

WESTERN SUMMIT COUNTY PROJECT MASTER AGREEMENT

THIS WESTERN SUMMIT COUNTY PROJECT MASTER AGREEMENT (this “Agreement”), is made and entered into by and among Weber Basin Water Conservancy District, a water conservancy district organized and existing pursuant to the provisions of §17B-2a-1001 *et seq.*, Utah Code Annotated, 1953, as amended (“**Weber Basin**”), Park City Municipal Corporation, a municipal corporation organized under the laws of the State of Utah, and Park City Water Service District, a local district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended (Park City Municipal Corporation and Park City Water Service District hereinafter referred to as “**Park City Water**”), Mountain Regional Water Special Service District, a local district organized and existing pursuant to the provisions of §17D-1-101 *et seq.*, Utah Code Annotated, 1953, as amended (“**Mountain Regional**”), Summit Water Distribution Company, a Utah nonprofit corporation (“**Summit Water**”), Snyderville Basin Water Reclamation District, a local district organized and existing pursuant to the provisions of §17B-2a-401 *et seq.*, Utah Code Annotated, 1953, as amended (“**Snyderville Basin District**”), Trilogy Limited, LP, a Georgia limited partnership (“**Trilogy**”), Leon H. Saunders, an individual (“**Saunders**”), and **Summit County**, a county of the State of Utah. Weber Basin, Park City Water, Mountain Regional, Summit Water, Snyderville Basin District and Summit County are hereinafter sometimes referred to individually as a “**Party**” and collectively as the “**Parties.**”

RECITALS

A. Weber Basin, in part under agreement with the United States Bureau of Reclamation, owns or administers certain water rights and operates an extensive water storage, treatment and distribution system commonly known as the “Weber Basin Project”, by means of which Weber Basin Project water and water under other Weber Basin water rights are made available, by contract, to municipalities and other entities and persons within Weber Basin’s boundaries, including water supplies developed by Weber Basin subsequent to construction of the original Weber Basin Project in part to supplement water supplies in Summit County, Utah.

B. Park City Water, as a public agency, owns and operates an approved water system to supply water within its service area in Park City, Utah.

C. Mountain Regional, as a public agency created by Summit County, owns and operates an approved water system to supply water within its service area in Summit County, Utah.

D. Summit Water, as a private water company, owns and operates an approved water system to supply water in Summit County, Utah.

E. Snyderville Basin District, as a public agency, owns and operates a wastewater collection and treatment system within its service area in Summit County, Utah.

F. Due to growth and complex hydrology in the area, water resources are limited and in high demand in the Snyderville Basin.

G. The Parties are concerned that the lack of integration of the current water systems in the Snyderville Basin results in relatively higher costs and an inability to balance water resources and needs over time in the area.

H. Additional capital is required in order to complete and operate partially completed infrastructure and to integrate the water systems in the Snyderville Basin in order to achieve efficiency, lower costs, and better access to dependable water resources.

I. The Parties are not regulated public utilities subject to the jurisdiction of the Utah Public Service Commission and therefore cannot achieve a guaranteed return on capital investments and operating costs through rates approved by said commission.

J. In order to achieve the benefits contemplated by this Agreement, the Parties desire to engage Weber Basin, and Weber Basin is willing, to make the capital investment necessary to construct the required infrastructure to do so and to operate the same; however, since Weber Basin does not have retail customers in the Snyderville Basin and its only source of revenue to pay said costs is from the sale of water to the other Parties, in order to ensure the long-term availability of predictable cash flow to pay said capital costs and operate said infrastructure it is necessary that the Parties agree that Weber Basin shall be the exclusive wholesaler of Raw Water in the Snyderville Basin as among the Parties.

K. Concurrently with the execution of this Agreement, Weber Basin has entered into a Purchase Agreement (the "**Purchase Agreement**") with Summit Water, Trilogy and Saunders, to purchase certain assets (the "**Acquired Assets**"), as that term is defined in the Purchase Agreement. A copy of the Purchase Agreement is attached hereto as Exhibit A.

L. Weber Basin intends to enter into a contract with the Davis & Weber Counties Canal Company, a Utah non-profit corporation ("**D&W**"), for the purchase of Five Thousand (5,000) acre-feet per year of water stored in East Canyon Reservoir (the "**New D&W Contract**"), which Weber Basin intends to use in the Snyderville Basin to the extent necessary to accomplish the purposes of this Agreement.

M. The Parties desire to enter into this Agreement in order to provide for: (i) Weber Basin's use of the other Parties' excess capacity in their respective Facilities; (ii) the design and construction of Facilities in the Snyderville Basin that may be used to supplement flows in McLeod and East Canyon Creeks to other Facilities in order to accommodate the delivery of water to wholesale customers in the Snyderville Basin; (iii) the wholesaling of Raw Water and Finished Water by Weber Basin to the other Parties through water sales contracts; (iv) the exchange and joint use of water sources and Facilities to deliver Raw Water and Finished Water to the Parties and enhance instream flows; and (v) funding of the foregoing; as also described on the map set forth on the attached Exhibit B, and as provided herein (collectively, the "**Western Summit County Project**").

In consideration of the foregoing, the mutual representations, warranties and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

All capitalized words or expressions used in this Agreement (including the Schedules and Exhibits annexed thereto) shall have the meanings specified in this Article I (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Acquired Assets” has the meaning set forth in Recital K and Article I of the Purchase Agreement.

“Acquired Employees” has the meaning set forth in Section 7.11(a).

“AD&D” has the meaning set forth in Section 7.11(b)(2).

“Affiliate” means, when used with respect to any Person, (a) if such Person is a corporation, any officer or director thereof and any Person which is, directly or indirectly, beneficial owner (by itself or as part of any group) of more than five percent (5%) of any class of any voting security thereof, and, if such beneficial owner is a partnership, any general or limited partner thereof, or if such beneficial owner is a corporation, any Person controlling, controlled by or under common control with such beneficial owner, or any officer or director of such beneficial owner or of any corporation occupying any such control relationship, (b) if such Person is a partnership, any general or limited partner thereof and (c) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. For purposes of this definition, (i) “control” (including the correlative terms “controlling”, “controlled by” and “under common control with”), with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise, and (ii) all employees, officers, stockholders, consultants and agents of Summit Water shall be considered an Affiliate of Summit Water (none of which, however, shall be deemed Affiliates of Weber Basin).

“Agreement” means this Agreement (together with all Exhibits and Schedules hereto) as from time to time assigned, supplemented, modified, amended, or restated or as the terms hereof may be waived.

“Benefit Plan” means all “employee benefit plans”, as that term is described in Section 3(3) of ERISA, including all deferred compensation, pension, profit sharing, retirement and savings plans, and all health and life insurance and other welfare plans maintained at or by Summit Water, or with respect to which Summit Water has made any payments or contributions for or on behalf of any Business Employee; and also includes any Fringe Benefits, any medical, dental, cafeteria, disability, death benefit or life insurance plan, and any nonqualified deferred compensation arrangements provided by Summit Water to or on behalf of Business Employees.

“Books and Records” means all books, records and other data relating to particular asset(s), including without limitation all production reports and records, equipment logs, operating guides and manuals, correspondence and other similar documents and records.

“Business Employees” has the meaning set forth in Section 7.11(a).

“Claim” means an action, suit, proceeding, hearing, investigation, litigation, charge, complaint, claim or demand.

“Closing” has the meaning set forth in Section 4.1.

“Closing Date” has the meaning set forth in Section 4.1.

“COBRA” means the Consolidated Omnibus Budget Reconciliation Act.

“Contaminant” means any pollutant not naturally occurring, hazardous substance, radioactive substance, toxic substance, hazardous waste, medical waste, radioactive waste, special waste, petroleum or petroleum-derived substance or waste, asbestos, polychlorinated biphenyls, or any hazardous or toxic constituent thereof and includes any substance defined in or regulated under any Environmental Law.

“Contested Claim” has the meaning set forth in Section 11.5.

“D&W” has the meaning set forth in Recital L.

“D&W Water” has the meaning set forth in Section 3.4(c).

“Demand” has the meaning set forth in Section 2.1(a)(3).

“Disclosures” has the meaning set forth in Section 5.3.

“East Canyon Water Treatment Plant” means the water treatment plant located on East Canyon Creek at Jeremy Ranch in Summit County, Utah, and its related infrastructure and appurtenances, which are part of the Acquired Assets under the Purchase Agreement, and which as of Closing has an installed capacity (according to the manufacturer) of 5.5 million gallons per day and a sustained operational capacity (according to Weber Basin’s consultant) of between 3.0 and 3.6 million gallons per day.

“Environmental Laws” means all federal, state, and local Laws, statutes, codes, ordinances, rules, regulations, permits, or orders relating to or addressing the environment, health or safety, which shall include, but not be limited to, the use, handling, treatment, storage or disposal of any Contaminant, or workplace or worker safety and health.

“Environmental Liabilities and Costs” means any and all liabilities, regardless of when made or asserted or imposed or asserted to be imposed by operation of law, for all environmental, ecological, health, safety, liability (except as specifically assumed herein) or personal injury, property damage or natural resource damage claims pertaining to the Purchased

Assets or any other assets, operations or business of a Party relating to or arising from time periods or events occurring on or prior to the Closing Date, including (i) any uses of or occurrences on any real property currently or previously owned, operated or leased by a Party, whether or not such uses and occurrences were in compliance with then applicable Environmental Laws, (ii) the presence of any Contaminant or any Release or the threat of Release of any Contaminant on, at or from any real property currently or previously owned, operated or leased by a Party, (iii) the storage, handling, treatment or disposal of any Contaminant transported from any real property currently or previously owned, operated or leased by a Party, whether or not such transportation, storage, handling, treatment or disposal was in compliance with then applicable Environmental Laws, (iv) human exposure to any Contaminant, (v) non-compliance with any Environmental Laws or permits required under Environmental Laws, (vi) any Remedial Action, and (vii) any reasonable fees and expenses of any environmental engineers and attorneys incurred by a Party in connection with any Environmental Liabilities and Costs or the investigation thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, and any similar or successor federal statute, and the rules, regulations and interpretations thereunder, all as the same shall be in effect from time to time.

“Excess Capacity” has the meaning set forth in Section 2.1(a)(1).

“Facilities” means water treatment plants, pipelines, pump stations, storage facilities, wells, springs, water supply systems, infrastructure, rights of way, fixtures, appurtenances and other real, personal and mixed property comprising a part of the Western Summit County Project, including, but not limited to, the Mountain Regional Facilities, the Park City Water Facilities and the Summit Water Facilities.

“Finished Water” means municipal and industrial water treated for culinary use.

“Formation Documents” means the Certificate/Articles of Incorporation and Bylaws of a corporation, the Certificate of Formation/Articles of Organization and Operating Agreement of a limited liability company and the decree(s), ordinance(s) or other organization document(s) creating a Governmental Entity, each as amended.

“Fringe Benefits” means all stock options, severance benefits, bonus, and all other contracts, programs, or arrangements that currently provide benefits to Business Employees, including but not limited to the following: employment contracts and salary continuation agreements (including severance pay and parachute payments as defined in section 280G of the Internal Revenue Code of 1986, the regulations thereunder, published Internal Revenue Service rulings and court decisions in respect of any thereof, all as the same shall be in effect from time to time); bonus, profit-sharing or other incentive arrangements; non-cash compensation, prizes and awards; educational assistance, scholarships (for students and others) and tuition reimbursement; prepaid legal plans; moving expenses (for new hires, separations, transfers or others); vacation, paid time off, holiday pay, sick leave or compensation time; outplacement benefits and assistance; auto use, parking, bus passes and other commuting expenses; meals and subsidized cafeterias; uniforms and uniform allowances; employee assistance and wellness

programs, physical exams, blood assurance programs, employee health service and sick child care; psychological, substance abuse, financial and other counseling, social services and other free services and discounts (including but not limited to pharmacy discounts); athletic facilities, gyms, club dues and memberships, employee clubs and social functions, discount theater and sports tickets, purchasing clubs, credit unions, housing assistance and home or other loans or advances; non-employee travel and entertainment reimbursement; professional memberships, dues and publications; safety programs, including but not limited to any worker injury plan or program adopted as a nonsubscriber under any workers' compensation act; split-dollar and other employer-provided life or other insurance; and unwritten prerequisites of employment.

“Future Facilities” has the meaning set forth in Section 2.9.

“Future Interconnections” has the meaning set forth in Section 2.7.

“Governmental Entity” means any local, municipal, state or federal governmental, quasi-governmental or regulatory body or agency.

“Highway 224 System” means Summit Water’s pipeline from the East Canyon Water Treatment Plant to White Pine Road in Park City, Summit County, Utah, together with all related storage facilities, pump station(s), pipeline(s) and other infrastructure and appurtenances, the right to use up to Fifty Percent (50%) of the capacity of which Weber Basin will have an option to purchase pursuant to the Purchase Agreement, and which has a flow rate capacity at Closing of 6,000 gallons per minute from the East Canyon Water Treatment Plant to Ranch Place Pump Station and 4,000 gallons per minute from the Ranch Place Pump Station to White Pine Road.

“Highway 224 System OM&R Expenses” has the meaning set forth in Section 3.3.

“Highway 40 System” means Summit Water’s pipeline from the East Canyon Water Treatment Plant to Quinn’s Junction, as more particularly described on the attached Exhibit C, together with all related storage facilities, pump station(s), pipeline(s) and other infrastructure and appurtenances, the right to use up to Fifty Percent (50%) of the capacity of which is to be acquired by Weber Basin pursuant to the Purchase Agreement, and which has a flow rate capacity at Closing of 6,000 gallons per minute from the East Canyon Water Treatment Plant to the Trail Side Pump Station, 600 gallons per minute from the Trail Side Pump Station to the Section 27 Reservoir and 4,500 gallons per minute from the Section 27 Reservoir to Quinn’s Junction.

“Highway 40 System OM&R Expenses” has the meaning set forth in Section 3.3.

