	$19,288.00
Improvements:	$6,324.00
Personal Property:	$0.00
Code Area:	0002800

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	6134-004-019
Fiscal Year:	2013-2014
1st Installment:	$334.93
2nd Installment:	$334.93
Exemption:	$0.00
Land:	$13,910.00
Improvements:	$1,366.00
Personal Property:	$0.00
Code Area:	0002800

Note: Property taxes for the current fiscal year shown below HAVE NOT BEEN PAID. (Please refer to Default/Delinquent information shown above.) For proration purposes the amounts were:

Tax Identification No.:	7301-022-040
Fiscal Year:	2013-2014
1st Installment:	$219.76, PAID W/PENALTY
2nd Installment:	$219.74, DELINQUENT, + PENALTY $ 31.97 (PARTIAL PAYMENT)
Exemption:	$0.00
Land:	$6,148.00
Improvements:	$1,167.00
Personal Property:	$0.00
Code Area:	0002800

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	040-0-010-255
Fiscal Year:	2013-2014
1st Installment:	$84.65
2nd Installment:	$84.65
Exemption:	$0.00
Land:	$15,895.00
Improvements:	$0.00
Personal Property:	$0.00
Code Area:	70-060
Bill No.:	318589

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 12902 Fairford Avenue, Norwalk, CA to an Extended Coverage Loan Policy.

Affects: Parcel A.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 11950 Foster Road, Norwalk, CA to an Extended Coverage Loan Policy.

Affects: Parcel C.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 10431 Faywood Street, Bellflower, CA to an Extended Coverage Loan Policy.

Affects: Parcel E.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 12214 Alondra Boulevard, Norwalk, CA to an Extended Coverage Loan Policy.

Affects: Parcel G.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 15401 Bloomfield, Los Angeles, CA to an Extended Coverage Loan Policy.

Affects: Parcel H.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 11526 Excelsior Drive, Norwalk, CA to an Extended Coverage Loan Policy.

Affects: Parcel I.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 13902 Halcourt Avenue, Norwalk, CA, CA to an Extended Coverage Loan Policy.

Affects: Parcel J.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 9744 Washburn Road, Downey, CA to an Extended Coverage Loan Policy.

Affects: Parcel M.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 9939 Lindale Street, Bellflower, CA to an Extended Coverage Loan Policy.

Affects: Parcel O.

Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land, commercial property, known as 12535 Harris Avenue, Lynwood, CA to an Extended Coverage Loan Policy.

Affects: Parcel Q.

Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

END OF NOTES

OWNER'S DECLARATION

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)

   a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at _____, further described as follows: See Preliminary Report/Commitment No. 997-23050157-B-CT1 for full legal description (the "Land").

   b. Declarant is the _____ of _____ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at _____, further described as follows: See Preliminary Report/Commitment No. 997-23050157-B-CT1 for full legal description (the "Land").

2. (Fill in the applicable paragraph and strike the other)

   a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.

   b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with _____ upon the Land in the approximate total sum of $_____, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: _____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Fidelity National Title Insurance Company against any and all claims arising therefrom.

3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.

4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records.

5. The Land is currently in use as _____; _____occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

   _____

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.

7. There are no outstanding options to purchase or rights of first refusal affecting the Land.

This declaration is made with the intention that Fidelity National Title Insurance Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on ____ at _____.

Signature: _____

FIDELITY NATIONAL FINANCIAL
PRIVACY NOTICE

Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing real estate- and loan-related services (collectively, "FNF", "our" or "we") respect and are committed to protecting your privacy. This Privacy Notice lets you know how and for what purposes your Personal Information (as defined herein) is being collected, processed and used by FNF. We pledge that we will take reasonable steps to ensure that your Personal Information will only be used in ways that are in compliance with this Privacy Notice.

This Privacy Notice is only in effect for any generic information and Personal Information collected and/or owned by FNF, including collection through any FNF website and any online features, services and/or programs offered by FNF (collectively, the "Website"). This Privacy Notice is not applicable to any other web pages, mobile applications, social media sites, email lists, generic information or Personal Information collected and/or owned by any entity other than FNF.

