

EXHIBIT E

Mountain Regional/Park City Water/Summit County Agreement

**Agreement Between Mountain Regional Water Special Service District,
Park City Water Service District and Summit County
Regarding Implementation of the Summit County Project**

This Agreement is entered into this 1st th day of March, 2007, by and between Mountain Regional Water Special Service District (**Mountain Regional**), a special service district organized and existing pursuant to the provisions of Section 17A-2-1301 *et seq.* Utah Code Annotated 1953, as amended; Park City Water Service District (**Park City Water**), a special service district organized and existing pursuant to the provisions of Section 17A-2-1301 *et seq.* Utah Code Annotated 1953, as amended and Summit County (**Summit County**), a county and political subdivision of the State of Utah pursuant to Section 17-50-1 *et seq.* Mountain Regional, Park City Water, and Summit County are hereinafter sometimes referred to as a **Party** and collectively as the **Parties**.

Whereas, Mountain Regional (as successor in interest to the Atkinson Special Service District and Basin Regional Water Special Service District), Park City Municipal Corporation (**Park City**), Summit County, and Weber Basin Water Conservancy District (**Weber Basin**) entered into a certain Memorandum of Understanding and Agreement, dated November 27, 1996 (the **MOU**), which sets forth the framework for the development of a water project to deliver water, made available from Bureau of Reclamation (**BOR**) and Weber Basin sources, for distribution within Summit County, and

Whereas, Mountain Regional financed and completed the Lost Creek Canyon Project portion of the Summit County Project, and

Whereas, Summit County, Mountain Regional, and Park City Water entered into a certain agreement dated March 10, 2004 further clarifying the MOU and acknowledging the need for Weber Basin and the BOR to conduct a feasibility study for the remainder of the Summit County Project, and outlining the related financial obligations of the Parties, and

Whereas, Mountain Regional, Park City Water, and Weber Basin entered into a water supply agreement dated May 13, 2004 further clarifying the MOU and a March 10, 2004 agreement regarding the financing, construction and operation of the remainder of the Summit County Project, now referred to as the Snyderville Basin Project, by Weber Basin.

Whereas, the development of the Snyderville Basin Project by Weber Basin is currently underway, and

Whereas, the Parties agree that the intent and purpose of the MOU shall be fulfilled upon the construction of the Snyderville Basin Project and the Expansion of Capacity in the Lost Creek Canyon Project to provide water to Mountain Regional and Park City Water as provided below, and

Wherefore, the Parties agree as follows:

SECTION I. INTEGRATION, TERMINATION OF MOU

A. Entire Understanding. In addition to the agreement dated May 13, 2004, as amended prior to or concurrently with the execution of this Agreement, this Agreement constitutes the entire understanding and of the Parties concerning the Expanded Lost Creek Canyon Project and the Summit County Project, and specifically supersedes the March 10, 2004 agreement among the Parties, representations or understandings by and among them, whether written or oral, pertaining to the subject matter hereof.

SECTION II. CAPACITY RIGHTS

A. Mountain Regional Capacity Rights. Mountain Regional shall have capacity rights to 4,100 acre feet annually, or 5,085 gallons per minute peak day demand in the Snyderville Basin Project and Expanded Lost Creek Canyon Project.

B. Park City Water Capacity Rights. Park City Water shall have capacity rights to 2,500 acre feet annually, or 3,100 gallons per minute peak day demand in the Snyderville Basin Project and Expanded Lost Creek Canyon Project.

C. Allocation of Capacity Rights in Event of Water Shortage. In the event of a shortage of water supply of either short or long term duration caused by problems such as drought or other natural or man-caused disasters; unplanned failure of physical infrastructure; or planned repairs and downtimes; water deliveries shall be provided on a pro-rata basis based upon each Party's capacity rights outlined above.

D. Water Use in Excess of Capacity Rights. If Park City Water's or Mountain Regional's average gallon per minute use in any calendar week, measured from Monday morning to Sunday night, is in excess of its capacity rights as set forth in paragraphs A and B of this Agreement, then that Party will pay the other Party Mountain Regional's then adopted wholesale rate for the excess capacity so used. In the event Park City Water does not receive its water when requested, Mountain Regional agrees to provide the requested water within seventy-two (72) hours of receiving notice, provided, however, that this paragraph is subject to the water shortage provisions in Section II C of this Agreement and further provided that this paragraph does not preclude the exercise of any legal right otherwise available to the Parties.