“Indebtedness” means all obligations, contingent or otherwise, whether current or long-term, which in accordance with United States generally accepted accounting principles would be classified upon the obligor’s balance sheet as liabilities (other than deferred taxes) and shall also include capitalized leases, guaranties, endorsements or other arrangements under which responsibility is assumed for the obligations of others, including any agreement to purchase or otherwise to acquire the obligations of others or any agreement, contingent or otherwise, to furnish funds for the purchase of goods, supplies or services for others.

“Indemnification Trigger Amount” has the meaning set forth in Section 11.2.

“Indemnified Parties” has the meaning set forth in Section 11.2 and 11.4.

“Indemnifying Party” has the meaning set forth in Section 11.2 and 11.4.

“Initial Interconnection” has the meaning set forth in Section 2.7.

“Intellectual Property Rights” means all patents (including design patents, industrial designs and utility models) and patent applications (including docketed patent disclosures awaiting filing, reissues, divisions, continuations-in-part and extensions), patent disclosures awaiting filing determination, inventions and improvements thereto; trademarks, service marks, trade names, trade dress, logos, business and product names, slogans, and registrations and applications for registration thereof; copyrights (including software) and registrations thereof; all inventions, processes, designs, formulae, trade secrets, know-how, industrial models, confidential and technical information, manufacturing, engineering and technical drawings, product specifications, confidential business information and customer lists; all copies and tangible embodiments thereof (in whatever form or medium, including electronic media).

“Laws” has the meaning set forth in Section 5.11(b).

“Lien” means, with respect to any asset, any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien, charge, restriction, adverse claim by a third party, judgment, mechanic’s lien, tax lien or warrant, title defect or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, any assignment or other conveyance of any right to receive income and any assignment of receivables with recourse against assignor), any filing of any financing statement as debtor under the Uniform Commercial Code or comparable Law of any jurisdiction and any agreement to give or make any of the foregoing.

“Losses” means and encompasses all uninsured losses, damages, diminution in value, costs and expenses (all such costs and expenses shall be reasonable) of any kind and nature whatsoever including interest and penalties, expenses of investigation and court costs, attorneys’ fees and disbursements and the reasonable fees and disbursements of other professionals incurred in the investigation or defense of any Claim or in asserting any Claim.

“Material Adverse Effect” means an occurrence or event which has had or is reasonably likely to have a material adverse impact or effect on:

(a) the operations, business, assets, liabilities, prospects or condition (financial or otherwise) of a Party; or

(b) the ability of a Party to perform its obligations under any of the Transaction Documents, or the validity or enforceability of any of the Transaction

Documents or the rights and remedies of a Party under any of the Transaction Documents.

“Mountain Regional Facilities” has the meaning set forth in Section 2.2(b).

“Necessary Permits” has the meaning set forth in Section 5.11(a).

“New D&W Contract” has the meaning set forth in Recital L.

“Non-Relinquishing Party” has the meaning set forth in Section 3.4(c).

“OM&R Expenses” means all operation, repair, treatment, pumping, replacement and maintenance expenses incurred by a Party in connection with the Western Summit County Project or a particular component thereof.

“Park City Water Facilities” has the meaning set forth in Section 2.2(a).

“Pension Plan” means an “employee pension benefit plan” as defined in Section 3(2) of ERISA.

“Permits” means all licenses, permits, franchises, approvals, registrations, authorizations, approvals, consents or orders of, or filings with, any Governmental Entity or industrial bodies held or used in connection with particular asset(s) or necessary for the present conduct of, or relating to, the operation of a Party’s operations or business.

“Permitted Liens” means Liens for current Taxes not yet due and payable or of Taxes the validity of which is contested in good faith by appropriate proceedings; provided, however, that any such Liens or any foreclosure based thereon do not and would not materially interfere with the current use of the Acquired Assets or have a Material Adverse Effect on Weber Basin.

“Person” means any individual, firm, partnership, association, trust, corporation, joint venture, unincorporated organization, limited liability company, Governmental Entity or other entity.

“Purchase Agreement” has the meaning set forth in Recital K.

“Raw Water” means municipal and industrial water not treated for culinary use.

“Reallocated Percentage” has the meaning set forth in Section 3.4(c).

“Regionalization Fees” has the meaning set forth in Section 3.1.

“Release” means the release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migrating into the indoor or outdoor environment of any Contaminant through, in, into or from the air, soil, surface water, groundwater or any property; provided, however, that “Release” shall not include Park City’s release or discharge,

whether past, present, or future, of water from Judge Tunnel, Spiro Tunnel, and Prospector Drain only for purposes of Park City Water's warranties in Section 5.13.

"Relinquishing Party" has the meaning set forth in Section 3.4(c).

"Relinquished D&W Water" has the meaning set forth in Section 3.4(c).

"Remedial Action" means actions required to (i) clean up, remove, treat or in any other way address Contaminants in the indoor or outdoor environment; (ii) prevent the Release or threat of Release or minimize the further Release or threat of Release of Contaminants; or (iii) investigate and determine if a remedial response is needed, design such a response and perform post-response investigation, monitoring, operation, maintenance and care.

"Retained Liabilities" has the meaning set forth in Section 7.4.

"Settlement Agreement" has the meaning set forth in Section 2.7.

"Statement of Claim" has the meaning set forth in Section 11.5.

"Summit Water Facilities" has the meaning set forth in Section 2.2(c).

"Surplus Water" has the meaning set forth in Section 2.1(a)(2).

"Survival Date" has the meaning set forth in Section 11.1.

"Tax" means any tax, including federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, customs, duties, capital stock, franchise, licensing, profits, withholding, social security, unemployment, real property, personal property, sales, use, transfer, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Case" has the meaning set forth in Section 7.8.

"Tax Return" means any return, declaration, report, claim for refund, information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

"Transaction Documents" means this Agreement and each other certificate, document, instrument or agreement executed in connection herewith or therewith.

"Transfer Taxes" has the meaning set forth in Section 7.6.

"Updated Demand Schedule" has the meaning set forth in Section 2.1(b)(3).

"Updated Excess Capacity Schedule" has the meaning set forth in Section 2.1(b)(1).

“Updated Surplus Water Schedule” has the meaning set forth in Section 2.1(b)(2).

“Weber Basin’s Capital Costs” has the meaning set forth in Section 3.5(c)(2).

“Welfare Plan” means an “employee welfare plan” as defined in Section 3(1) of ERISA.

“Western Summit County Project” has the meaning set forth in Recital M.

ARTICLE II WATER SUPPLY AND DEMAND

2.1 Projections.

(a) Park City Water, Mountain Regional and Summit Water have each projected the following for each of the ten (10) years following the Closing, as set forth in the tables attached hereto as Exhibit D:

(1) its anticipated unused capacity of all of its Facilities for both Raw Water and Finished Water (“**Excess Capacity**”);

(2) its Raw Water and Finished Water supplies that it does not anticipate using (“**Surplus Water**”) (together with the point of delivery of such Surplus Water and the dollar amount per acre-foot that it will charge for such Raw Water and Finished Water comprising its Surplus Water); and

(3) its anticipated Raw Water and Finished Water delivery needs (including annual volumes and peak day demands) (“**Demand**”) (together with its anticipated capacity needs to receive such water and the desired point of delivery of such water).

(b) On or before January 1 of each year after the Closing, Park City Water, Mountain Regional and Summit Water shall each provide to Weber Basin, and Weber Basin shall make available to each other Party, a rolling updated and supplemented schedule projecting for each of the next succeeding ten (10) years:

(1) its anticipated Excess Capacity (its “**Updated Excess Capacity Schedule**”);

(2) its anticipated Surplus Water (including the point of delivery of such Surplus Water and the dollar amount per acre-foot that it will charge for such Raw Water and Finished Water comprising its Surplus Water) (its “**Updated Surplus Water Schedule**”); and

(3) its anticipated Demand (including annual volumes and peak day demands and its anticipated capacity needs and desired point of delivery of such water) (its “**Updated Demand Schedule**”).

2.2 Use of Facilities. During each year after the Closing until their respective Excess Capacity is fully used:

(a) Weber Basin shall have the right to use the Excess Capacity of Park City Water's Facilities, as more particularly described on Schedule 2.2(a) hereto (the "**Park City Water Facilities**"), as set forth on Park City Water's Updated Excess Capacity Schedule for the five (5) year period beginning on January 1 of such year;

(b) Weber Basin shall have the right to use the Excess Capacity of Mountain Regional's Facilities, as more particularly described on Schedule 2.2(b) hereto (collectively, the "**Mountain Regional Facilities**"), as set forth on Mountain Regional's Updated Excess Capacity Schedule for the five (5) year period beginning on January 1 of such year; and

(c) Weber Basin shall have the right to use the Excess Capacity of Summit Water's Facilities which are not part of the Acquired Assets purchased by Weber Basin pursuant to the Purchase Agreement, as more particularly described on Schedule 2.2(c) hereto (the "**Summit Water Facilities**"), as set forth on Summit Water's Updated Excess Capacity Schedule for the five (5) year period beginning on January 1 of such year.

2.3 Wheeling Charge. Park City Water, Mountain Regional and Summit Water shall each pay to Weber Basin a wheeling charge in an amount equal to the reasonable OM&R Expenses of any other Party whose Excess Capacity is used to wheel or carry Raw Water or Finished Water (as the case may be) to such Party. Weber Basin shall pay a wheeling charge to Park City Water, Mountain Regional and/or Summit Water in an amount equal to such Party's reasonable OM&R Expenses for such Raw Water or Finished Water (as the case may be) as is actually wheeled or carried to one or more of the other Parties through the use of such Party's Excess Capacity. Notwithstanding the foregoing, however, the amount of any Party's reasonable OM&R to be so paid by or to Weber Basin shall not exceed One Hundred Dollars (\$100) per acre-foot of water so wheeled or carried unless the reasonable OM&R Expenses of the Party whose Excess Capacity is used exceed One Hundred Dollars (\$100) per acre-foot as a result of its pumping expenses. Said maximum wheeling charge shall be adjusted on January 1 of each year based on the Consumer Price Index for All Urban Consumers (CPI-U), Western Region, published by the United States Bureau of Labor Statistics (or other similar index) during December of the previous year, with that published in December 2012 as the base. Weber Basin shall account for such wheeling charges annually and each Party shall pay or be paid the net amount it owes or is owed within thirty (30) days after receipt of such accounting.

2.4 Surplus Water. Weber Basin shall have the right to use, wheel and comingle all Surplus Water of Park City Water, Mountain Regional and Summit Water as set forth on their respective Updated Surplus Water Schedules for the five (5) year period beginning on January 1 of the then current year, in order to allow Weber Basin to operate the Western Summit County Project in such manner as Weber Basin deems necessary and proper. Weber Basin shall determine in its sole discretion which Party's Surplus Water to deliver to any other Party. Weber Basin shall credit each Party whose Surplus Water is delivered to another Party at the rate(s) applicable to the water that Weber Basin determines to deliver to such other Party as set forth in the Parties' most recent Updated Surplus Water Schedules. Weber Basin shall charge each Party to whom is delivered Surplus Water of any other Party at the rate(s) applicable to the water that

Weber Basin determines to deliver to such receiving Party as set forth in the Parties' most recent Updated Surplus Water Schedules. Weber Basin shall account for such credits and charges quarterly and each Party shall pay or be paid the net amount it owes or is owed within thirty (30) days after receipt of such accounting.

2.5 Exchanges and Combined Water Use. In order to efficiently use water system infrastructure, water sources and water supplies, and subject to payment for Surplus Water as provided in Section 2.4 above, the Parties will exchange, comingle, and jointly use water sources and Facilities at Weber Basin's direction to deliver Raw Water and Finished Water to the Parties and enhance instream flows, including but not limited to exchanges between Park City Water's Spiro and Judge Tunnel water sources with Mountain Regional's and Park City Water's respective Lost Canyon Raw Water systems. The Parties acknowledge that the state engineer has appointed a special deputy river commissioner for the Snyderville Basin to measure and administer flows in priority and to shepherd tributary and developed water to water users lawfully entitled to its beneficial use to satisfy the purposes of the Western Summit County Project, including without limitation, shepherding flows from Spiro Tunnel that are tributary to the Weber River by court decree or otherwise required to be released for use by downstream water users pursuant to agreement.

2.6 Contractual Allocations. Park City Water, Mountain Regional and Summit County shall honor the allocation of water as among themselves as set forth in: (a) that certain Agreement Between Mountain Regional Water Special Service District, Park City Water Service District and Summit County Regarding Implementation of the Summit County Project dated March 1, 2007, as amended by First Amendment to Agreement between Mountain Regional Water Special Service District, Park City Water Service District and Summit County Regarding Implementation of the Summit County Project dated August 8, 2012, copies of which are attached hereto as Exhibit E; (b) that certain Water Supply Agreement by and among Weber Basin Water Conservancy District, Park City Water Service District, and Mountain Regional Water Special Service District for the Snyderville Basin Water Project dated May 13, 2004, as amended by First Amendment to Water Supply Agreement by and among Weber Basin Water Conservancy District, Park City Water Service District, and Mountain Regional Water Special Service District for the Snyderville Basin Water Project dated November 15, 2007, Second Amendment to Water Supply Agreement by and among Weber Basin Water Conservancy District, Park City Water Service District, and Mountain Regional Water Special Service District for the Snyderville Basin Water Project dated February 25, 2010, and Third Amendment to Water Supply Agreement by and among Weber Basin Water Conservancy District, Park City Water Service District, and Mountain Regional Water Special Service District for the Snyderville Basin Water Project dated June 20, 2012, copies of which are attached hereto as Exhibit F; (c) that certain Contract between the United States of America, Weber Basin Water Conservancy District and Park City Water Service District for the Sale of the Use of Untreated Water dated November 15, 2007, as amended by First Amendment to Contract between the United States of America, Weber Basin Water Conservancy District and Park City Water Service District for the Sale of the Use of Untreated Water dated August 18, 2010, copies of which are attached hereto as Exhibit G; and (d) that certain Contract between the United States of America, Weber Basin Water Conservancy District and Mountain Regional Water Special Service District for the Sale of the Use of Untreated Water dated November 15, 2007, as amended by Amendment to Contract between the United States of America, Weber Basin Water Conservancy

District and Mountain Regional Water Special Service District for the Sale of the Use of Untreated Water dated January 20, 2010 and May 18, 2010, copies of which are attached hereto as Exhibit H. Notwithstanding the foregoing, however, to the extent the terms of any of the above-referenced agreements are inconsistent with the terms of this Agreement, the terms of this Agreement shall control. Notwithstanding the preceding sentence, Weber Basin shall not interfere with Mountain Regional's operation of the Lost Creek pipeline under the agreement attached hereto as Exhibit E, and Weber Basin will honor its obligation to deliver water to Park City Water and Mountain Regional under agreements attached hereto as Exhibit G and Exhibit H.