Collection and Use of Information

The types of personal information FNF collects may include, among other things (collectively, "Personal Information"): (1) contact information (*e.g.*, name, address, phone number, email address); (2) demographic information (*e.g.*, date of birth, gender marital status); (3) Internet protocol (or IP) address or device ID/UDID; (4) social security number (SSN), student ID (SIN), driver's license, passport, and other government ID numbers; (5) financial account information; and (6) information related to offenses or criminal convictions.

In the course of our business, we may collect Personal Information about you from the following sources:

- Applications or other forms we receive from you or your authorized representative;
- Information we receive from you through the Website;
- Information about your transactions with or services performed by us, our affiliates, or others; and
- From consumer or other reporting agencies and public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others.

Information collected by FNF is used for three main purposes:

- To provide products and services to you or one or more third party service providers (collectively, "Third Parties") who are obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services that we perform for you or for Third Parties.
- To communicate with you and to inform you about FNF's, FNF's affiliates and third parties' products and services.

Additional Ways Information is Collected Through the Website

Browser Log Files. Our servers automatically log each visitor to the Website and collect and record certain information about each visitor. This information may include IP address, browser language, browser type, operating system, domain names, browsing history (including time spent at a domain, time and date of your visit), referring/exit web pages and URLs, and number of clicks. The domain name and IP address reveal nothing personal about the user other than the IP address from which the user has accessed the Website.

Cookies. From time to time, FNF or other third parties may send a "cookie" to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive and that can be re-sent to the serving website on subsequent visits. A cookie, by itself, cannot read other data from your hard disk or read other cookie files already on your computer. A cookie, by itself, does not damage your system. We, our advertisers and other third parties may use cookies to identify and keep track of, among other things, those areas of the Website and third party websites that you have visited in the past in order to enhance your next visit to the Website. You can choose whether or not to accept cookies by changing the settings of your Internet browser, but some functionality of the Website may be impaired or not function as intended. See the Third Party Opt Out section below.

Web Beacons. Some of our web pages and electronic communications may contain images, which may or may not be visible to you, known as Web Beacons (sometimes referred to as "clear gifs"). Web Beacons collect only limited information that includes a cookie number; time and date of a page view; and a description of the page on which the Web Beacon resides. We may also carry Web Beacons placed by third party advertisers. These Web Beacons do not carry any Personal Information and are only used to track usage of the Website and activities associated with the Website. See the Third Party Opt Out section below.

Unique Identifier. We may assign you a unique internal identifier to help keep track of your future visits. We may use this information to gather aggregate demographic information about our visitors, and we may use it to personalize the information you see on the Website and some of the electronic communications you receive from us. We keep this information for our internal use, and this information is not shared with others.

Third Party Opt Out. Although we do not presently, in the future we may allow third-party companies to serve advertisements and/or collect certain anonymous information when you visit the Website. These companies may use non-personally identifiable information (*e.g.*, click stream information, browser type, time and date, subject of advertisements clicked or scrolled over) during your visits to the Website in order to provide advertisements about products and services likely to be of greater interest to you. These companies typically use a cookie or third party Web Beacon to collect this information, as further described above. Through these technologies, the third party may have access to and use non-personalized information about your online usage activity.

You can opt-out of online behavioral services through any one of the ways described below. After you opt-out, you may continue to receive advertisements, but those advertisements will no longer be as relevant to you.

- You can opt-out via the Network Advertising Initiative industry opt-out at http://www.networkadvertising.org/.
- You can opt-out via the Consumer Choice Page at www.aboutads.info.
- For those in the U.K., you can opt-out via the IAB UK's industry opt-out at www.youronlinechoices.com.
- You can configure your web browser (Chrome, Firefox, Internet Explorer, Safari, etc.) to delete and/or control the use of cookies.