E. System Capacity in Excess of Capacity Rights. The Parties acknowledge and agree that the total amount of water developed by both the Expanded Lost Creek Canyon Project and the Snyderville Basin Project could exceed the 6,600 acre feet (8,185 gpm) capacity rights of the Parties as set forth in paragraphs A and B of this Agreement ("Excess Water"). The Parties agree the delivery of Excess Water shall be governed by a separate agreement wherein the Parties agree a) to share equally in such Excess Water; b) either Party may sell such Excess Water to a third party with the prior written consent of the other Party; c) the sale of Excess Water to a third party shall reduce the non-selling Party's proportional cost allocation for the projects described in Section III of this Agreement; and d) that any Excess Water shall be represented by Weber Basin Water Conservancy District water rights, unless otherwise agreed in writing by the Parties.

F. Project Expansion and Operations Costs. All capital, operations, maintenance, repairs, and replacement costs for current and future infrastructure shared by Mountain Regional and Park City Water shall be allocated according to each Party's capacity rights in each component of the shared infrastructure.

SECTION III – PROJECT DEFINITIONS

A. Lost Creek Canyon Project. This project consists generally of a shallow well collection system above the Rockport Reservoir, a booster pump station, a twenty-four inch pipeline, a treatment plant with capacity of three million gallons per day, and all facilities necessary to transport and deliver water from the shallow wells to the raw water reservoir and treatment plant located within the Promontory Development.

B. Expanded Lost Creek Canyon Project. This project consists of the following components which shall increase capacity in the Lost Creek Canyon Project to at least 6,600 acre feet annually and 8,185 gallons per minute peak day demand.

1. Surge Protection and Pigging Upgrades to the Existing Rockport Booster Pump Station.
2. Expansion of Capacity in the Existing Rockport Booster Pump Station.

C. Snyderville Basin Project. This project consists generally of an intake, pipeline and booster station to transport water from the Rockport Reservoir to the Rockport Booster Pump Station with a capacity of at least 6,600 acre feet annually and 8,185 gallons per minute peak day demand. As part of the Snyderville Basin Project, Weber Basin Water Conservancy District shall also perform the work required to complete the Expanded Lost Creek Canyon Project, as provided in the water sales contracts entered into between the Parties and Weber Basin Water Conservancy District.

D. Raw Water Pipeline within Promontory Development. Park City Water shall construct a raw water pipeline that connects to an existing raw water pipeline within the Promontory Development and extends to the Promontory property line. This shall be the point of delivery of water from Mountain Regional to Park City Water. Mountain Regional shall provide all easements required for the construction of the raw water pipeline within the Promontory Development. Upon completion, Mountain Regional shall own and operate this

raw water pipeline. Mountain Regional shall pay any costs associated with upsizing or otherwise modifying this raw water pipeline to meet the needs of an entity other than Park City Water. Following completion and dedication to Mountain Regional, any future modifications to this line shall be approved in writing by Park City Water.

Park City Water shall be responsible to construct whatever infrastructure is required to transport water from the Promontory property line to its customers at its sole cost and expense.

SECTION IV. LOST CREEK CANYON PROJECT

Mountain Regional has constructed and owns the Lost Creek Canyon Project. Mountain Regional shall continue to own, operate, maintain, repair and replace all related infrastructure at its sole cost and expense. Park City Water shall reimburse Mountain Regional for its proportionate share of capital, operations, maintenance, repair and replacement costs as set forth in Section VIII of this Agreement.

The existing capacity of the Lost Creek Canyon Project is sufficient to provide 4,100 acre feet of water. However, the existing pumping capacity in the Rockport Booster Pump station is not sufficient to deliver the 6,600 acre feet of water to be developed by the Expanded Lost Creek Canyon Project and the Snyderville Basin Project.

SECTION V. EXPANDED LOST CREEK CANYON PROJECT

A. Surge Protection and Pigging Upgrades to Existing Rockport Booster Pump Station. Weber Basin has agreed to complete the upgrades to the surge protection and pigging capability of the existing Rockport booster pump station concurrently with the construction of the Snyderville Basin Project.

The capital costs for the surge protection and pigging upgrade shall be paid upfront by Weber Basin and allocated 37.9% to Park City Water and 62.1% to Mountain Regional. These costs shall then be amortized through inclusion in the Annual Payments made by Mountain Regional and Park City Water to Weber Basin in each Party's respective Water Sales Agreements with Weber Basin, which agreements are to be executed concurrently with this Agreement.