2.7 Interconnections. Weber Basin shall design and construct an interconnection among Mountain Regional's, Park City Water's and Summit Water's water systems and such other Facilities as Weber Basin may determine to be necessary at a point between the Utah Department of Transportation facility on Highway 40 and Quinn's Junction, as determined by Weber Basin, to provide for wheeling of water and service among systems as contemplated by this Agreement (the "**Initial Interconnection**"). Upon mutual agreement of Weber Basin and one or more of Mountain Regional, Park City Water and Summit Water, Weber Basin shall design and construct interconnection(s) among the water systems of said agreeing Parties at other locations determined by said agreeing Parties to provide for redundancy, emergencies, wheeling of water and service between systems, together with such other Facilities as Weber Basin may determine to be necessary ("**Future Interconnections**"). Weber Basin shall own, operate and control the Initial Interconnection and all Future Interconnections and related Facilities. Mountain Regional, Park City Water and Summit Water shall each reimburse Weber Basin one-third (1/3) of Weber Basin's legal costs, easement acquisition costs, environmental costs, engineering and design costs, construction costs, temporary financing, debt service costs (including interest), trustee and rating agency fees and other costs of issuance relating to the Initial Interconnection. The Party(ies) agreeing to all Future Interconnections shall reimburse Weber Basin for all legal costs, easement acquisition costs, environmental costs, engineering and design costs, construction costs, temporary financing, debt service costs (including interest), trustee and rating agency fees and other costs of issuance relating to such Future Interconnections. All of Weber Basin's OM&R Expenses relating to the Initial Interconnection and all Future Interconnections shall be reimbursed to Weber Basin by Mountain Regional, Park City Water and Summit Water, each in an amount proportional to the capacity that will be available to such Party(ies) as a result of such interconnections until water is delivered to any one or more of them, and thereafter in proportion to the quantity of water that is delivered to each of them. All such reimbursements shall be made within thirty (30) days after receiving Weber Basin's invoice(s) therefor. Mountain Regional, Park City Water and Summit Water shall grant to Weber Basin, free of charge, such easements on, through or under property owned by those entities as Weber Basin determines to be necessary to allow it to construct, operate, maintain and repair the Initial Interconnection and all Future Interconnections. The provisions of this Section 2.7 shall in no way impair or supersede the Settlement Agreement among Summit Water, Mountain Regional and Summit County dated November 9, 2011, a copy of which is attached hereto as Exhibit I (the "**Settlement Agreement**") as it relates to interconnections between Mountain Regional and Summit Water as set forth therein.

2.8 Stream Flows. The Parties anticipate that future regionalization operations and projects will provide greater stream flows in East Canyon Creek than those that currently exist.

Weber Basin and Snyderville Basin District agree to work cooperatively with each other to establish reasonable minimum stream flows in East Canyon Creek. These cooperative efforts will include, but are not limited to: (1) establishing a minimum flow rate goal of between two (2) and three (3) cfs for East Canyon Creek during critical times of the year, including after Weber Basin begins to operate the East Canyon Water Treatment Plant; (2) establishing a minimum flow rate below which Weber Basin will not divert water from East Canyon Creek above East Canyon Reservoir; (3) establishing a minimum flow rate goal for East Canyon Creek that is protected as an instream flow right during critical times of the year; (4) Weber Basin and Snyderville Basin District working together to assist the State Engineer in enforcing water rights in the Snyderville Basin area; and (5) Weber Basin reviewing all existing contracts, settlement agreements and similar instruments that may impact stream flows (without, however, agreeing to be bound by any such agreements or instruments). After these items are fully studied by Weber Basin and Snyderville Basin District with input from the Utah Division of Water Quality and Utah Division of Wildlife Resources, and reasonable minimum stream flows in East Canyon Creek are agreed to by Weber Basin and Snyderville Basin District, Snyderville Basin District shall pay as a one-time fee the sum of One Hundred Seventy-Five Thousand Dollars (\$175,000) toward the Western Summit County Project, in addition to the payment required by Section 3.1(d) below.

2.9 Future Facilities. Using the Updated Excess Capacity Schedules, Updated Surplus Water Schedules and Updated Demand Schedules, Weber Basin shall determine in its sole discretion the need for future physical facilities, rights of way, permits and other requirements in order to supply water to the other Parties, and as needed and subject to such governmental approvals as shall be necessary to do so, shall design and construct such facilities (“**Future Facilities**”), which may include, without limitation, expansion of the East Canyon Water Treatment Plant, improvements to the Highway 40 System and/or Highway 224 System, Facilities to supplement stream flows in McLeod and East Canyon Creeks to other Facilities, and/or other Facilities determined by Weber Basin to be necessary in order to accommodate the delivery of water to the other Parties and to wholesale customers in the Snyderville Basin. Weber Basin shall evaluate the various alternatives based on factors that shall include, without limitation, the cost-effectiveness of such alternatives, and shall design and construct such Future Facilities, and at such time, as Weber Basin determines in its sole discretion will provide the greatest benefit to the Parties and their customers. In the event Weber Basin proposes an open-air storage facility in the Snyderville Basin on land which is owned by any other Party, such Party shall have the right to agree whether or not such storage facility may be located on that land. In the event such Party does so agree, such Party and Weber Basin shall work together to acquire all easements, rights of way and permits, handle all public relations issues, and satisfy all permitting and other requirements necessary to allow Weber Basin to construct such storage facility (all of which shall be done at Weber Basin’s cost and expense) within the time limits set by Weber Basin to facilitate Weber Basin’s engineering and construction schedule. In the event such Party does not so agree, Weber Basin shall choose one or more other alternatives, and the Parties acknowledge that the alternative chosen by Weber Basin may not be the most cost-effective alternative and the costs thereof will nevertheless be subject to recoupment to Weber Basin as provided herein. In all events, Park City Water, Mountain Regional and Summit Water each agrees to grant to Weber Basin such easements on, through or under property owned by those entities as Weber Basin determines to be necessary to allow it to construct such Future Facilities, and to sell to Weber Basin for the fair market value thereof any other property that

Weber Basin determines to be necessary in order to construct and operate the Western Summit County Project. The granting of any such easements shall be free of charge to Weber Basin except to the extent of any costs incurred by any Party in connection therewith, which costs shall be included in and repaid as a part of Weber Basin's Capital Costs as provided in Section 3.5(b)(2) below. The Parties shall share in any increased capacity resulting from improvements to the Highway 40 System and/or the Highway 224 System based on their respective contributions toward the cost of such improvements. All pipelines shall be underground to the extent possible.

2.10 Exclusive Control of Raw Water. It is the Parties' intent, and each Party hereby agrees, that Weber Basin shall have sole and exclusive control of all of the Parties' Raw Water in order to allow Weber Basin to operate the Western Summit County Project as it deems appropriate. The provisions of this Section 2.10 shall not apply to Raw Water subject to existing Raw Water contracts of the Parties as of the effective date hereof, nor shall it apply to Raw Water subject to the Settlement Agreement (provided, however, that such existing contracts and the Settlement Agreement may not be amended after the effective date hereof in a manner inconsistent with this Section 2.10), nor shall it apply to Park City Water's Spiro Tunnel or Judge Tunnel water after having been treated to Finished Water standards and returned to a natural stream in order to comply with requirements imposed by the United States Environmental Protection Agency and/or the Utah Division of Environmental Quality.

ARTICLE III REGIONALIZATION FEES, WATER SALES CONTRACTS

3.1 Regionalization Fees. On or before January 1 of each and every year, commencing with the year 2020 through and including the year 2039:

(a) Park City Water agrees to pay to Weber Basin the sum of Two Hundred Thousand Dollars (\$200,000);

(b) Mountain Regional agrees to pay to Weber Basin the sum of Two Hundred Thousand Dollars (\$200,000);

(c) Summit Water agrees to pay to Weber Basin the sum of Five Hundred Thousand Dollars (\$500,000); and

(d) Snyderville Basin District agrees to pay to Weber Basin the sum of Fifty Thousand Dollars (\$50,000)

(the "**Regionalization Fees**").

3.2 Right to Capacity. Park City Water, Mountain Regional and Summit Water shall have the right to share in the existing capacity in the East Canyon Water Treatment Plant as of the Closing Date and in Weber Basin's capacity in the Highway 40 System as of the Closing Date up to the proportions set forth on Exhibit J. Until said capacity of Park City Water, Mountain Regional and/or Summit Water in the East Canyon Water Treatment Plant is fully contracted for pursuant to water sales contract(s) pursuant to Section 3.4(a) below, Weber Basin

may use any portion of said Parties' unused capacity in the East Canyon Water Treatment Plant for the benefit of any other Party.

3.3 Operation of Highway 40 System and Highway 224 System. Following the Closing, Summit Water shall operate, maintain, repair and replace the Highway 40 System at its sole cost and expense, and Weber Basin shall collect from the Parties to this Agreement and shall reimburse Summit Water for Summit Water's reasonable actual out-of-pocket expenses for the use of that portion of the Highway 40 System actually utilized by Weber Basin in transporting water to the Parties, in an amount proportionate to the quantity of such water actually transported by Weber Basin to the Parties (the "**Highway 40 System OM&R Expenses**"). In the event Weber Basin acquires capacity in the Highway 224 System as provided in the Purchase Agreement, Summit Water shall operate, maintain, repair and replace the Highway 224 System at its sole cost and expense, and Weber Basin shall collect from the Parties to this Agreement and shall reimburse Summit Water for Summit Water's reasonable actual out-of-pocket expenses for the use of that portion of the Highway 224 System actually utilized by Weber Basin in transporting water to the Parties, in an amount proportionate to the quantity of such water actually transported by Weber Basin to the Parties (the "**Highway 224 System OM&R Expenses**"). Summit Water shall account for and maintain accurate records of the Highway 40 System OM&R Expenses and Highway 224 OM&R Expenses, which records shall be available for inspection by Weber Basin at any reasonable time during normal business hours, and shall notify Weber Basin of the amount of the Highway 40 System OM&R Expenses and the Highway 224 OM&R Expenses from time to time. Weber Basin shall pay the same within sixty (60) days after receiving such notification.

3.4 Reimbursement of Expenses.

(a) Commencing with the Closing Date, Park City Water, Mountain Regional and Summit Water shall each reimburse to Weber Basin an amount equal to Weber Basin's OM&R Expenses relating to the East Canyon Water Treatment Plant multiplied by the percentage set forth opposite its name on Exhibit J. At such time as the East Canyon Water Treatment Plant begins to operate and any one or more of said Parties shall have entered into a water sales contract with Weber Basin for the use of water from the East Canyon Water Treatment Plant, the Parties' reimbursement obligations under this Section 3.4(a) shall terminate and all of Weber Basin's OM&R Expenses relating to the East Canyon Water Treatment Plant shall instead be paid pursuant to the terms of said water sales contract(s).

(b) Commencing with the Closing Date, Park City Water, Mountain Regional and Summit Water shall each reimburse Weber Basin for the amount of Highway 40 System OM&R Expenses paid by Weber Basin to Summit Water as provided in Section 3.3 above. In the event Weber Basin acquires capacity in the Highway 224 System as provided in the Purchase Agreement, Park City Water, Mountain Regional and Summit Water shall each reimburse Weber Basin for the amount of Highway 224 System OM&R Expenses paid by Weber Basin to Summit Water as provided in Section 3.3 above.

(c) As set forth in Recital L, Weber Basin intends to enter into a contract with D&W for the purchase of Five Thousand (5,000) acre-feet per year of water stored in East Canyon Reservoir, which Weber Basin intends to use in the Snyderville Basin to the extent

necessary to accomplish the purposes of this Agreement. Commencing on January 1, 2020, and continuing thereafter, Park City Water, Mountain Regional and Summit Water shall each reimburse to Weber Basin an amount equal to all reservation fees, charges and assessments payable by Weber Basin to D&W under the New D&W Contract (as adjusted by any price index or deflator set forth in the New D&W Contract) multiplied by the percentage set forth opposite its name on Exhibit J. At such time as any such Party enters into a water sales contract with Weber Basin for the use of water available to Weber Basin under the New D&W Contract (“**D&W Water**”), such Party’s reimbursement obligation under this Section 3.4(c) shall be reduced to the same extent that said fees, charges and assessments paid by Weber Basin to D&W are reduced, and all charges for the D&W Water which is the subject of each such water sales contract shall instead be paid pursuant to the terms of such water sales contract. If, at any time after Closing, Park City Water, Mountain Regional and/or Summit Water (a “**Relinquishing Party**”) shall desire to relinquish any future interest in the D&W Water (“**Relinquished D&W Water**”), such Relinquishing Party shall notify Weber Basin of such relinquishment and no longer be obligated to reimburse Weber Basin for said reservation fees, charges and assessments as provided in this Section 3.4(c). Upon receipt of such notice, Weber Basin shall notify the other two Parties of such relinquishment, each of which (a “**Non-Relinquishing Party**”) shall have the right to a percentage of the Relinquished D&W Water, in the same proportion as its then share in the D&W Water (as set forth on Exhibit J, or as modified pursuant to this Section 3.4(c)) bears to the total of the then shares of both Non-Relinquishing Parties (as set forth on said Exhibit J, so modified) (the “**Reallocated Percentage**”), by paying to Weber Basin all future reservation fees, charges and assessments (as adjusted) relating to the Relinquished D&W Water multiplied by the Reallocated Percentage and reimbursing the Relinquishing Party for all reservation fees, charges and assessments theretofore paid by the Relinquishing Party to Weber Basin multiplied by the Reallocated Percentage. If either Non-Relinquishing Party elects not to receive its share of the Relinquished D&W Water, Weber Basin may thereafter use such share of the Relinquished D&W Water in any manner or place that Weber Basin sees fit. Further, any D&W Water that has not been contracted for pursuant to a water sales contract with Weber Basin on or before December 31, 2043, may thereafter be used by Weber Basin in any manner or place that Weber Basin sees fit.