More information can be found in the Help system of your browser. Note: If you opt-out as described above, you should not delete your cookies. If you delete your cookies, you will need to opt-out again.

When Information Is Disclosed By FNF

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your

prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To agents, brokers, representatives, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers who provide services or perform marketing services or other functions on our behalf;
- To law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

In addition to the other times when we might disclose information about you, we might also disclose information when required by law or in the good-faith belief that such disclosure is necessary to: (1) comply with a legal process or applicable laws; (2) enforce this Privacy Notice; (3) respond to claims that any materials, documents, images, graphics, logos, designs, audio, video and any other information provided by you violates the rights of third parties; or (4) protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep the Personal Information that is disclosed to us secure. We provide Personal Information and non-Personal Information to our subsidiaries, affiliated companies, and other businesses or persons for the purposes of processing such information on our behalf and promoting the services of our trusted business partners, some or all of which may store your information on servers outside of the United States. We require that these parties agree to process such information in compliance with our Privacy Notice or in a similar, industry-standard manner, and we use reasonable efforts to limit their use of such information and to use other appropriate confidentiality and security measures. The use of your information by one of our trusted business partners may be subject to that party's own Privacy Notice. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

We also reserve the right to disclose Personal Information and/or non-Personal Information to take precautions against liability, investigate and defend against any third-party claims or allegations, assist government enforcement agencies, protect the security or integrity of the Website, and protect the rights, property, or personal safety of FNF, our users or others.

We reserve the right to transfer your Personal Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets. We also cannot make any representations regarding the use or transfer of your Personal Information or other information that we may have in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors, and you expressly agree and consent to the use and/or transfer of your Personal Information or other information in connection with a sale or transfer of some or all of our assets in any of the above described proceedings. Furthermore, we cannot and will not be responsible for any breach of security by any third parties or for any actions of any third parties that receive any of the information that is disclosed to us.

Information from Children

We do not collect Personal Information from any person that we know to be under the age of thirteen (13). Specifically, the Website is not intended or designed to attract children under the age of thirteen (13). You affirm that you are either more than 18 years of age, or an emancipated minor, or possess legal parental or guardian consent, and are fully able and competent to enter into the terms, conditions, obligations, affirmations, representations, and warranties set forth in this Privacy Notice, and to abide by and comply with this Privacy Notice. In any case, you affirm that you are over the age of 13, as **THE WEBSITE IS NOT INTENDED FOR CHILDREN UNDER 13 THAT ARE UNACCOMPANIED BY HIS OR HER PARENT OR LEGAL GUARDIAN.**

Parents should be aware that FNF's Privacy Notice will govern our use of Personal Information, but also that information that is voluntarily given by children – or others – in email exchanges, bulletin boards or the like may be used by other parties to generate unsolicited communications. FNF encourages all parents to instruct their children in the safe and responsible use of their Personal Information while using the Internet.

Privacy Outside the Website

The Website may contain various links to other websites, including links to various third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites. Other than under agreements with certain reputable organizations and companies, and except for third party service providers whose services either we use or you voluntarily elect to utilize, we do not share any of the Personal Information that you provide to us with any of the websites to which the Website links, although we may share aggregate, non-Personal Information with those other third parties. Please check with those websites in order to determine their privacy policies and your rights under them.

European Union Users

If you are a citizen of the European Union, please note that we may transfer your Personal Information outside the European Union for use for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information, you consent to both our collection and such transfer of your Personal Information in accordance with this Privacy Notice.

Choices with Your Personal Information

Whether you submit Personal Information to FNF is entirely up to you. You may decide not to submit Personal Information, in which case FNF may not be able to provide certain services or products to you.

You may choose to prevent FNF from disclosing or using your Personal Information under certain circumstances ("opt out"). You may opt out of any disclosure or use of your Personal Information for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization by notifying us by one of the methods at the end of this Privacy Notice. Furthermore, even where your Personal Information is to be disclosed and used in accordance with the stated purposes in this Privacy Notice, you may elect to opt out of such disclosure to and use by a third party that is not acting as an agent of FNF. As described above, there are some uses from which you cannot opt-out.