B. Expansion of Capacity in the Existing Rockport Booster Pump Station. Weber Basin has agreed to complete the expansion of capacity in the existing Rockport booster pump station to deliver the 6,600 acre feet of water to be developed by the Expanded Lost Creek Canyon Project and the Snyderville Basin Project. Weber Basin shall involve Mountain Regional and Park City Water in all aspects of the expansion of the existing Rockport booster pump station. Mountain Regional shall have final approval in all aspects of the design, engineering, and construction for the expansion.

The capital costs attributed to the expansion of the existing Rockport booster pump station shall be paid upfront by Weber Basin and allocated 100% to Park City Water. These capital costs shall be amortized through inclusion in the Annual Payments made by Park City Water to Weber Basin pursuant to its Water Sales Agreements with Weber Basin.

D. Ownership and Operation. Mountain Regional shall retain full ownership of the Expanded Lost Creek Canyon Project including the raw water line constructed by Park City within the Promontory Development, and shall continue to operate, maintain, repair and replace all related infrastructure at its sole cost and expense. Park City Water shall reimburse Mountain Regional for its proportionate share of costs as set forth in Section VIII of this Agreement.

E. Continued Operation of Lost Creek Canyon Project During Expansion. All construction, expansion, and modification schedules and actual activity incorporated by Weber Basin for the components it is constructing for the Snyderville Basin Project and Expanded Lost Creek Canyon Project shall be pre-approved by Mountain Regional to ensure that Mountain Regional is at all times able to operate the Rockport Booster Pump Station and related infrastructure as needed to meet its customer demand and properly manage its water rights.

SECTION VI. SNYDERVILLE BASIN PROJECT

A. Construction and Capital Costs. The Snyderville Basin Project shall be constructed by Weber Basin according to the terms, conditions, and limitations set forth in the May 13, 2004 agreement among the Parties and Weber Basin, as amended prior to or concurrently with the execution of this Agreement.

The capital costs of this project shall be allocated 62.1% to Mountain Regional and 37.9% to Park City. These costs shall then be amortized through inclusion in the Annual Payments made by Mountain Regional and Park City Water to Weber Basin pursuant to their respective Water Sales Agreements with Weber Basin. To the extent any term of this Agreement is inconsistent with the Water Sales Agreements, the Water Sales Agreements shall control.

B. Ownership and Operation. Weber Basin shall retain full ownership of the Snyderville Basin Project, and shall operate, maintain, repair and replace all related infrastructure at its sole cost and expense. These costs shall then be allocated to Mountain Regional and Park City Water through inclusion in the Annual Payments made by Mountain Regional and Park City Water to Weber Basin pursuant to their respective Water Sales Agreements.

SECTION VII. INTERIM WATER SERVICE TO PARK CITY

Until completion of the Expanded Lost Creek Canyon Project and the Snyderville Basin Project, the Parties agree to make available to one another any water that either Party determines in its sole discretion to be surplus to the needs of its customers. The cost of such surplus water shall be determined using Mountain Regional's then adopted wholesale water rate. The delivery of surplus water pursuant to this section can be terminated without notice by either Party if that Party, in its sole discretion, determines the water is no longer surplus to the needs of its customers.

SECTION VIII. WHEELING RATE CHARGED BY MOUNTAIN REGIONAL TO DELIVER WATER TO PARK CITY WATER

A. Establishment of the Wheeling Rate. Mountain Regional shall establish a wheeling rate each calendar year for the delivery of water to Park City Water at the point of delivery described in Section III. D of this Agreement in compliance with Mountain Regional's Governing Ordinance, Bylaws, and Rules & Regulations; and the terms of this Agreement.

1. Take or Pay Rate. The wheeling rate shall include a fixed take or pay amount for the delivery of up to 2,500 acre feet of water per calendar year. Park City Water shall commence making monthly payments on the take or pay rate on May 1, 2008. One-twelfth of this take or pay amount shall be billed on or around the 1st day of each month by Mountain Regional Water, and consists of the following components:

A proportionate share of capital costs incurred by Mountain Regional for the Lost Creek Canyon Project facilities already constructed and funded by Mountain Regional and that benefit Park City Water. The amount of this rate component shall be fixed at \$90,974 annually, or \$7,582 per month. This rate component shall continue to be charged to Park City Water until December 2033.

- b. A fixed Operations & Maintenance rate component in an amount to be determined each calendar year by Mountain Regional based upon Mountain Regional's adopted operations budgets for that year.