(d) Each Party shall pay to Weber Basin the reimbursements required by this Section 3.4 within thirty (30) days after receiving Weber Basin’s invoice therefor.

3.5 Water Sales Contracts. Park City Water, Mountain Regional and Summit Water shall each enter into a water sales contract with Weber Basin at Closing if any Demand is shown on such Party’s schedule set forth in Exhibit D or at such later time as any Demand is shown on its Updated Demand Schedule. Such water sales contracts shall, *inter alia*:

(a) provide that Weber Basin shall provide Raw Water and Finished Water to the Parties so as to satisfy their respective Updated Demand Schedules;

(b) until Weber Basin determines that it is necessary to construct Future Facilities as provided in Section 2.9, provide for the credits and charges for Surplus Water required by Section 2.4 above, and for payment of a reasonable administrative fee to Weber Basin for its services in wheeling such Surplus Water to said Parties;

(c) at such time as Weber Basin determines that it is necessary to construct Future Facilities as provided in Section 2.9, provide for:

(1) such Party's purchase from Weber Basin of the use of the amount of Raw Water and Finished Water set forth on such Party's most recent Updated Demand Schedule submitted to Weber Basin pursuant to Section 2.1 above for the five (5) year period beginning on January 1 of the next year (without regard to whether or not such Party actually takes or uses such water) at Weber Basin's then applicable rates, and require that, on or before January 1 of each year after the first year of such water sales contract, that such Party shall update its water sales contract to provide for the purchase from Weber Basin of the use of the amount of water set forth on its Updated Demand Schedule for the five (5) year period beginning on January 1 of such year (without regard to whether or not such Party actually takes or uses such water) at Weber Basin's then applicable rates;

(2) the recoupment by Weber Basin of all actual costs and expenses incurred by Weber Basin in the acquisition, development and construction of all Future Facilities, including, but not limited to, legal costs, easement acquisition costs, environmental costs, engineering and design costs, construction costs, temporary financing, debt service costs (including interest), trustee and rating agency fees and other costs of issuance (and including, without limitation, all such costs and expenses incurred by Weber Basin prior to the Closing Date and those incurred on or after the Closing Date and prior to the effective date of said water sales contracts and any updates thereto, other than interest that accrues on any indebtedness prior to January 1, 2020) (collectively, "**Weber Basin's Capital Costs**"), pursuant to rates set forth in said water sales contracts, as adjusted by Weber Basin's Board of Trustees from time to time, from the Closing Date and amortized over a period ending not later than the date on which Weber Basin's financing for the Western Summit County Project shall be paid in full; and

(3) payment of all of Weber Basin's OM&R Expenses relating to the Western Summit County Project pursuant to rates as determined by Weber Basin's board of trustees from time to time;

(d) include in the payments due to Weber Basin any payment required to be made by Weber Basin to D&W for water which is converted for delivery and use pursuant to the New D&W Contract;

(e) provide that if the amount of water set forth on a Party's Updated Demand Schedule for any particular year within the five (5) year period following the date such Updated Demand Schedule is submitted to Weber Basin is less than the amount of water set forth for that year on such Party's Demand schedule attached hereto as Exhibit D or any prior Updated Demand Schedule submitted by such Party to Weber Basin, as the case may be, the higher amount of water shall be wheeled or purchased;

(f) specify metered points of delivery of the subject water;

(g) require that all water subject to such water sales contracts to be used only in the Weber River basin; and

(h) to the extent required, be subject to the approval of the United States Bureau of Reclamation.

The Parties specifically understand and agree that they are bound by and committed to the projections set forth in the Excess Capacity projections (for both Raw Water and Finished Water), Surplus Water projections (for both Raw Water and Finished Water, and including the point of delivery of the same and the dollar amount per acre-foot that they will charge for each), and Demand projections (for both Raw Water and Finished Water, including annual volumes and peak day demands, capacity needs to receive such water and the desired point of delivery of the same) as set forth in their respective Updated Excess Capacity Schedules, Updated Surplus Water Schedules and Updated Demand Schedules for the first five (5) years of each such schedule; provided, however, that Weber Basin's obligation to deliver water set forth on any such Demand schedule shall be limited to water that it then has available for any year prior to January 1, 2018, and shall not begin until execution of, and shall be subject to the terms of, the water sales contracts required by this Section 3.5.

ARTICLE IV CLOSING

4.1 Time and Place of Closing. The closing of the transactions described herein (the "**Closing**") shall take place on the second business day following the fulfillment or waiver of all conditions to Closing at the offices of Weber Basin's counsel or at such other place and time as the parties hereto may agree. The Closing shall be effective as of 11:59 pm on the date of Closing (the "**Closing Date**").

ARTICLE V REPRESENTATIONS AND WARRANTIES OF PARK CITY WATER, MOUNTAIN REGIONAL, SUMMIT WATER AND SNYDERVILLE BASIN DISTRICT

Park City Water, Mountain Regional, Trilogy, Saunders, Summit Water and Snyderville Basin District (each a "Warranting Party") hereby represents and warrants, to and for the benefit of Weber Basin and the other Parties, as of the date of execution of this Agreement and as of the Closing Date, as follows:

5.1 Organization and Qualification. The Warranting Party is duly organized, validly existing and in good standing under the laws of the State of Utah, with full corporate power and authority to conduct its operations and business as they are now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all of its obligations under all contracts. Copies of each Warranting Party's Formation Documents have been delivered to the other Parties and are true, complete and correct.

5.2 Authority; No Violation. The Warranting Party has all requisite power and authority to enter into this Agreement and the other Transaction Documents to which the Warranting Party is a party and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the other Transaction Documents to which the Warranting Party is a party have been duly and validly authorized and

approved by all necessary corporate and shareholder action. The Warranting Party has no rights to acquire shares or an ownership interest in any other Party. This Agreement and each other Transaction Document to which the Warranting Party is a party constitutes the Warranting Party's legal and binding obligation, enforceable against it in accordance with the terms hereof and thereof. The execution, delivery and performance of this Agreement and the other Transaction Documents will not (a) violate the provisions of any applicable federal, state, local or foreign Laws, (b) violate any provisions of the Warranting Party's Formation Documents, or (c) violate any provision of, or result (with or without the giving of notice or the lapse of time or both) in a default or acceleration of any obligation under any Lien, agreement (other than with respect to provisions relating to the assignment thereof to Weber Basin), instrument, indenture, order, arbitration award, judgment, or decree to which the Warranting Party is a party or by which it is bound, or to which any of its property is subject.

5.3 Disclosures; Accuracy of Information. The Warranting Party has provided to Weber Basin all engineering data and studies, zoning information, marketing studies, water studies, water rights information, sewer studies, surveys, topographic and other maps, leases, contracts, easements, rights of way, water supply contracts, utility information, Permits, licenses, governmental approvals, soils reports and environmental assessments, reports and audits, and other material documents and information affecting or relating to the Warranting Party's Facilities, operations and business to the extent applicable to the Western Summit County Project ("**Disclosures**"). All Disclosures are correct, complete, consistent with the internal books and records of the Warranting Party, and accurately reflect in all material respects and in reasonable detail the Warranting Party's assets, liabilities, operations and business to the extent applicable to the Western Summit County Project and the viability thereof.

5.4 Absence of Certain Changes. Except as otherwise disclosed in Schedule 5.4, during the five (5) year period prior to the Closing Date, there has not been:

(a) any material change in the business, operations, assets, liabilities, prospects or condition (financial or otherwise) of the Warranting Party's operations or business that, by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, has been or is reasonably likely to be adverse to the Warranting Party's operations or business;

(b) any Lien placed on any of the Warranting Party's assets which remains in existence on the date hereof;

(c) any material liabilities incurred with respect to the Warranting Party's operations or business other than in the ordinary course of business consistent with past practice;

(d) any sale, lease, assignment, transfer or other disposition (or agreement therefor), of any part of the Warranting Party's assets, other than sales in the ordinary course of business;

(e) any damage, destruction or loss, whether or not covered by insurance, adversely affecting the Warranting Party's operations or business;

(f) only as it relates to Summit Water, any labor trouble or claim of unfair labor practices in connection with the Warranting Party's operations or business; any change in the employment contracts of or compensation payable or to become payable to any of the Warranting Party's officers, directors, trustees, employees, consultants or agents, or any bonus payment or arrangement made to or with any of such officers, directors, trustees, employees, consultants or agents; any payment, bonus or other distribution to the Warranting Party's employees, consultants or agents; or any change in coverage or benefits available under any Benefit Plan or Fringe Benefit;

(g) only as it relates to Summit Water, any change with respect to the Warranting Party's management or supervisory personnel;

(h) any contract, license, lease or agreement entered into by the Warranting Party other than in the ordinary course of business consistent with past practice or which obligates the Warranting Party for more than \$10,000 in any one case;

(i) any cancellation, waiver, compromise or release of any right or claim with respect to the Warranting Party's operations or business either involving more than \$10,000 or other than in the ordinary course of business consistent with prior practices;

(j) any cancellation, termination, modification, or acceleration by any party of or to any contract, license, lease or agreement to which the Warranting Party is a party or by which it is bound, adversely affecting its operations, business or assets;

(k) any change in the accounting methodologies or practices with respect to the Warranting Party's operations or business;

(l) any change in the time or manner of payment of the accounts payable of the Warranting Party's operations or business;

(m) any revaluation of any of the Warranting Party's assets;

(n) any Material Adverse Effect or any event or circumstance that could reasonably be expected to result in a Material Adverse Effect.

5.5 Title to Facilities. The Warranting Party has good and marketable title to, or a valid leasehold interest in, all of its Facilities, free and clear of all Liens other than as disclosed on Schedule 5.5.

5.6 Facilities. Except as disclosed on Schedule 5.6, the Warranting Party has received no notice: (i) of any violation of law, municipal or county ordinances or other legal requirements with respect to all or any part of the Warranting Party's Facilities or with respect to the use, occupancy or construction thereof; (ii) of any pending or threatened termination or impairment of access to all or any part of the Warranting Party's Facilities or discontinuation of necessary sewer, water, electrical, gas, telephone or other utilities or services; (iii) that either the whole or any portion of the Warranting Party's Facilities is to be condemned, requisitioned or otherwise taken by any public authority; (iv) of violation of restrictive covenants, deed restrictions or governmental requirements on all or any part of the Warranting Party Facilities

which have not been remedied; (v) of any violation of any zoning or similar land use law or restriction, or of any proceedings which would cause the change, redefinition or other modification of the zoning classification; or (vi) of any proceedings to widen or realign any street or highway adjacent to any of the Warranting Party's Facilities.

5.7 Sufficiency and Condition of Assets. Except as set forth on Schedule 5.7 hereto, all of the Warranting Party's Facilities are in good working condition and order (ordinary wear and tear excepted), are free from any material defect and have been maintained in all material respects in accordance with the past practice of its operations and business and generally accepted industry practice, and no material repairs, replacements or regularly scheduled maintenance relating to any such item has been deferred. Except as set forth in Schedule 5.7 hereto, the Warranting Party owns all real, personal, tangible and intangible property and assets necessary for the conduct of its operations and business as the same have been heretofore conducted and is proposed to be conducted, and all such property and assets which are being transferred or leased to or used by Weber Basin are in a condition to allow Weber Basin to conduct its operations and business as the same are currently conducted and are proposed to be conducted. There are no existing options, commitments, rights of first refusal or any other rights with, of or to any Person to acquire any of the assets, properties or rights included in any of the Warranting Party's Facilities.

5.8 Intellectual Property. All Intellectual Property Rights which are owned by or licensed to the Warranting Party and subject to the transactions contemplated hereby are listed on Schedule 5.8, which indicates with respect to each the nature of the Warranting Party's interest therein and the expiration date thereof or the date on which the Warranting Party's interest therein terminates. The Intellectual Property Rights consisting of patents or trademarks have been duly registered in, filed in or issued by the United States Patent and Trademark Office or the corresponding offices of other countries identified on Schedule 5.8, and have been properly maintained and renewed in accordance with all applicable Laws and regulations in the United States and each such country. Except as set forth on Schedule 5.8, use of the Intellectual Property Rights does not require the consent of any other Person and the same are freely transferable (except as otherwise provided by Law) and are owned exclusively by the Warranting Party, free and clear of any Liens. Except as set forth on Schedule 5.8, (a) no other Person has an interest or right or license to use, or the right to license any other Person to use, any of the Intellectual Property Rights, (b) there are no claims or demands of any other Person pertaining to the Intellectual Property Rights and no proceedings have been instituted, or are pending or, to the Warranting Party's knowledge, threatened, which challenge the Warranting Party's rights in respect thereof, (c) none of the Intellectual Property Rights is subject to any outstanding order, decree, ruling, charge, injunction, judgment or stipulation or, to the Warranting Party's knowledge, being infringed by another Person or is subject to any outstanding order, decree, ruling, charge, injunction, judgment or stipulation, and (d) no Claim has been made or is, to the Warranting Party's knowledge, threatened charging it with infringement of any adversely held Intellectual Property Rights.