Please note that opting out of the disclosure and use of your Personal Information as a prospective employee may prevent you from being hired as an employee by FNF to the extent that provision of your Personal Information is required to apply for an open position.

If FNF collects Personal Information from you, such information will not be disclosed or used by FNF for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization unless you affirmatively consent to such disclosure and use.

You may opt out of online behavioral advertising by following the instructions set forth above under the above section "Additional Ways That Information Is Collected Through the Website," subsection "Third Party Opt Out."

Access and Correction

To access your Personal Information in the possession of FNF and correct inaccuracies of that information in our records, please contact us in the manner specified at the end of this Privacy Notice. We ask individuals to identify themselves and the information requested to be accessed and amended before processing such requests, and we may decline to process requests in limited circumstances as permitted by applicable privacy legislation.

Your California Privacy Rights

Under California's "Shine the Light" law, California residents who provide certain personally identifiable information in connection with obtaining products or services for personal, family or household use are entitled to request and obtain from us once a calendar year information about the customer information we shared, if any, with other businesses for their own direct marketing uses. If applicable, this information would include the categories of customer information and the names and addresses of those businesses with which we shared customer information for the immediately prior calendar year (e.g., requests made in 2013 will receive information regarding 2012 sharing activities).

To obtain this information on behalf of FNF, please send an email message to privacy@fnf.com with "Request for California Privacy Information" in the subject line and in the body of your message. We will provide the requested information to you at your email address in response.

Please be aware that not all information sharing is covered by the "Shine the Light" requirements and only information on covered sharing will be included in our response.

Additionally, because we may collect your Personal Information from time to time, California's Online Privacy Protection Act requires us to disclose how we respond to "do not track" requests and other similar mechanisms. Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

Your Consent to This Privacy Notice

By submitting Personal Information to FNF, you consent to the collection and use of information by us as specified above or as we otherwise see fit, in compliance with this Privacy Notice, unless you inform us otherwise by means of the procedure identified below. If we decide to change this Privacy Notice, we will make an effort to post those changes on the Website. Each time we collect information from you following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you may submit in any manner that we may choose without notice or compensation to you.

If you have additional questions or comments, please let us know by sending your comments or requests to:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer
(888) 934-3354
privacy@fnf.com

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EFFECTIVE AS OF: JANUARY 24, 2014

LAST UPDATED: JANUARY 24, 2014

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company
FNTC - Fidelity National Title Company
FNTCCA –Fidelity National Title Company of California

FNF Underwriter
FNTIC - Fidelity National Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)
Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

FEE REDUCTION SETTLEMENT PROGRAM (FNTC, FNTCCA and FNTIC)
Eligible customers shall receive $20.00 reduction in their title and/or escrow fees charged by the Company for each eligible transaction in accordance with the terms of the Final Judgments entered in *The People of the State of California et al. v. Fidelity National Title Insurance Company et al., Sacramento Superior Court Case No. 99AS02793, and related cases.*

DISASTER LOANS (FNTIC)
The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)
On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

Notice

You may be entitled to receive a $20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19,1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is the subject of your current transaction, you must inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provided the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount.

Effective through November 1, 2014

ATTACHMENT ONE (Revised 06-03-11)

CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY – 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
   Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
   a. building;
   b. zoning;
   c. land use;
   d. improvements on the Land;
   e. land division; and
   f. environmental protection.
   This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
   b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;

c. that result in no loss to You; or
d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.