Mountain Regional shall determine an hourly rate each year that shall include staff time, general supplies, equipment, insurance, vehicle, and other typical general operations and maintenance costs.

This hourly rate shall then be multiplied by the estimated number of hours it is anticipated that Mountain Regional employees shall spend on general operations & maintenance costs for the Expanded Lost Creek Canyon Project for that year based upon historical information, except that for the first year the rate shall be based on one full-time equivalent employee of 2080 hours per year.

Mountain Regional shall track the actual time its employees spend on general operations and maintenance, and provide this information to Park City Water on an annual basis.

The fixed Operations & Maintenance rate component shall also include the estimated costs to perform annual pigging and cleaning of the Expanded Lost Creek Canyon Project.

If the actual amount collected from Park City Water from the fixed Operations & Maintenance rate component during any calendar year is materially different from the actual related fixed operations and

maintenance costs incurred by Mountain Regional, then an appropriate adjustment shall be made to this rate component in the following calendar year in order to offset the material difference.

- c. A capital asset management rate component of \$38,547 shall be included (based upon Park City Water's proportionate capacity in the Expanded Lost Creek Canyon Project). This portion of the rate shall be placed in a repair and replacement reserve account held by Mountain Regional.

Mountain Regional shall contribute an additional \$63,069 per calendar year to the repair and replacement reserve account (based upon Mountain Regional's proportionate capacity in the Expanded Lost Creek Canyon Project).

If, at the end of any calendar year, the balance in the repair and replacement reserve account exceeds \$1,000,000, the capital asset management rate component shall not be included in the next year's wheeling rate, and Mountain Regional shall not be required to make its annual contribution. All interest earned on the balance in the repair and replacement reserve account shall remain in the reserve account.

Funds in this reserve may be used by Mountain Regional to maintain, repair, or replace all or any portion of the Expanded Lost Creek Canyon Project beyond the reasonable and typical ongoing operations and maintenance of the related infrastructure that is funded by other cost components in the wheeling rate.

Mountain Regional shall provide Park City Water with a full accounting of payments made from this reserve and the interest earned on the cash balance each calendar year.

- 2. Water Usage Rate. The wheeling rate shall include a variable amount based upon the actual monthly water usage of Park City Water under the terms of this Agreement. Park City Water shall commence making water usage rate payments in the month it starts taking water from the Expanded Lost Creek Canyon Project. The water usage rate shall be billed on or around the 1st of each month for the previous month's actual water usage, and consists of the following components:

- a. A variable Operations & Maintenance rate component in an amount to be determined each year as approved in Mountain Regional's adopted budget for that year.
- b. A power cost rate component in an amount to be determined each year based upon the projected power costs to deliver water to the Parties through the Expanded Lost Creek Canyon Project during that year.

The total projected power costs shall be allocated on a pro-rata basis based upon the projected usage of each Party.

If the amount collected from Park City Water from the water usage rate component during any calendar year is materially different from the actual water usage costs incurred by Mountain Regional, then an appropriate adjustment shall be made to the water usage rate in the following calendar year in order to offset the material difference.

3. Backup Culinary Water Connection. Within five years of executing this Agreement, Park City Water shall make available to Mountain Regional a backup culinary water connection to the Park City Water delivery system at or near the Quinn's junction area on the east side of US Highway 40. Devices may also be installed concurrently within this improvement to enable Park City Water to receive backup culinary water from Mountain Regional. The delivery cost of backup water to each entity shall be based upon each system(s) currently approved wholesale water rates.

Park City Water shall comply with Mountain Regional's payment terms as outlined in its Rules & Regulations as they currently exist or as they may be legally amended in the future.

SECTION VI. MISCELLANEOUS PROVISIONS

- A. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.
- B. Assignment Limited. No assignment or transfer of this Agreement or any part thereof or interest therein shall be valid unless and until approved in writing by all Parties to this Agreement.
- C. Attorney's Fees. In the event that this Agreement or any provision hereof shall be enforced by an attorney retained by a Party hereto, whether by suit or otherwise, the reasonable fees and costs of such attorney shall be paid by the Party who breaches or defaults hereunder, including fees and costs incurred upon appeal or in bankruptcy court.
- D. Severability. If any term of provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be void, voidable, or unenforceable, such void, voidable or unenforceable term or provisions shall not affect the enforceability of any other term or provision of this Agreement.
- E. Captions. The section and paragraph headings contained in this Agreement are for the purposes of reference only and shall not limit, expand or otherwise affect the construction of any provisions hereof.
- F. Construction. As used herein, all words in any gender shall be deemed to include the masculine, feminine or neuter gender, all singular words shall include the plural, and all plural words shall include the singular, as the context may require.