5.9 Contracts. Except as set forth on Schedule 5.9, the Warranting Party is not a party to any contract, commitment, lease, license or other agreement with respect to any of the Acquired Assets or any Facilities or other assets to be used by Weber Basin pursuant to this

Agreement or in any way relating to the transactions contemplated hereby that are to be assumed by Weber Basin.

5.10 Customers, Subcontractors and Suppliers. The relationships of the Warranting Party with its customers, subcontractors and suppliers are good commercial working relationships and, except as set forth on Schedule 5.10, no key customers, subcontractors or suppliers have canceled or otherwise terminated, or threatened to cancel or otherwise terminate, its relationship with the Warranting Party or has during the last twelve (12) months materially decreased or threatened to decrease or limit materially, its services, supplies or materials to the Warranting Party or its usage of the services of the Warranting Party. The Warranting Party has no knowledge or reason to believe or expect that any of the customers, subcontractors or suppliers intends to cancel or otherwise adversely modify its relationship with the Warranting Party or to materially decrease or limit its services, supplies or materials to the Warranting Party or its referral or usage of the services of the Warranting Party, and the transactions contemplated by this Agreement will not, to the Warranting Party's knowledge, adversely affect the relationship of the Warranting Party's operations or business with any such parties or cause any such parties to cancel or otherwise adversely modify its relationship with Weber Basin (following Closing as successor to the Warranting Party) or to decrease materially or limit its services, supplies or materials to Weber Basin (following Closing as successor to the Warranting Party) or its usage of the services of Weber Basin (following Closing as successor to the Warranting Party).

5.11 Compliance with Laws.

(a) The Warranting Party has all material licenses, permits, franchises, orders, approvals, accreditations, written waivers and other authorizations as are necessary in order to enable it to own and conduct its operations and business as currently conducted ("**Necessary Permits**"), including without limitation all Necessary Permits identified on Schedule 5.11. The Warranting Party is and has been in compliance with the terms and conditions of all Necessary Permits.

(b) The Warranting Party has conducted and is conducting its operations and business in substantial compliance with all applicable federal, state, local or foreign Laws, statutes, ordinances, regulations, rules or orders or other requirements of any governmental regulatory or administrative agency or authority or court or other tribunal relating to them, including, but not limited to, Environmental Laws and any law, statute, ordinance, regulation, rule, order or requirement relating to securities, properties (real, personal, tangible or intangible), operations, business, products, advertising, sales or employment practices, immigration, terms and conditions of employment, wages and hours, safety, occupational safety, health or welfare conditions relating to premises occupied, product safety and liability or civil rights (collectively, "**Laws**").

(c) Without in any way limiting the foregoing provisions of this Section 5.11, the Warranting Party and its operations and business are and have been in compliance in all material respects with any applicable record keeping and other requirements and regulations of any Governmental Entity.

5.12 Taxes. Except as reflected on Schedule 5.12:

(a) The Warranting Party has timely filed, after giving effect to any applicable extensions, all Tax Returns required to be filed by it, and all such Tax Returns were complete and correct at the time of filing and continue to be complete and correct. The Warranting Party has timely paid, after giving effect to any applicable extensions, all Taxes required to be paid by it with, or such Taxes have been paid on its behalf.

(b) No representative of any taxing authority is asserting in writing or orally any material Tax deficiency that has not been adequately reserved for, and no liens for Taxes exist (other than liens for Taxes not yet due or for Taxes being contested in good faith), with respect to any of the Facilities. All required Tax estimates, deposits, prepayments and similar reports or payments for current periods have been properly made.

(c) All material amounts that are required to be collected or withheld by the Warranting Party have been duly collected and withheld, and any such amounts that are required to have been remitted to any taxing authority have been duly remitted.

(d) The Warranting Party has not waived any statute of limitations in respect of Taxes or agreed to an extension of time with respect to a Tax assessment or deficiency.

5.13 Environmental Matters. Except as set forth on Schedule 5.13 hereto:

(a) The Warranting Party is not subject to any pending or, to the knowledge of the Warranting Party, threatened investigation, judicial or administrative proceeding, notice, order, judgment, decree or settlement, alleging or addressing in connection with its operations or business, its Facilities or any previously owned, leased or operated properties concerning (i) any violation of any Environmental Law, (ii) any Remedial Action, (iii) any claims or liabilities and costs for personal injury or threatened personal injury, or injury or threatened injury to property or natural resources or (iv) any Environmental Liabilities and Costs;

(b) The Warranting Party currently complies, and has complied, with all applicable Environmental Laws and are not subject to any Environmental Liabilities or Costs;

(c) There have been no Releases of any Contaminants at, to, or from the Warranting Party's Facilities or any current or previously owned, leased or operated properties;

(d) The Warranting Party has no contingent liability in connection with any Release or threatened Release; and

(e) The Warranting Party has reported any violation of Environmental Laws in accordance with applicable requirements.

5.14 Litigation. Except as disclosed on Schedule 5.14, (a) there is no Claim pending or to the Warranting Party's knowledge threatened against the Warranting Party (nor to the Warranting Party's knowledge any facts that are likely to lead to such a Claim), affecting or in any way relating to its operations or business, or its Facilities at law or in equity, before any federal, state, local or foreign court or any other governmental or administrative agency or

tribunal or any arbitrator or arbitration panel, and (b) there are no judgments, orders, rulings, charges, decrees, injunctions, notices of violation or other mandates against, affecting or in any way relating to its operations or business, or its Facilities. Nothing listed on Schedule 5.14, either individually or when aggregated with other listings on such Schedule, could reasonably be expected to have a Material Adverse Effect.

5.15 Enforceability. This Agreement has been duly executed and delivered by the Warranting Party. The provisions of this Agreement and the other Transaction Documents are, or when executed by the Warranting Party will be, valid and binding obligations of the Warranting Party enforceable against the Warranting Party in accordance with their respective terms, subject only to the effect now or hereafter, if any, of (a) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and (b) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

5.16 Consents. No consent, approval or authorization by any Person is required of the Warranting Party in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

5.17 Brokers. Neither the Warranting Party nor anyone acting on its behalf, has engaged, retained, or incurred any liability to any broker, investment banker, finder or agent or has agreed to pay any brokerage fees, commissions, finder's fees or other fees with respect to this Agreement or the transactions contemplated hereby.

5.18 Insurance. Schedule 5.18 lists and describes all insurance policies maintained, owned, or held in connection with the Facilities up until the Closing Date.

5.19 Related Party Transactions. Except as disclosed on Schedule 5.19, the Warranting Party does not own any capital stock or other proprietary interest, directly or indirectly, in any other Person which conducts operations or a business constituting any portion or aspect of the transactions contemplated hereby or which is a supplier or a customer of any Party hereto.

5.20 Books and Records. The Warranting Party has maintained adequate business records for its Facilities, and to the knowledge of the Warranting Party, there are no material deficiencies in such business records.

5.21 Disclosure of Material Information. Neither this Agreement (including the Schedules and Exhibits hereto) nor any other of the Transaction Documents contains, with respect to the Warranting Party or its Facilities, operations or business, any untrue statement of material information or omits to state material information necessary to make the statements therein not misleading. The Warranting Party has no information which has or would reasonably be expected in the future to result in a Material Adverse Effect and which has not been set forth in this Agreement.

5.22 Approval of Summit Water Board of Directors and Shareholders by Class. With respect to Summit Water, Trilogy and Saunders as Warranting Parties, all members of Summit Water's board of directors, a majority of Summit Water's Class A shareholders and a majority of

Summit Water's Class B shareholders have approved the execution, delivery and performance by Summit Water of the transactions contemplated hereby.

5.23 Financial Assurances. The Warranting Party's financial statements fairly present the financial condition of such Warranting Party at the dates of said statements and the results of its operations for the periods covered thereby and are prepared in accordance with generally accepted accounting principles and practices consistently applied and consistent with the books and records of such Warranting Party. Based upon said financial statements, each Warranting Party has the financial resources to fully perform its obligations under this Agreement.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF WEBER BASIN

Weber Basin hereby represents and warrants, to and for the benefit of the other Parties, as follows:

6.1 Organization and Qualification. Weber Basin is duly organized, validly existing and in good standing under the laws of the State of Utah, with full corporate power and authority to conduct its operations and business as they are now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all of its obligations under all contracts. Copies of Weber Basin's Formation Documents have been delivered to the other Parties and are true, complete and correct.

6.2 Authority; No Violation. Weber Basin has all requisite power and authority to enter into this Agreement and the other Transaction Documents to which it is a party and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the other Transaction Documents to which Weber Basin is a party have been duly and validly authorized and approved by all necessary action. This Agreement and each Transaction Document to which Weber Basin is a party constitutes Weber Basin's legal and binding obligation, enforceable against it in accordance with the terms hereof and thereof. The execution, delivery and performance of this Agreement and the other Transaction Documents to which Weber Basin is a party will not (a) violate the provisions of any applicable federal, state, local or foreign Laws, (b) violate any provisions of Weber Basin's Formation Documents, or (c) violate any provision of, or result (with or without the giving of notice or the lapse of time or both) in a default or acceleration of any obligation under any Lien, agreement, instrument, indenture, order, arbitration award, judgment, or decree to which Weber Basin is a party or by which it is bound, or to which any of its property is subject.

6.3 Enforceability. This Agreement has been duly executed and delivered by Weber Basin. The provisions of this Agreement and the other Transaction Documents are, or when executed by Weber Basin will be, valid and binding obligations of Weber Basin enforceable against Weber Basin in accordance with their respective terms, subject only to the effect now or hereafter, if any, of (a) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and (b) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

6.4 Consents. No consent, approval or authorization by any Person is required of Weber Basin in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

6.5 Brokers. Neither Weber Basin nor anyone acting on its behalf, has engaged, retained, or incurred any liability to any broker, investment banker, finder or agent or has agreed to pay any brokerage fees, commissions, finder's fees or other fees with respect to this Agreement or the transactions contemplated hereby.

6.6 Financial Assurances. Weber Basin's financial statements fairly present the financial condition of Weber Basin at the dates of said statements and the results of its operations for the periods covered thereby and are prepared in accordance with generally accepted accounting principles and practices consistently applied and consistent with the books and records of Weber Basin. Based upon said financial statements, Weber Basin has the financial resources to fully perform its obligations under this Agreement.

ARTICLE VII COVENANTS

7.1 Access to Information. Following the execution of this Agreement and throughout the period prior to Closing, and subject to the confidentiality provisions herein, each Party shall provide each other Party (a "**Requesting Party**"), and their respective representatives with reasonable access to its Facilities, employees, properties, assets, books, contracts, commitments and records relating to the transactions contemplated hereby, during reasonable business hours, as the Requesting Party may from time to time reasonably request. From and after the Closing Date, Park City Water, Mountain Regional, Summit Water and Snyderville Basin District shall make available to Weber Basin and its representatives with reasonable access to its Facilities, employees, properties, assets, books, contracts, commitments and records, and any personnel whose assistance or participation is reasonably required by Weber Basin in anticipation of, or preparation for, any existing or future third party actions, Tax or other matters, relating to the transactions contemplated hereby, during reasonable business hours, as Weber Basin may from time to time reasonably request. Each Party hereby authorizes Weber Basin to provide to each of the other Parties from time to time each and all of the Updated Excess Capacity Schedules, Updated Surplus Water Schedules and Updated Demand Schedules submitted by the Parties pursuant to this Agreement.

7.2 Conduct of Business. From and after the date of this Agreement and continuing after the Closing Date, each Party agrees to: (a) conduct its operations and business only in the ordinary course and in substantially the same manner as heretofore; (b) maintain and keep its Facilities in good condition and repair, working order and condition (except for ordinary wear and tear) and in all material respects in accordance with the past practice of its operations and business and generally accepted industry practice; (c) keep in full force and effect, to the extent commercially reasonable, insurance comparable in amount and scope of coverage to that now maintained; (d) perform in all material respects all of its obligations under all material contracts; (e) use reasonable efforts consistent with its normal business practices to maintain and preserve its form of organization, retain its present employees and maintain its relationships with customers and suppliers; (f) maintain its books of account and records in the usual and regular

manner; (g) comply in all material respects with all laws and regulations applicable to it and to the conduct of its operations and business; (h) not repurchase or redeem any shares of its capital stock without the prior written consent of the other Parties, unless such action will not adversely affect its ability to conduct its operations and business; and (i) use reasonable efforts to maintain and protect its material Intellectual Property Rights.

7.3 Transfer of Permits. Weber Basin shall be primarily responsible for filing and obtaining all Permits attributable to the change of ownership, lease and operation of the Facilities. Weber Basin agrees to use commercially reasonable efforts to obtain such Permits in an expeditious manner, and each other Party agrees to fully cooperate with Weber Basin, at their own expense, in Weber Basin's efforts to obtain and/or assign all Permits to Weber Basin.

7.4 Retained Liabilities. Regardless of any disclosure to any other Party or its Affiliates or agents, no Party shall assume any liability, obligation or commitment of any other Party not specifically set forth herein (its "**Retained Liabilities**"). Rather, each Party agrees, from and after the date hereof and continuing after the Closing Date, to pay, perform and fully satisfy and discharge all of its Retained Liabilities as they come due unless the same are subject to a good faith dispute; provided, however, each Party shall take all required steps and post such bonds required by any Governmental Entity or third party or other security so that each other Party shall not be adversely affected in connection with any such dispute. Without limiting the generality of the foregoing, Retained Liabilities shall include the following:

- (a) any and all Environmental Liabilities and Costs;
- (b) any and all liabilities for any Taxes;
- (c) any and all liabilities, obligations and commitments in respect of Business Employees, Benefit Plans, Welfare Plans or Fringe Benefits relating to periods prior to the Closing;
- (d) any and all Indebtedness to a Party's directors, officers or stockholders or to any of its Affiliates;
- (e) any and all liabilities, obligations and commitments arising from any breach of any contract that occurred prior to the Closing Date;
- (f) any and all Indebtedness;
- (g) any and all liabilities and obligations of a Party (or its agents) resulting from any liability claims or violations of applicable law;
- (h) any and all liabilities and obligations of a Party under any verbal or written contract with any of its customers, vendors, suppliers, licensors and other third parties for goods and services; and
- (i) any pending litigation matter.