5. Failure to pay value for Your Title.
6. Lack of a right:
   a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.
   This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$5000.00

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

* land use
* improvements on the land
* land division
* environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

* a notice of exercising the right appears in the public records
* on the Policy Date
* the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking

3. Title Risks:

* that are created, allowed, or agreed to by you
* that are known to you, but not to us, on the Policy Date – unless they appeared in the public records
* that result in no loss to you
* that first affect your title after the Policy Date – this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.
5. Lack of a right:

* to any land outside the area specifically described and referred to in Item 3 of Schedule A
  OR
* in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

2006 ALTA OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

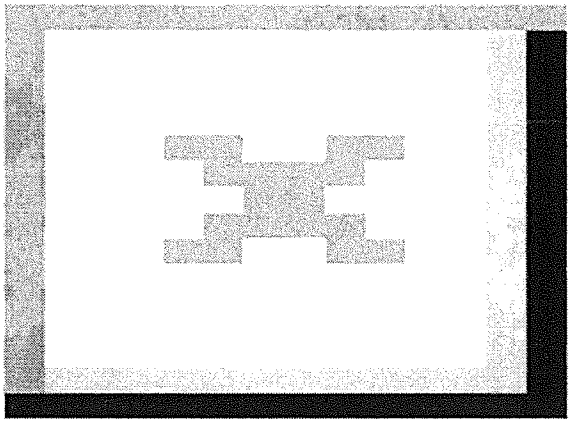
1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

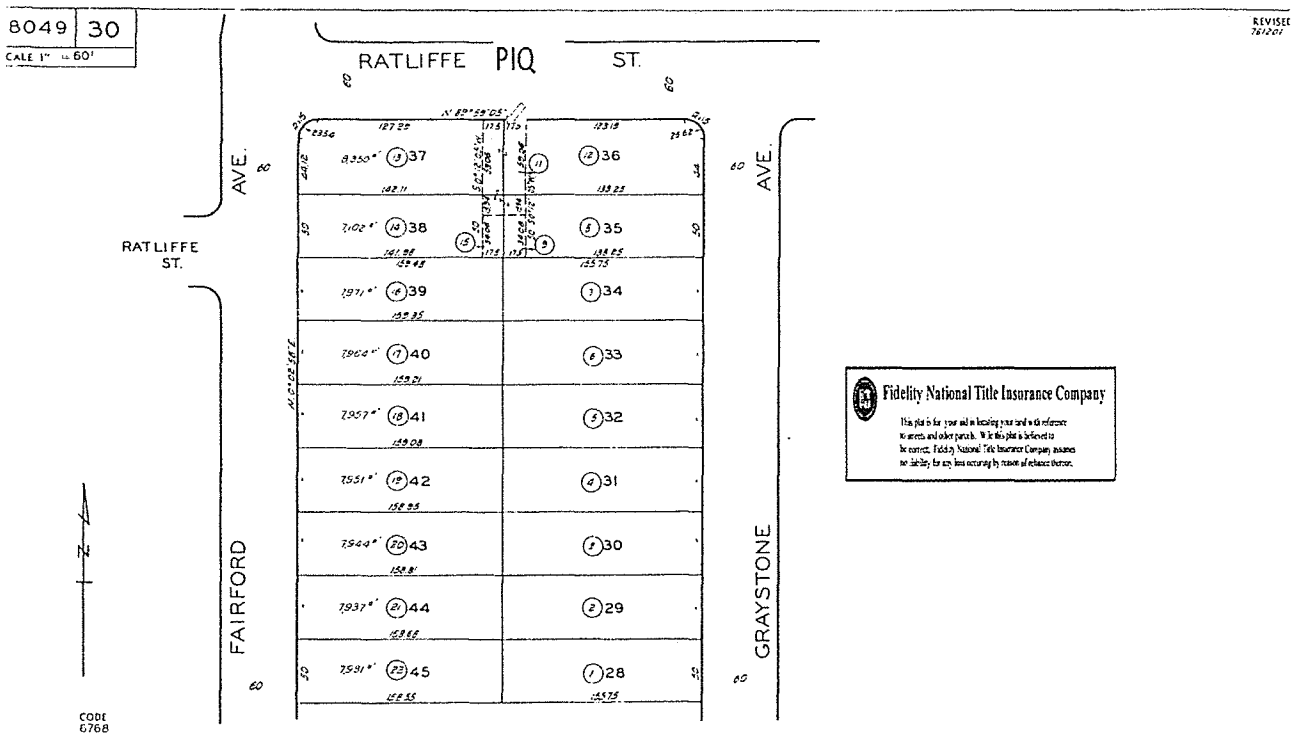
ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;

   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c),13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.