- G. Further Action. The Parties hereby agree to execute and deliver such additional documents and to take further action as may become necessary or desirable to fully carry out the provisions and intent of this Agreement.
- H. Inducement. The making and execution of this Agreement has not been induced by any representation, statement, warranty or agreement other than those herein expressed.
- I. Force Majeure. Performance by any Party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrections, strikes, lock-outs, floods, earthquakes, fires, casualties, acts of God, epidemics, quarantine, restrictions, inability (when the responsible Party is faultless) to secure the necessary labor, materials, tools, acts or failure to act of any public or governmental agency or entity, or by any other reason not the fault of the Party delayed in performing work or doing acts required under the terms of this Agreement, and in such event, the performance of such work or the doing of such act shall be excused for the period of the delay and the period of performance for any such work or the doing of any such act shall be extended for a period equivalent to the period of such delay.
- J. No Third Party Beneficiaries. This Agreement shall not be deemed to create any right to any person who is not a Party (other than the permitted successors and assigns of a Party) and shall not be construed in any respect to be a contract, in whole or in part, for the benefit of any third party (other than permitted successor and assigns of a Party hereto).
- K. Warranty of Authority. The individuals executing this Agreement on behalf of the Parties hereby warrant that they have the requisite authority to execute this Agreement on behalf of the respective Parties and that the respective Parties have agreed to be and are bound hereby.
- L. Termination of Agreement. This Agreement may not be terminated without the written consent of all the Parties.

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

MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT

By: *[Signature]*
Roger Fulmer, Administrative Control Board Chair
B. Todd Hopkinson Vice

ATTEST:

[Signature]
Mountain Regional Water Special Service
District Secretary



APPROVED:

[Signature]
Mountain Regional Water Special Service
District Attorney

PARK CITY WATER SERVICE DISTRICT

By: *[Signature]*
Dana Williams, Chair

ATTEST:

[Signature]
City Recorder/Secretary



APPROVED:

[Signature]
Park City Water Service District Attorney

SUMMIT COUNTY

By: *[Signature]*
Chair, Board of County Commissioners

ATTEST:

[Signature]
County Clerk



APPROVED:

[Signature]
County Attorney

**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**

This first amendment to the "Agreement Between Mountain Regional Water Special Service District, Park City Water Service District and Summit County Regarding Implementation of the Summit County Project" (the "Agreement") is entered into this ~~8th~~ day of ~~July, 2012~~, by and between Mountain Regional Water Special Service District (**Mountain Regional**), a special service district organized and existing pursuant to the provisions of Section 17A-2-1301 et seq. Utah Code Annotated 1953, as amended; Park City Water Service District (**Park City Water**), a special service district organized and existing pursuant to the provisions of Section 17A-2-1301 et seq. Utah Code Annotated 1953, as amended and Summit County (**Summit County**), a county and political subdivision of the State of Utah pursuant to Section 17-50-1 et seq. Mountain Regional, Park City Water, and Summit County are hereinafter sometimes referred to as a **Party** and collectively as the **Parties**.

✓
August 8,
2012

Whereas, Weber Basin Water Conservancy District ("WBWCD") has constructed the **Snyderville Basin Project**, which project consists of an intake, pipeline and booster station to transport water from the Rockport Reservoir with a capacity of at least 6,600 acre feet annually and 8,185 gallons per minute peak day demand; and

Whereas, Mountain Regional and Summit County have completed the Lost Creek Canyon Project and the Expanded Lost Creek Canyon Projects, which projects consist of a shallow well collection system above the Rockport Reservoir, a booster pump station, a twenty-four inch pipeline, the Signal Hill raw water reservoir, a treatment plant with capacity of three million gallons per day, and all facilities necessary to transport and deliver at least 6,600 acre feet annually and 8,185 gallons per minute peak day demand; from the shallow wells and the Snyderville Basin Project to the raw water reservoir and treatment plant located at Signal Hill within the Promontory Development (the "Mountain Regional Facilities," hereinafter referred to individually as the Lost Creek Canyon Project and Expanded Lost Creek Canyon Project); and

Whereas, Park City Water has constructed infrastructure to convey water from the Mountain Regional Facilities to the Park City Raw Water system at Quinn's Junction and extending into the City's service area (the "Park City Facilities"); and