7.5 Confidentiality. Subject to the Utah Government Records Access and Management Act, each Party shall hold in confidence, and shall cause its counsel, independent certified public accountants, appraisers and investment bankers to hold in confidence, any confidential data or information made available to it by each other Party in connection with this Agreement using the same standard of care to protect such confidential data or information as is used to protect its own confidential information. In addition to obligations under any confidentiality agreement between the Parties, if the transactions contemplated by this Agreement are not consummated, each Party agrees to return or cause to be returned to each other Party all written materials and all copies thereof that were supplied to them by such other Party and that contain any such confidential data or information.

7.6 Liability for Transfer Taxes. All sales, use, value added, documentary, stamp, gross receipts, registration, transfer, conveyance, excise, recording, income and other similar Taxes and fees ("**Transfer Taxes**"), arising out of or in connection with or attributable to the transactions effected pursuant to this Agreement shall be borne by the transferring Party.

7.7 Subrogation. In the event Weber Basin shall become liable for or suffer any Losses with respect to any matter which was covered by insurance maintained by any other Party on or prior to the Closing Date, such other Party agrees that Weber Basin shall be and hereby is, to the extent permitted under such policies and to the extent consistent with Article XI hereof, subrogated to any rights of such other Party under such insurance coverage, and, in addition, each such other Party agrees to promptly remit to Weber Basin any insurance proceeds which it may receive on account of any such liability or damage.

7.8 Taxes. Summit County shall release its lien on the Acquired Assets for unpaid property taxes, which is being contested by Summit Water before the Utah State Tax Commission (the "**Tax Case**"). In exchange for the release of said lien, Summit Water, Trilogy and Saunders hereby authorize Weber Basin to withhold from the purchase price for the Acquired Assets under the Purchase Agreement the sum of Eight Hundred Three Thousand Four Hundred Sixty and 56/100 Dollars (\$803,460.56) and place such sum in an independent escrow, which is both interest bearing and federally insured, providing that at the conclusion of the Tax Case, following the exhaustion of all appeals or appeal periods, the funds from said escrow shall be disbursed in accordance with the decision of the Utah State Tax Commission or the court, as the case may be. All other obligations for personal property and real property Taxes related to the Acquired Assets for all periods prior to the applicable Closing shall be paid as and when due by Summit Water.

7.9 Further Assurances. Summit Water, from time to time after the Closing, at Weber Basin's reasonable request, shall execute, acknowledge and deliver to Weber Basin such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Weber Basin may reasonably require in order to vest title more effectively in Weber Basin, or to put Weber Basin more fully in possession of, the Acquired Assets.

7.10 Consents and Lien Releases. Summit Water shall at its expense obtain and provide to Weber Basin on or before the Closing Date any and all consents and approvals

required for the transfer and assignment to Weber Basin of the Acquired Assets, and evidence satisfactory to Weber Basin of the release of any and all Liens on the Acquired Assets.

7.11 Summit Water Employees.

(a) Weber Basin may or may not offer employment to one or more of Summit Water's present employees ("**Business Employees**") as of the Closing. If Weber Basin does offer employment to any such Business Employees, Summit Water agrees to use its best efforts to encourage such employees to continue employment with Weber Basin following such Closing and shall provide to Weber Basin such representations and warranties as Weber Basin shall require relating to audits, claims, complaints, investigations, legal actions and other proceedings involving such employees and any applicable Welfare Plans, Benefit Plans or Fringe Benefits, multiemployer plans, funding liabilities, COBRA liability, prohibited transactions, collective bargaining agreements and other applicable employee matters. Any Business Employees to whom Weber Basin does offer employment and who accept employment by Weber Basin ("**Acquired Employees**") shall cease to be employees of Summit Water and shall be deemed to be employees of Weber Basin effective as of such Closing. Nothing in this Agreement or in any other Transaction Document shall constitute a contract of employment for any Business Employee or Acquired Employee, and Weber Basin reserves the right to set terms and conditions of employment for all Acquired Employees on and after Closing. Weber Basin shall not assume any obligations under any Employee Benefit Plan.

(b) Summit Water shall:

(1) prior to Closing, provide Weber Basin with copies of all personnel records relating to Summit Water's employees;

(2) retain responsibility for all Welfare Plans applicable to all Acquired Employees and shall maintain, by insurance or otherwise, (i) all life insurance, accidental death and dismemberment ("**AD&D**"), short term disability and supplemental unemployment expenses and benefits for each Acquired Employee in accordance with the terms of its plans with respect to claims incurred by each such Acquired Employee and/or his or her covered dependents on or before Closing, (ii) the long-term disability benefits of any Acquired Employee whose effective date of disability for long-term disability benefits under its plan occurs on or before Closing or who is, as of Closing, in a waiting period, elimination period, or initial duration period under its long term disability plan, and (iii) all hospital, medical, dental and other health benefit expenses incurred on or before Closing for each Acquired Employee and/or his covered dependents, all in accordance with the terms of the Welfare Plans (and for purposes of this Section, a claim is deemed incurred for life insurance or AD&D purposes when the death or dismemberment of the employee occurred and for purposes of short-term or long-term disability purposes upon the occurrence of the accident or disabling event; and expenses are deemed incurred with respect to hospital, medical, dental or other welfare benefit expenses when the services or products generating such expenses are performed or provided to the employee);

(3) give required notices under COBRA to all Acquired Employees (and their eligible dependents); and ensure that to the extent provided under applicable law, all

Acquired Employees (and their eligible dependents) are eligible for COBRA coverage under its existing medical, dental, and cafeteria plans;

(4) take all appropriate steps necessary to terminate the applicability of any Pension Plan relative to all Acquired Employees as of the Closing; provided that Summit Water shall make matching and all other employer contributions to the Pension Plan for the current plan year through Closing without regard to whether an Acquired Employee would normally have been required to complete a certain number of hours or to continue employment through the end of the plan year to receive such contributions; and ensure that, as required by Law, their respective Pension Plans shall fully vest all Acquired Employees' accounts and shall permit each Acquired Employee to elect a distribution or eligible rollover;

(5) retain liability for all unemployment compensation taxes on behalf of Acquired Employees accrued prior to Closing, and for unemployment compensation benefits relating to any and all Business Employees who do not become Acquired Employees; and

(6) resolve all pending grievances, employee complaints or outstanding citations or other pending claims, lawsuits or proceedings relative to Acquired Employees; and notify Weber Basin in advance of any such settlements and resolutions (with respect to which Weber Basin shall have the right to approve or withhold approval).

ARTICLE VIII CLOSING DELIVERIES

8.1 Closing Deliveries of All Parties. At the Closing, each Party shall deliver, or shall cause to have delivered, to the other Parties the following documents, all in form and content reasonably satisfactory to such other Parties:

(a) Corporate Documents.

(1) a duly executed Officer's Certificate certifying (i) the incumbency and genuineness of signature of all officers of such Party executing this Agreement or any other Transaction Document, (ii) the truth and correctness of corporate resolutions authorizing the entry by such Party into this Agreement and the transactions contemplated hereby, and (iii) the truth, correctness and completeness of their respective Formation Documents;

(2) a duly executed certificate of such Party certifying that the representations contained herein are true, accurate, complete and correct as of the Closing Date and that such Party has performed all of its obligations under this Agreement and any other Transaction Document;

(3) a certificate of good standing or legal existence of such Party as of a recent date.

(b) Consents and Approvals. All other consents, approvals and other documents to be obtained by such Party pursuant the terms of this Agreement.

(c) Counterparts. An executed counterpart of each agreement relating to the transactions contemplated hereby to which it is a party.

8.2 Additional Closing Deliveries of Summit Water. At the Closing Summit Water shall deliver to each of the other Parties, in form and content reasonably satisfactory to such other Parties:

(a) evidence that the execution, delivery and performance by Summit Water of this Agreement and the Purchase Agreement, and the transactions contemplated therein, have been approved, as of the Closing, by:

- (1) a majority of Summit Water's Class A shareholders;
- (2) a majority of Summit Water's Class B shareholders; and
- (3) all members of Summit Water's board of directors; and

(b) certification that copies of this Agreement and the Purchase Agreement were made available, through a website or otherwise, to Summit Water's shareholders in advance of the meeting approving the same, so as to allow its shareholders a reasonable opportunity to make an informed decision, and that Summit Water's shareholders were sent notice of where said agreements could be accessed in advance of said meeting.

8.3 Independent Escrow Agreement. At the Closing, Weber Basin, Summit Water, Summit County, and an independent escrow agent to be appointed by Weber Basin, shall enter into an appropriate form of escrow agreement to satisfy the provisions of Section 7.8 hereunder.

ARTICLE IX CONDITIONS TO CLOSING

9.1 Conditions to Obligation of Parties to Close. The obligation of each Party (a "**Closing Party**") to effect the transactions contemplated herein are subject to the satisfaction or waiver, at or before the Closing Date, of the following conditions:

(a) Representations and Warranties; Performance of Obligations. All of the representations and warranties of the other Parties contained in this Agreement shall be true, correct and complete on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of such date, and all of the terms, covenants, agreements and conditions of this Agreement to be complied with, performed or satisfied by the other Parties shall have been duly complied with, performed or satisfied on or before the time specified for performance.

(b) No Litigation. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or provision challenging any of the transactions contemplated hereby, or limiting or restricting any Party's conduct or operation of its operations or business as a result of the transactions contemplated hereby after the Closing shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other governmental authority

or instrumentality, domestic or foreign, seeking any of the foregoing be pending. There shall be no action, suit, claim or proceeding of any nature pending or threatened against any other Party or its Facilities or officers or directors that would reasonably be expected to have a Material Adverse Effect.

(c) Closing Deliveries. All items to be delivered by any other Party to the Closing Party at Closing pursuant to Article VIII shall have been delivered.

(d) Governmental Approvals. All approvals, consents and Necessary Permits from any Governmental Entity having jurisdiction necessary or advisable to consummate the transactions contemplated hereby, and the lawful use, occupancy and enjoyment by each Party of the Facilities as contemplated hereby shall have been obtained by the appropriate Party and shall be effective and no such approval, consent or Permit shall impose any condition or provision or requirement on the Closing Party which was not imposed on its predecessor Party by such body or agency or which is not otherwise imposed upon such predecessor Party under its Permits of a similar nature.

(e) Approval of Disclosures. All Disclosures shall have been approved by Weber Basin.

(f) Other Consents and Approvals. The consent or approval of all persons or entities (other than Governmental Entities) necessary for the consummation of the transactions contemplated herein, and each Party's use, occupancy and enjoyment of the Facilities as contemplated hereby, including all Permits needed to conduct the Parties' operations and business as it is currently being conducted, shall have been granted, and no such consent or approval (i) shall have been conditioned upon the modification, cancellation or termination of any lease, Contract, commitment, agreement, franchise, license, easement, right or other authorization to be assigned to the Closing Party by another Party at Closing, or (ii) shall impose on the Closing Party any condition or provision or requirement either that is not currently imposed on its predecessor Party or that is more restrictive than currently imposed on its predecessor Party.

(g) Disclosure Schedule. Each other Party shall have made such deliveries as are called for by this Agreement or from time to time reasonably requested by the Closing Party or its representatives. The Closing Party shall be fully satisfied in its sole discretion with the form and substance of all of the exhibits and schedules (including the Disclosure Schedule), whether delivered before or after the execution hereof.

(h) No Material Adverse Change. No event, occurrence, fact, condition, change, development or effect shall have occurred, exist or come to exist that, individually or in the aggregate, has constituted or resulted in, or would reasonably be expected to constitute or result in, a Material Adverse Effect on the Closing Party's operations or business.

(i) Related Party Agreements. The Closing Party shall have received sufficient evidence that any Contracts to which another Party or its Affiliates, officers or directors is a party, including but not limited to loans and employment arrangements

(collectively, “**Related Party Contracts**”), which the Closing Party requests another Party to terminate, have in fact been terminated.

(j) New D&W Contract. Weber Basin and D&W shall have executed the New D&W Contract upon terms satisfactory to Weber Basin.

(k) Closing of Purchase Agreement. Simultaneously with the Closing, Weber Basin’s purchase of the East Canyon Water Treatment Plant and the right to use up to Fifty Percent (50%) of the capacity of the Highway 40 System pursuant to the Purchase Agreement shall have closed.

ARTICLE X TERMINATION

10.1 Termination. This Agreement may be terminated as follows:

(a) The Parties may terminate this Agreement by mutual written consent of all Parties at any time prior to the Closing;

(b) Weber Basin may terminate this Agreement by giving written notice to the other Parties on or before the thirtieth (30th) day following the date of this Agreement if Weber Basin is not reasonably satisfied with the results of its continuing business, legal, and accounting due diligence regarding the transactions contemplated hereby; and

(c) Any Party (a “**Terminating Party**”) may terminate this Agreement by giving written notice to the other Parties at any time prior to the Closing (i) in the event another Party has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, the Terminating Party has notified the alleged breaching Party of the breach, and the breach has continued without cure for a period of thirty (30) days after the notice of breach, or (ii) if the Closing shall not have occurred within sixty (60) days after execution of this Agreement by all Parties, or such later Closing Date as provided in Section 4.1, by reason of the failure of any condition precedent under Article IX hereof (unless the failure results primarily from the Terminating Party’s breach of any representation, warranty, or covenant contained in this Agreement).

(d) This Agreement shall automatically terminate without notice upon termination of the Purchase Agreement.

10.2 Effect of Termination. In the event of such termination as provided above, this Agreement shall forthwith terminate and there shall be no liability on the part of any Party or their respective officers, directors, trustees, managers, employees or agents; provided, however, that all confidentiality arrangements among the Parties shall continue in full force and effect.