8049 30
SCALE 1" = 60'
REVISED
RATLIFFE PIQ ST.
RATLIFFE ST.
AVE.
FAIRFORD
GRAYSTONE
AVE.
37
36
38
35
39
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42
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43
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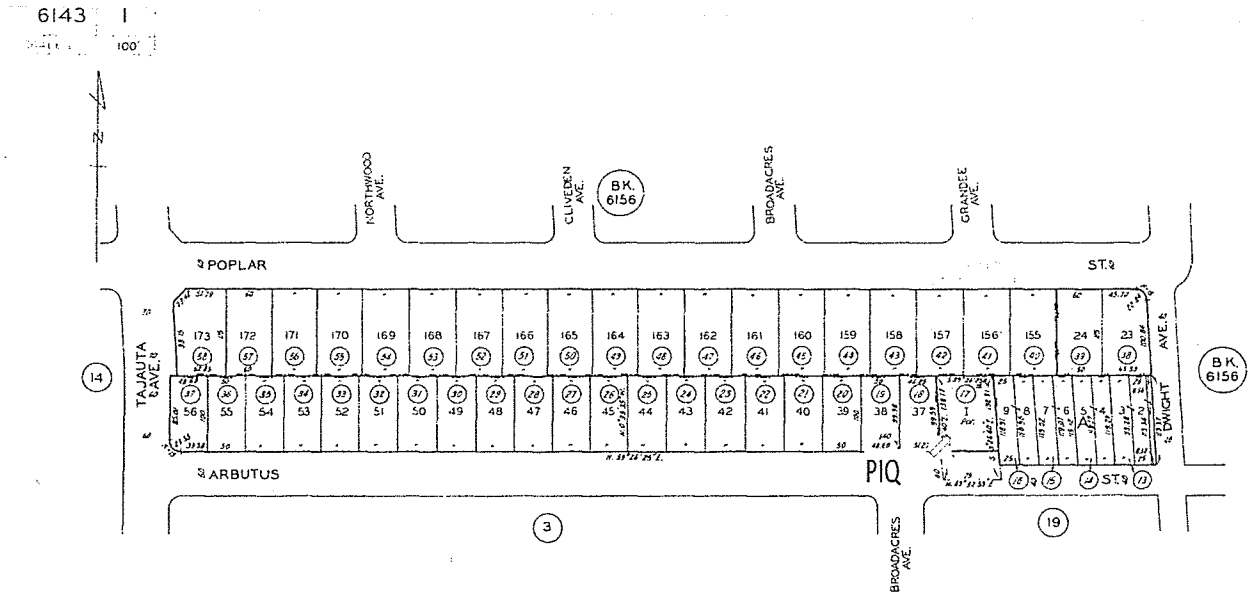
44
29
45
28
Fidelity National Title Insurance Company
CODE 6768
TRACT NO. 15496
M.B. 344-24
FOR PREV. ASSM'T. SEE: 498-4
ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.