Whereas, Mountain Regional agreed to own, operate, maintain and repair the raw water pipeline from Signal Hill Reservoir to the Promontory Property line, and Park City agreed to allow Mountain Regional to have up to 300 gallons per minute capacity in the raw water line between Signal Hill Reservoir and the Promontory property line for its use to deliver raw water under Mountain Regional's water rights; and

Whereas, the Parties entered into the Agreement on March 1, 2007, to set forth the terms by which Mountain Regional shall operate the Mountain Regional Facilities to deliver water from the shallow wells and the Snyderville Basin Project water to the Park City Water Facilities; and

Whereas, the Agreement identified the Parties' respective rights to capacity in Mountain Regional's facilities; and

Whereas, the Parties now desire to amend the terms of the March 1, 2007 Agreement through this "First Amendment to Agreement Between Mountain Regional Water Special Service District, Park City Water Service District and Summit County" (the "First Amendment") and

Whereas, Park City Water has executed contracts with ("WBWCD") and the United States Bureau of Reclamation ("BOR") to reflect the terms of this First Amendment;

Wherefore, the Parties agree to amend the Agreement as follows:

I. Amendment to Terms of Agreement

A. Section II, Paragraph A of the Agreement shall be amended to state:

A. Mountain Regional Capacity Rights. Effective July 1, 2012, Mountain Regional shall have capacity rights up to 3,700 acre feet annually, or 4,589 gallons per minute peak day demand, in the Snyderville Basin Project and the Mountain Regional Facilities.

B. Section II, Paragraph B of the Agreement shall be amended to state:

B. Park City Capacity Rights. Effective July 1, 2012, Park City Water, shall have capacity rights up to 2,900 acre feet annually, or 3,596 gallons per minute peak day demand in the Snyderville Basin Project and the Mountain Regional Facilities.

C. Section II, Paragraph G shall be added to the Agreement and shall state:

G. Effective July 1, 2012, Park City Water shall own storage capacity rights in the Signal Hill raw water reservoir equal to 43.4% of the total volume of the reservoir. Mountain Regional shall operate the Signal Hill raw water reservoir in such a way as to minimize power costs and service disruptions benefiting Mountain Regional and Park City equally.

In the event of an emergency or a loss of capacity in the Snyderville Basin project, Lost Creek Canyon project, or the Expanded Lost Creek Canyon project, Mountain Regional shall allocate 56.06% of the available reservoir water to Mountain Regional and 43.94% of the available reservoir water to Park City Water.

D. Section V, Paragraph A of the Agreement shall be amended to state:

SECTION V. EXPANDED LOST CREEK CANYON PROJECT

A. Surge Protection and Pigging Upgrades to Existing Rockport Booster Pump Station. Weber Basin has agreed to complete the upgrades to the surge protection and pigging capability of the existing Rockport booster pump station concurrently with the construction of the Snyderville Basin Project.

The capital costs for the surge protection and pigging upgrade to the Mountain Regional Facilities shall be paid upfront by Weber Basin and allocated 43.94% to Park City Water and 56.06% to Mountain Regional. These costs shall then be amortized through inclusion in the Annual Payments made by Mountain Regional and Park City Water to Weber Basin in each Party's respective Water Sales Agreements with Weber Basin, which agreements are to be executed concurrently with this Agreement.

E. Section VI, Paragraph A of the Agreement shall be amended to state:

SECTION VI. SNYDERVILLE BASIN PROJECT

A. Construction and Capital Costs. The Snyderville Basin Project shall be constructed by Weber Basin according to the terms, conditions, and limitations set forth in the May 13, 2004 agreement among the Parties and Weber Basin, as amended prior to or concurrently with the execution of this Agreement.

The capital costs of this project shall be allocated 56.06% to Mountain Regional and 43.94% to Park City. These costs shall then be amortized through inclusion in the Annual Payments made by Mountain Regional and Park City Water to Weber Basin pursuant to their respective Water Sales Agreements with Weber Basin. To the extent any term of this Agreement is inconsistent with the Water Sales Agreements, the Water Sales Agreements shall control.

F. Section VIII, Paragraph A of the Agreement shall be amended to state:

SECTION VIII. WHEELING RATE CHARGED BY MOUNTAIN REGIONAL TO DELIVER WATER TO PARK CITY WATER

A. Establishment of the Wheeling Rate. Mountain Regional shall establish a wheeling rate each calendar year for the delivery of water to Park City Water at the point of delivery described in Section III. D of this Agreement in compliance with Mountain Regional's Governing Ordinance, Bylaws, and Rules & Regulations; and the terms of this Agreement.