ARTICLE XI INDEMNIFICATION

11.1 Survival. No Party will be liable with respect to any claim for the breach or inaccuracy of any representation or warranty unless a Statement of Claim is delivered to the

Indemnifying Party prior to the expiration of the applicable statute of limitations (including any extensions thereto to the extent that such statute of limitations may be tolled) (the “**Survival Date**”). The Parties hereto agree that so long as written notice is given on or prior to the Survival Date with respect to any such claim, the representations and warranties with respect to such inaccuracy or breach shall continue to survive until such matter is resolved, and the Indemnifying Party shall be required to indemnify the Indemnified Parties for all Losses which they may incur in respect of the matters which are the subject of such claim, regardless of when incurred

11.2 Indemnification. Each Party (an “**Indemnifying Party**”) shall indemnify, defend and hold harmless each other Party and its officers, directors, trustees, employees, agents and Affiliates (the “**Indemnified Parties**”), regardless of any investigation made by an Indemnified Party or on its behalf, for, against, from and in respect of any and all Losses which may be sustained or suffered by any of them arising out of, resulting from or pertaining to:

- (a) any breach or inaccuracy of any representation or warranty made herein, or in any other Transaction Document, by the Indemnifying Party;
- (b) any failure of the Indemnifying Party to perform any covenant or agreement hereunder or fulfill any other obligation in respect hereof;
- (c) any and all Retained Liabilities, as well as any other liabilities arising from the operation of the Indemnifying Party’s Facilities prior to Closing; and
- (d) any and all Claims arising out of, resulting from or pertaining to any of the foregoing.

Except for breaches or inaccuracies of the representations or warranties made by a Party in Sections 5.5, 5.11, 5.12, 5.13, 5.14 and 7.8, no Party shall be required to indemnify another Party with respect to any Claim for indemnification pursuant to Section 11.2(a) unless and until the aggregate amount of all Losses incurred (or accrued) by the Indemnified Party(ies) exceeds \$10,000 (the “**Indemnification Trigger Amount**”), in which event the indemnification obligation of the Indemnifying Party shall apply to the aggregate amount of all Losses claimed for which the Indemnified Party(ies) are entitled to full extent of indemnification hereunder (including any and all Claims relating to Losses which individually or in the aggregate did not reach the Indemnification Trigger Amount).

11.3 Materiality. Although a representation, warranty or covenant of any of the parties to this Agreement may not be deemed breached, inaccurate or in default unless or until a certain standard as to “material,” “materiality” or Material Adverse Effect has been met, for purposes of calculating Losses in connection with this Article XI, Losses for a breach, inaccuracy or default of any such representation, warranty or covenant contained in this Agreement shall be measured without giving effect to any such standard. The disclosure of any fact, matter, occurrence, event or circumstance by a Party in any Schedule or other portion of this Agreement or another Transaction Document, shall not, in and of itself, be construed that such disclosure is material, or that the failure to disclose a similar fact, matter, occurrence, event or circumstance was an omission of a material fact, matter, occurrence, event or circumstance.

11.4 Additional Indemnification of Summit Water, Trilogy and Saunders. Summit Water, Trilogy and Saunders as Indemnifying Parties shall, jointly and severally, indemnify, defend and hold harmless each other Party and its officers, directors, trustees, employees, agents and Affiliates as Indemnified Parties, regardless of any investigation made by an Indemnified Party or on its behalf, for, against, from and in respect of any and all Losses which may be sustained or suffered by any of them arising out of, resulting from or pertaining to any Claim brought by any shareholder of Summit Water against any Indemnified Party relating to the Western Summit County Project under this Agreement.

11.5 Notice and Opportunity to Defend. Each Indemnified Party seeking indemnification under this Article XI shall promptly notify in writing the Indemnifying Party of any Claim as to which indemnity may be sought; provided, however, that the failure to provide prompt notice shall relieve the Indemnifying Party of its obligations hereunder only to the extent that such failure prejudices the Indemnifying Party hereunder. Each such written notice shall contain a description, in reasonable detail, of the facts, circumstances or events giving rise to the alleged Losses, including the identity of any third party claimant and copies of any formal demand or complaint, an estimate of the amount of Losses and the approximate date (or range of dates) the Losses were incurred, paid or otherwise sustained (the “**Statement of Claim**”). The Indemnified Party shall not be bound to such initial Statement of Claim or future notices and may amend such information as additional information becomes known or better understood. In the event that the Indemnifying Party gives the Indemnified Party written notice contesting all or any portion of any Claim (a “**Contested Claim**”) within twenty (20) days of receiving the Statement of Claim (or within twenty (20) days of receiving any amendment to any such Statement of Claim – but only as to such amended information), then such Contested Claim will be resolved by either (i) a written settlement agreement executed by both the Indemnified Party and the Indemnifying Party, or (ii) in the absence of such a written settlement agreement, by litigation in any court having competent jurisdiction. With respect to any Claim by a third party, the Indemnifying Party shall be entitled to participate in and, to the extent that it desires to do so, to assume the defense of such Claim, with counsel reasonably satisfactory to the Indemnified Party and, after notice from the Indemnifying Party to the Indemnified Party of such election to assume the defense thereof, the Indemnifying Party shall not be liable to the Indemnified Party for any attorneys’ fees or any other expenses subsequently incurred by the Indemnified Party in connection with the defense of such Claim. In any event, the Indemnified Party shall have the right to participate at its own expense in the defense of such Claim. In no event shall an Indemnifying Party be liable for any settlement or compromise effected without its prior consent and the Indemnifying Party, in the defense of any such Claim shall not, except with the prior consent of the Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term a release of the Indemnified Party from all liability in respect to such Claim by the claimant or plaintiff. Notwithstanding anything herein to the contrary, payment on a Contested Claim will not be due unless and until there is a written settlement agreement, or a final, nonappealable judgment for the Indemnified Party on the Indemnifying Party’s obligation to pay or to indemnify with respect to the Contested Claim, pursuant to this Section 11.4 above.

ARTICLE XII ADDITIONAL AGREEMENTS

12.1 Weber Basin Exclusive Wholesaler. The Parties intend and hereby agree that Weber Basin shall be the exclusive wholesaler of water in the Snyderville Basin area of Summit County as among the Parties. Accordingly, Park City Water, Mountain Regional, Summit Water and Snyderville Basin District each agrees that it shall not, directly or indirectly, as employer, employee, stockholder, director, partner, member, lender, agent, consultant, representative or in any other individual or representative capacity whatsoever, engage in the wholesaling of water, or contract with any other Party or any third party for the wholesaling of water in Summit County, Utah, at any time in the future. Wholesaling is defined as the selling of Raw Water and/or Finished Water, or the right to use the same, to an entity which intends to resell the same for retail consumption. It is the desire and intent of the Parties hereto that the provisions of this Section 12.1 shall be enforced to the fullest extent permissible under the laws and public policies applied in the State of Utah. The Parties hereto recognize and acknowledge that a breach by Park City Water, Mountain Regional, Summit Water or Snyderville Basin District of this Section 12.1 will cause irreparable and material loss and damages to Weber Basin as to which it will not have an adequate remedy at law or in damages. Accordingly, each Party acknowledges and agrees that the issuance of an injunction or other equitable remedy is an appropriate remedy by any court of competent jurisdiction for any such breach and submits to the jurisdiction of any such court of competent jurisdiction. Park City Water, Mountain Regional, Summit Water and Snyderville Basin District each acknowledge that the covenants set forth in this Section 12.1 are mandatory conditions precedent to the Closing of the transactions contemplated by this Agreement and to Weber Basin's performance of its obligations hereunder, and that, in the absence of said covenants, Weber Basin would not have entered into this Agreement nor consented to the Closing, and accordingly shall have the right to terminate this Agreement as to any future obligations of Weber Basin hereunder. Any such termination shall not, however, prejudice the ability of Weber Basin to recoup from the other Parties such amounts as Weber Basin may have theretofore expended in order to make Weber Basin whole. The provisions of this Section 12.1 shall not pertain to wholesale water contracts of the Parties existing as of the effective date of this Agreement, nor to the Settlement Agreement; provided, however, that such existing contracts and the Settlement Agreement may not be amended in a manner inconsistent with this Section 12.1.

12.2 Water Conservation Plan. Park City Water, Mountain Regional and Summit Water shall each, at a minimum, take the following actions to conserve and protect water: (i) prepare and maintain a current water conservation plan which shall meet the requirements of, and any standards set forth by, the Utah Division of Water Resources; (ii) enact a water conservation rate structure for water use throughout its retail system; (iii) adopt a resolution encouraging water use during evening and other off-peak hours; (iv) encourage the enactment of appropriate landscape ordinances; and (v) evaluate and promote the use of secondary irrigation systems and water conservation measures within its jurisdiction.

12.3 Water Rights.

(a) This Agreement governs the use of the Surplus Water of Park City Water, Mountain Regional and Summit Water as set forth in Section 2.3 hereof. Weber Basin may

determine in the future, in its sole discretion, that insufficient Surplus Water exists to satisfy the purposes of the Western Summit County Project, and at any time, provide for additional Raw Water or Finished Water to be imported into the Snyderville Basin from Weber Basin's water supplies, and Park City Water, Mountain Regional, Summit Water and Snyderville Basin District agree to support, and further to refrain from filing or supporting any protests to, any water rights applications filed with the Utah Division of Water Rights on which Weber Basin is a signatory for water used for the Western Summit County Project. All of the Parties hereto shall cooperate with each other in filing and prosecuting to approval any water rights applications filed with the Utah Division of Water Rights necessary to fulfill the purposes of this Agreement.

(b) From and after the Closing, Mountain Regional, Park City Water, Summit Water and Snyderville Basin District each agree not to protest any water exchange and/or change applications filed by any of the other Parties with the Utah Division of Water Rights or any other governmental entity which has regulatory authority over water rights in the State of Utah, whether related to the Western Summit County Project or otherwise.

12.4 Federal Funding. The Parties agree to cooperate in requesting federal funds for the Western Summit County Project. To the extent permitted, any such federal funding received shall be applied, first, to reduce or retire any debt financing for the acquisition of the East Canyon Water Treatment Plant (in which event the Regionalization Fees shall be accordingly reduced or eliminated), and then toward the other components of the Western Summit County Project as determined by Weber Basin in its sole discretion.

12.5 Concurrency Certificates. Weber Basin agrees to provide to each other Party an annual (or, if reasonably requested, more frequent) certificate evidencing the quantities of water immediately deliverable to such Party from the Western Summit County Project.

12.6 Water Rate Covenants. Mountain Regional, Park City Water, Summit Water and Snyderville Basin District shall each levy such impact fees, connection fees, water service fees and other fees and charges, to the extent allowed by law, in connection with the sale of the right to use its water to its customers and customer agencies in amounts sufficient to pay the charges and payments due and owing to Weber Basin hereunder, in addition to such amounts as shall be necessary to cover administrative, contract, operation, maintenance and replacement costs and expenses, debt retirement and reserve accounts relative to its own water distribution system. In addition, Park City Water's, Snyderville Basin District's, Mountain Regional's and Summit County's respective governing board shall annually levy such taxes and assessments upon the property within its boundaries as may be required to pay the charges and payments due and owing to Weber Basin hereunder.

12.7 Lien on Water Charges. To secure the payments due to Weber Basin pursuant to this Agreement, Mountain Regional, Park City Water, Summit Water and Snyderville Basin District hereby grant to Weber Basin a lien upon the proceeds of all fees and charges levied to its customers and customer agencies in connection with the sale of the use of Western Summit County Project Water. Said lien shall be a first lien on all such fees and charges except to the extent such fees and charges are subject to any lien which exists for the benefit of bondholders or any indenture or similar agreement for the benefit of bondholders on the date of execution of this Agreement. In the event Mountain Regional, Park City Water, Summit Water, Snyderville Basin

District or (as it relates to obligations under this Agreement) Summit County places or acquires a lien on a water user's property (including without limitation one described in Section 12.9 below), such Party shall assign that lien to Weber Basin. The two preceding sentences shall not, however, apply to Mountain Regional, Park City Water or Snyderville Basin District if any indenture or similar agreement for the security of bondholders requires that all of Weber Basin's OM&R Expenses relating to the Western Summit County Project shall be paid to Weber Basin as an operation and maintenance expense senior to the lien of bondholders, and that all of Weber Basin's Capital Costs and other costs, expenses, fees and charges payable to Weber Basin hereunder shall be paid to Weber Basin on a parity with their respective existing and future senior lien indebtedness.

12.8 Penalty for Delinquency. Every charge or payment required to be paid to Weber Basin under this Agreement which shall remain unpaid after its due date shall bear interest from such date until paid in full at the existing prime interest rate as of January 1 of each year.

12.9 Collection of Fees and Charges. Mountain Regional, Park City Water, Summit Water and Snyderville Basin District each agree to exercise all of its lawful powers and authority to collect all fees and charges levied by it and otherwise take such action as shall be necessary in order to ensure that there are sufficient revenues on hand to make all payments due to Weber Basin under this Agreement as and when the same shall become due. Without limiting the foregoing, Mountain Regional, Park City Water and Snyderville Basin District each hereby specifically agrees that its rules and regulations and all sales to its customers shall provide that all contract fees and charges for Western Summit County Project Water, if not paid when due, shall be certified to the treasurer and assessor of Summit County, or other adequate security shall be required. Where applicable, Mountain Regional, Park City Water and Snyderville Basin District shall apply the provisions of §17B-1-902, U.C.A. 1953, as amended. All delinquent fees and charges, together with penalties and applicable interest, shall, immediately upon certification, become a lien on the delinquent premises on a parity with and collected at the same time and in the same manner as general county taxes that are a lien on the premises. Mountain Regional, Park City Water, Summit Water, Snyderville Basin District and Summit County each hereby agrees to permit Weber Basin and its agents to inspect and copy from time to time all water sales contracts with their respective customers and all other Books and Records relating to all delinquencies and liens in order to confirm compliance with the provisions of this Agreement.