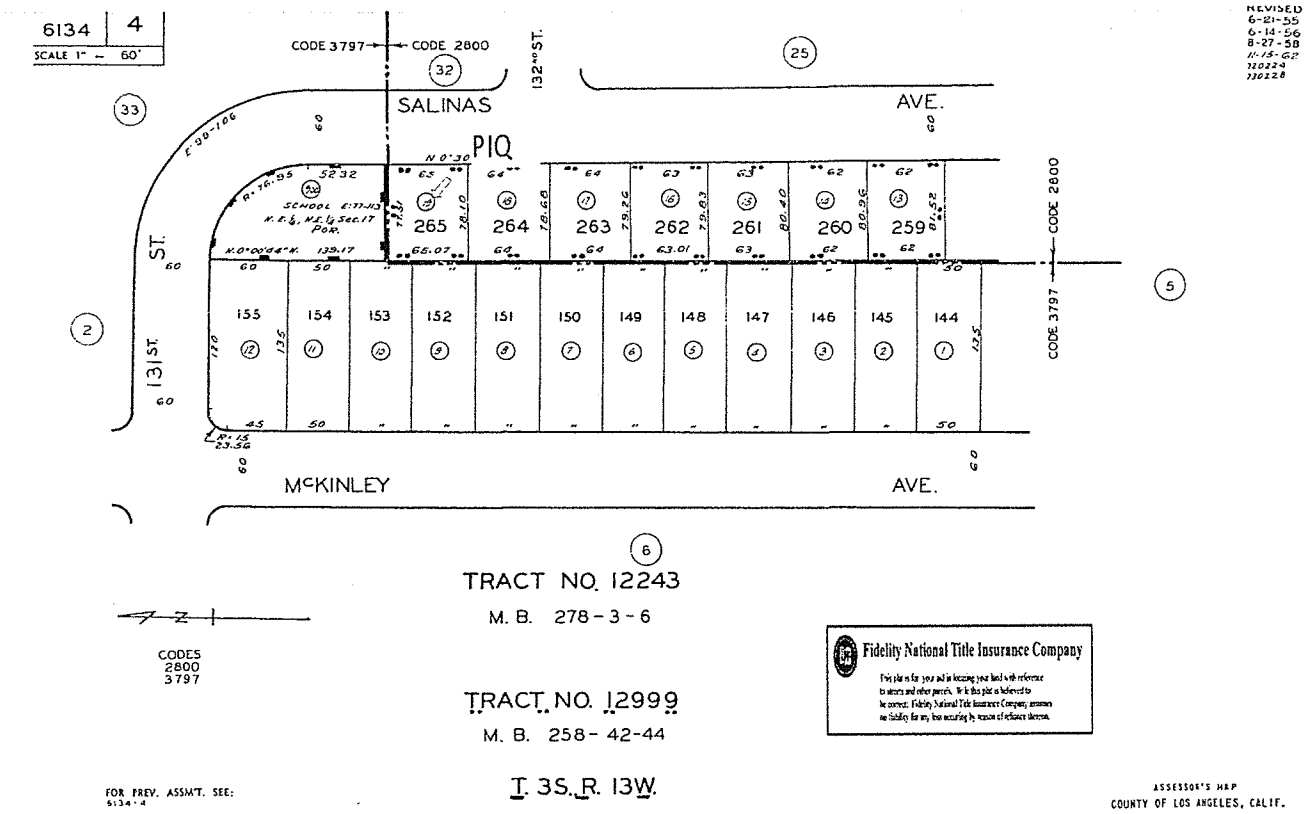
TEMPLE & GIBSON TRACT		M.R. 32-45-46
TRACT NO. 5797		M. B. 63 - 51
TRACT NO. 12801		M. B. 250 - 7
TRACT NO. 12663		M. B. 253 - 3 - 4
TRACT NO. 16558		M. B. 379 - 5 - 7

2800

6143 - 26 & 27

Fidelity National Title Insurance Company

This plat is for your aid in locating your land with reference to streets and other parcels. While this plat is believed to be correct, Fidelity National Title Insurance Company assumes no liability for any loss occurring by reason of reliance thereon.



Fidelity National Title Insurance Company

This plat is for your aid in locating your land with reference to streets and other parcels. While this plat is believed to be correct, Fidelity National Title Insurance Company assumes no liability for any loss occurring by reason of reliance thereon.