- l. Take or Pay Rate. The wheeling rate shall include a fixed take or pay amount for the delivery of up to 2,900 acre feet of water per calendar year. Park City Water shall commence making monthly payments on the take or pay rate on May 1, 2008. One-twelfth of this take or pay amount shall be billed on or around the 1st day of each month by Mountain Regional Water, and consists of the following components;

A proportionate share of capital costs incurred by Mountain Regional for the Lost Creek Canyon Project facilities already constructed and funded by Mountain Regional and benefit Park City Water. Initially, the amount of this rate component was fixed at \$90,974 annually, or \$7,582 per month. Effective July 1, 2012, the amount of this rate component shall be \$105,540 annually, or \$8,795 monthly. This rate component shall

continue to be charged to Park City Water until December 2033.

Park City Water shall pay a proportionate share of capital costs incurred by Mountain Regional for the Signal Hill raw water reservoir, which has a capacity of approximately 14 million gallons and is located adjacent to and directly west of Mountain Regional's Signal Hill water treatment plant. Effective July 1, 2012, the amount of this capital cost component shall be \$7,975 per year, or \$665 monthly. Park City Water shall pay this capital cost component up to and including the final payment on December 31, 2033. Following the final payment, Mountain Regional shall no longer charge a capital cost to Park City Water.

- b. A fixed Operations & Maintenance rate component in an amount to be determined each calendar year by Mountain Regional based upon Mountain Regional's adopted operations budgets for that year.

Mountain Regional shall track actual general supplies, equipment, insurance, vehicle, and other typical general operations and maintenance costs. Mountain Regional shall provide Park City Water an accounting of these costs on an annual basis.

Mountain Regional shall determine an annual hourly rate for staff time based upon its actual personnel costs. This hourly rate shall then be multiplied by the estimated number of hours it is anticipated that Mountain Regional employees shall spend on general operations & maintenance costs for the Expanded Lost Creek Canyon Project for that year based upon historical information, except that for the first year the rate shall be based on one full-time equivalent employee of 2080 hours per year. Mountain Regional shall track the actual time its employees spend on general operations and maintenance, and provide this information to Park City Water on an annual basis.

The fixed Operations & Maintenance rate component shall also include the estimated costs to perform annual pigging and cleaning of the Expanded Lost Creek Canyon Project.

If the actual amount collected from Park City Water from the fixed Operations & Maintenance rate component during any calendar year is materially different from the actual related fixed operations and maintenance costs incurred by Mountain Regional, then an appropriate adjustment shall be made to this rate component in the following calendar year in order to offset the material difference.

- c. Initially, a capital asset management rate component of \$38,547 was included (based upon Park City Water's proportionate capacity in the Expanded Lost Creek Canyon Project). Effective July 1, 2012, the amount of the capital asset management rate component will be \$44,631 annually. This portion of the rate shall be placed in a repair and replacement reserve account held by Mountain Regional.

Initially, Mountain Regional contributed an additional \$63,069 per calendar year to the repair and replacement reserve account (based upon Mountain Regional's proportionate capacity in the Expanded Lost Creek Canyon Project). Effective July 1, 2012, Mountain Regional shall contribute an additional \$56,916 per calendar year to the repair and replacement reserve account.

If, at the end of any calendar year, the balance in the repair and replacement reserve account exceeds \$1,000,000, the capital asset management rate component shall not be included in the next year's wheeling rate, and Mountain Regional shall not be required to make its annual contribution. All interest earned on the balance in the repair and replacement reserve account shall remain in the reserve account. Funds in this reserve may be used by Mountain Regional to maintain, repair, or replace all or any portion of the Expanded Lost Creek Canyon Project beyond the reasonable and typical ongoing operations and maintenance of the related infrastructure that is funded by other cost components in the wheeling rate.

Mountain Regional shall provide Park City Water with a full accounting of payments made from this reserve and the interest earned on the cash balance each calendar year.

G. Section VIII, Paragraph A, Section 3 regarding a "Backup Culinary Water Connection" of the Agreement shall be deleted in its entirety.

II. Remaining Terms

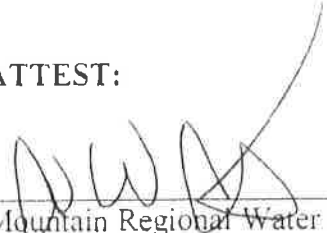
A. The Parties intend and agree that all remaining terms of the Agreement and the First Amendment not affected by the terms of this Second Amendment shall remain in full force and effect.