12.10 Refusal of Water in the Event of Default. No water will be delivered by Weber Basin through the Western Summit County Project system to or for any other Party which is in arrears in any payment due and owing to Weber Basin under this Agreement for more than thirty (30) days. The provisions of this paragraph are not exclusive and shall not in any manner prevent Weber Basin from exercising any other remedy provided under this Agreement or by law to enforce the collection of any payments due hereunder.

12.11 Waiver of Lien on Acquired Assets. Each Party agrees that it will not claim or attempt to enforce any lien on any portion of the property acquired by Weber Basin pursuant to the Purchase Agreement resulting from unpaid property taxes.

ARTICLE XIII MISCELLANEOUS

13.1 Fees and Expenses. Each Party will be responsible for and pay and discharge their respective expenses and fees incurred by such Party in connection with the negotiation of and entry into this Agreement and the consummation of the transactions contemplated hereby.

13.2 Dispute Resolution. In the event of any dispute, claim, question or disagreement arising from or relating to this Agreement or the breach thereof, the Parties shall use their best efforts to settle the same. To this end, the Parties shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to the Parties to the dispute. If they do not reach such solution within a period of sixty (60) days, then, upon notice by any Party to any other Party, all disputes, claims, questions or differences shall be subject to mediation before a mutually acceptable mediator prior to the initiation of litigation. The Parties shall: (i) mediate in good faith; (ii) exchange all documents which each believes to be relevant and material to the dispute; (iii) exchange written positions stating their position on the disputed item(s) and outlining the subject matter and substance of the anticipated testimony of persons having personal knowledge of the facts underlying the dispute; and (iv) engage and cooperate in such further discovery as they agree or the mediator suggests may be necessary to facilitate effective mediation. The mediator, venue, and related costs shall be shared equally by the Parties. Venue of the mediation shall be in the State of Utah. In the event that the Parties are unable to agree upon a mediator, each Party shall select its own mediator. The mediators of the Parties shall then, within ten (10) days of their appointment, select a third neutral mediator. In the event the mediators appointed by the Parties shall be unable to select a third neutral mediator acceptable to each, any of the Parties may request that the American Arbitration Association appoint the third neutral mediator. The provisions of this Section 13.2 shall be specifically enforceable according to its terms, including, but not limited to, an action to compel mediation. If any Party is dissatisfied with the results of mediation, that Party may have such dispute, claim, question or disagreement arising from or relating to this Agreement or the breach thereof adjudicated by a court of competent jurisdiction.

13.3 Notices. All notices, consents, agreements, elections, amendments, approvals and other communications provided for or permitted by or otherwise relating to this Agreement or any other Transaction Document shall be in writing and shall be deemed effectively given to a Party upon the earliest to occur of the following: (i) upon personal delivery to such Party; (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, or if not, then on the next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt; or (v) upon actual receipt by the Party to be notified via any other means (including public or private mail, electronic mail or telegram); provided, however, that notice sent via electronic mail shall be deemed duly given only when actually received and opened by the Party to whom it is addressed. All communications to be sent to a Party shall be sent to the address set forth below or to such other address as a Party shall designate from time to time in writing notice to the other Parties in accordance with the provisions of this paragraph.

If to Weber Basin:

Weber Basin Water Conservancy District
2837 East Highway 193
Layton, Utah 84040
Telephone: (801) 771-1677

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

Durham Jones & Pinegar
1104 E. Country Hills Drive, Suite 710
Ogden, Utah 84403
Attention: Douglas A. Taggart
Telephone: (801) 395-2424

If to Park City Water:

Park City Water Service District

Telephone No.: () _____

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

If to Mountain Regional:

Mountain Regional Water Special Service District
6421 N. Business Loop Road
P. O. Box 982320
Park City, Utah 84098
Telephone No.: (435) 940-1616

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

Summit County Attorney
60 N. Main
P. O. Box 128
Coalville, Utah 84017

If to Summit Water:

Summit Water Distribution Company
6400 North Pace Frontage Road
Unit A
Park City, Utah 84098
Telephone: (435) 649-7324

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

If to Snyderville Basin District:

Snyderville Basin Water Reclamation District
Michael D. Luers, General Manager
2800 Homestead Road
Park City, Utah 84098
Telephone No.: (435) 649-7993

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

Jeremy R. Cook
Parsons Kinghorn Harris
111 East Broadway, 11th Floor
Salt Lake City, Utah 84111

If to Summit County:

Summit County
c/o Summit County Manager
60 N. Main
P. O. Box 128
Coalville, Utah 84017
Telephone No.: (435) 336-3110

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

Summit County Attorney
60 N. Main
P. O. Box 128
Coalville, Utah 84017

13.4 Non-Interference; Further Assurances. Each Party agrees that it will not interfere with any other Party in obtaining any approvals (such as, but not limited to, from the Parties' respective councils, boards and shareholders) or taking any action necessary to consummate the transactions contemplated hereby. All of the Parties hereto shall cooperate with one another and execute and deliver to the other such other instruments and documents and take such other actions as may be reasonably requested from time to time by any other Party hereto as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

13.5 Accounting. To the extent that any Party is seeking reimbursement from another Party under this Agreement, the Party seeking reimbursement shall make available to the other Party, upon written request, a detailed accounting of said reimbursement, inclusive of third party invoices and other appropriate documentation

13.6 Successors and Assigns. All covenants and agreements set forth in this Agreement and made by or on behalf of any of the parties hereto shall bind and inure to that benefit of the successors and assigns of such party, whether or not so expressed, except that no Party may assign or transfer any of its rights or obligations under this Agreement without the consent in writing of all other Parties.

13.7 Descriptive Headings. The headings of the sections, paragraphs, Schedules and Exhibits of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

13.8 Counterparts. This Agreement may be executed in any number of counterparts and by each of the Parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Any signature page of this Agreement may be detached from any counterpart and reattached to any other counterpart hereof.

13.9 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason in any jurisdiction, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that each of the Parties' rights and privileges shall be enforceable to the fullest extent permitted by Law, and any such invalidity, illegality and unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the fullest extent permitted by Law, the Parties hereby waive any provision of any Law, statute, ordinance, rule or regulation which might render any provision hereof invalid, illegal or unenforceable.

13.10 Course of Dealing. No course of dealing and no delay on the part of any party hereto in exercising any right, power, or remedy conferred by this Agreement shall operate as a waiver thereof or otherwise prejudice such party's rights, powers and remedies. The failure of any of the parties to this Agreement to require the performance of a term or obligation under this Agreement or the waiver by any of the Parties to this Agreement of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or be deemed a waiver of an

subsequent breach hereunder. No single or partial exercise of any rights, powers or remedies conferred by this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

13.11 Third Parties. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person, other than the Parties hereto and their permitted successors or assigns, any rights or remedies under or by reason of this Agreement or any other Transaction Document.

13.12 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. References to specific laws or regulations of one nation shall be deemed to include similar laws or regulations of the applicable country where such Person is subject to such nation's laws. References to governmental authorities or regulations shall include all applicable federal, state, local and foreign governmental authorities or regulations. The word "including" shall mean including without limitation. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If all or a portion of the subject matter of any representation, warranty, or covenant set forth herein is also contained in another representation, warranty, or covenant, the fact that a Party has not breached one of the representations, warranties or covenants shall not detract from or mitigate the fact that the party is in breach of the other representation, warranty, or covenant, regardless of the relative levels of specificity. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require.

13.13 Knowledge. For purposes of this Agreement, a Person will be deemed to have knowledge of a particular fact or other matter if: (a) that individual or a key officer, director or manager of a Person that is an entity is actually aware of that fact or matter; (b) a prudent individual or a key officer, director or manager of a Person that is an entity could be expected to discover or otherwise become aware of that fact or matter in the course of conducting a reasonable investigation regarding the accuracy of any representation or warranty contained in this Agreement; or (c) such fact or matter is included in public records (including county recording offices).

13.14 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Utah without giving effect to any choice or conflict of law provision or rule (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah.

13.15 Submission to Jurisdiction. Each of the Parties submits to the jurisdiction of the Third District Court in and for Summit County, Utah (and, upon request for removal, as applicable, to the jurisdiction of the United States District Court, District of Utah) in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of

the action or proceeding may be heard and determined in any such court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

13.16 Entire Agreement. This Agreement, including the Schedules and Exhibits referred to herein and the other Transaction Documents, is complete, and all promises, representations, understandings, warranties and agreements with reference to the subject matter hereof, and all inducements to the making of this Agreement relied upon by all the parties hereto, have been expressed herein or in said Schedules or Exhibits. This Agreement may not be amended except by an instrument in writing signed by all Parties.

13.17 Expenses of Enforcement. In any proceeding to enforce, interpret, rescind or terminate this Agreement or in pursuing any remedy provided hereunder or by applicable law, the prevailing Party shall be entitled to recover from the other Party or Parties all costs and expenses, including a reasonable attorney's fee, whether such proceeding or remedy is pursued by filing suit or otherwise, and regardless of whether such costs, fees and/or expenses are incurred in connection with any bankruptcy proceeding. For purposes of hereof, the term "prevailing Party" shall include, without limitation, a Party who agrees to dismiss an action or proceeding upon the other's payment of the sums allegedly due or performance of the covenants allegedly breached, or who obtains substantially the relief sought. The provisions set forth in this paragraph shall survive the merger of these provisions into any judgment.

13.18 Specific Performance. Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably and that it would be extremely impracticable to measure in full all of the resulting damages in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled to an immediate injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity. Each Party expressly waives the defense that a remedy in damages will be adequate (without, however, waiving its respective right to pursue the remedy of damages if it elects to do so).

13.19 Incorporation of Recitals and Exhibits. The recitals and exhibits referred to in this Agreement are incorporated herein by reference and made a part hereof.

13.20 Relationship of Parties. Nothing contained in this Agreement shall be interpreted or construed to create an agency relationship, association, joint venture, trust or partnership, or

impose any trust or partnership covenant, obligation or liability on or with regard to any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

13.21 Public Statements. Unless and to the extent required by Law, the Parties hereto shall agree in advance to any press release or public statement with respect to this Agreement and the transactions contemplated hereby and no Party shall issue any such press release or make any such public statement without the agreement of the other Parties. In the event that any Party is required by Law to issue a press release or make a public statement, it will notify the other Parties of the contents in advance.

13.22 Facsimile Transmission. The facsimile transmission of a signed original of this Agreement or any counterpart hereof and the retransmission of any signed facsimile transmission hereof shall be the same as delivery of an original.

13.23 Authorized Execution. The individuals signing below each represent and warrant (i) that they are authorized to execute this Agreement for and on behalf of the Party for whom they are signing; (ii) that such Party shall be bound in all respects hereby; and (c) that such execution presents no conflict with any other agreement of such Party.

[signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth below their respective signatures below.

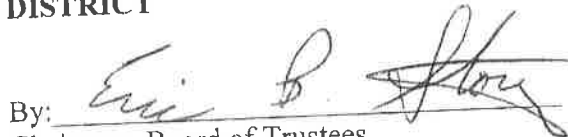
ATTEST:


Secretary

APPROVED AS TO FORM:



Weber Basin Attorney

WEBER BASIN WATER CONSERVANCY DISTRICT

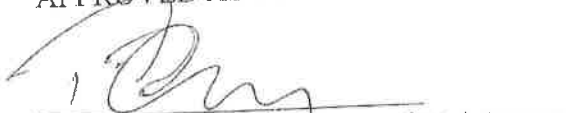
By: 
Chairman, Board of Trustees

Date: June 26, 2013

ATTEST:


City Recorder

APPROVED AS TO FORM:



Park City Municipal Corporation Attorney

PARK CITY MUNICIPAL CORPORATION

By: 
Mayor

Date: June 26, 2013

ATTEST:


City Recorder

APPROVED AS TO FORM:


Park City Water Attorney

PARK CITY WATER SERVICE DISTRICT


By: 
President

Date: June 26, 2013

ATTEST:


Clerk

MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT

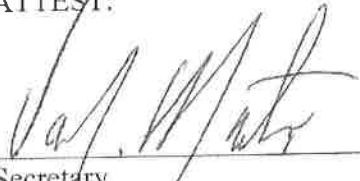
By: 
Chair, Summit County Council acting as the
Governing Authority of Mountain Regional Water
Special Service District pursuant to Summit County
Code §2-9-3

APPROVED AS TO FORM:

Date: June 26, 2013


Mountain Regional Attorney

ATTEST:

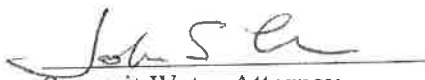

Secretary

SUMMIT WATER DISTRIBUTION COMPANY


By: 
President

APPROVED AS TO FORM:


Date: 6-26, 2013


Summit Water Attorney

ATTEST:

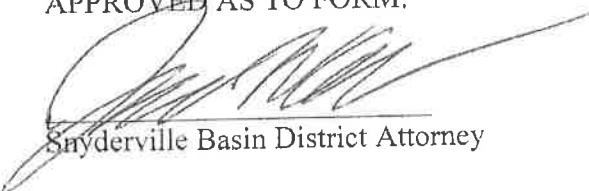

Secretary

SNYDERVILLE BASIN WATER RECLAMATION DISTRICT

By: 
Chairman, Board of Trustees

APPROVED AS TO FORM:

Date: June 26, 2013


Snyderville Basin District Attorney

ATTEST:



Clerk

APPROVED AS TO FORM:



Summit County Attorney

APPROVED AS TO FORM:



Saunders Attorney

APPROVED AS TO FORM:



Trilogy Attorney

SUMMIT COUNTY

By: 

Chair, Summit County Council

Date: June 26, 2013



LEON H. SAUNDERS

Date: 6-26, 2013

TRILOGY LIMITED, LP

By: Trilogy Asset Management, Inc.,
Its: General Partner

By: 

President

Date: June 26, 2013