Attachment One (06/03/11)

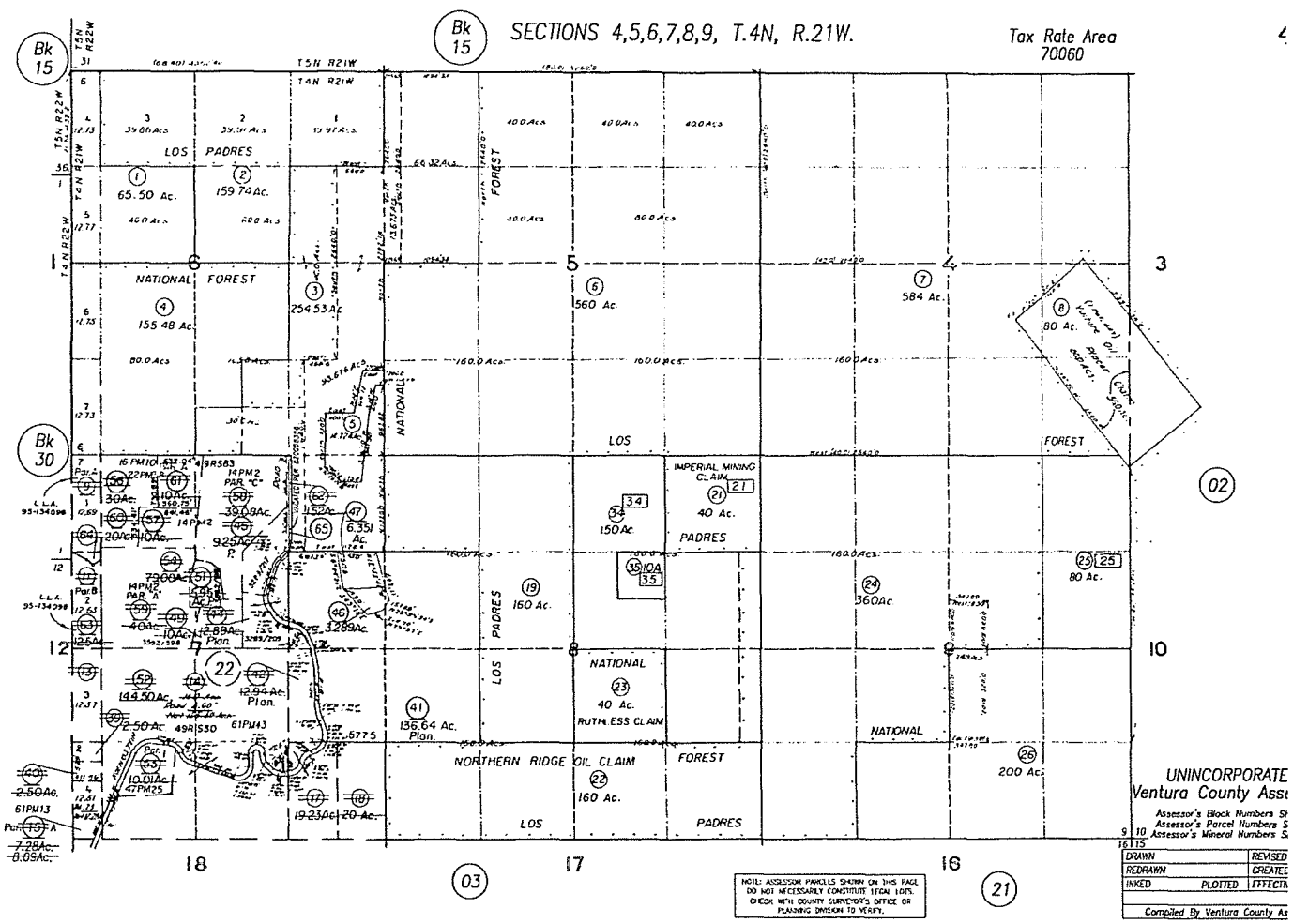


EXHIBIT F

EXCEPTIONS

Section 4.03. The City of Missoula has filed a petition to acquire the assets of Mountain Water Company visa eminent domain. A necessity trial has been scheduled for March 2015.

Schedule 1

Bank Name = CoBank ACB

ABA Routing Number = [redacted]

Beneficiary (BNF) = Park Water Company

Beneficiary Account Number = [redacted]