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

**MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT**

By: 
Brett D. Mickleson, Administrative Control Board Chair

ATTEST:


Mountain Regional Water Special Service

District Secretary

APPROVED:

A handwritten signature in cursive script, appearing to read "David J. Thomas", is written over a horizontal line.

Mountain Regional Water Special Service
District Attorney

PARK CITY WATER SERVICE DISTRICT

By: Dana Williams
Dana Williams, Chair

ATTEST:

[Signature]
City Recorder/Secretary



APPROVED:

[Signature]
Park City Water Service District Attorney

SUMMIT COUNTY

By: [Signature] 8/2/2012
Robert Jasper, Summit County Manager

ATTEST:

[Signature] 8/2/2012
County Clerk ANNETTE SINGLETON, OFFICE MANAGER

APPROVED:

[Signature]
County Attorney

EXHIBIT F

Weber Basin/Park City Water/Mountain Regional Water Supply Agreement

WATER SUPPLY AGREEMENT
BY AND AMONG
WEBER BASIN WATER CONSERVANCY DISTRICT,
PARK CITY WATER SERVICE DISTRICT AND
MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT

SNYDERVILLE BASIN WATER PROJECT

THIS WATER SUPPLY AGREEMENT (this "Agreement") is made and entered into as of this 13th day of May, 2004, by and among the Weber Basin Water Conservancy District, a water conservancy district organized and existing pursuant to the provisions of §17A-2-1401 *et seq.*, Utah Code Annotated, 1953, as amended ("Weber Basin"), Park City Water Service District, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Park City Water"), and Mountain Regional Water Special Service District, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Mountain Regional"). Weber Basin, Park City Water and Mountain Regional 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 ("Reclamation"), owns or administers certain water rights and operates an extensive water storage, treatment and distribution system by means of which Weber Basin Project water ("Project Water") and water under other Weber Basin water rights ("District Water") are made available, by contract, to municipalities and other entities and persons within Weber Basin's boundaries.

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

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

D. The Parties desire and are willing, and deem it to be in the best interest of the public, to participate in a study to consider delivering District Water into the Snyderville Basin (the "District Study"), and Reclamation has been authorized to conduct a study to consider delivering Project Water into the Snyderville Basin (the "Reclamation Study") (the project which would deliver said District Water and Project Water into the Snyderville Basin being herein referred to as the "Snyderville Basin Project", and the District Water and Project Water that would be so delivered being herein referred to as the "Snyderville Basin Project Water").

It is anticipated that the Snyderville Basin Project will have a delivery capacity of 5,000 acre-feet per year.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

SECTION I SNYDERVILLE BASIN PROJECT FACILITIES AND FINANCING

A. Cooperation. Each Party agrees to fully cooperate with each other and with Reclamation, and to keep each of the other Parties informed of all non-privileged matters in connection with the study, development, design and construction of the Snyderville Basin Project.

B. Ownership of Facilities, Transport of Non-Reclamation Project Water. The Parties acknowledge and agree that, if the District Study and the Reclamation Study determine that the Snyderville Basin Project can be constructed, the facilities comprising the Snyderville Basin Project shall be designed, constructed and owned by Reclamation and operated, maintained, repaired and replaced by Weber Basin. The transport of any water other than Snyderville Basin Project Water through said facilities shall be in the sole and absolute discretion of Reclamation and/or Weber Basin, both before and after any repayment contract referred to in paragraph I.C below.

C. Snyderville Basin Project Costs and Financing. If the District Study and the Reclamation Study determine that the Snyderville Basin Project can be constructed, the Parties anticipate that the costs of study, development, design and construction of the Snyderville Basin Project will be borne by Reclamation but repaid pursuant to a long-term repayment contract. Park City Water and Mountain Regional shall purchase the right to use their respective allocations of the Snyderville Basin Project Water pursuant to the Petitions and Water Sales Contracts referred to in Section II.C, below.

D. Park City Water and Mountain Regional Facilities. All facilities necessary to be constructed or otherwise provided by Park City Water to receive, transport and deliver water from the point of delivery determined by the District Study and the Reclamation Study into Park City Water's water system(s), and all facilities necessary to be constructed or otherwise provided by Mountain Regional to receive, transport and deliver water from said point of delivery into Mountain Regional's water system(s), shall be acquired, designed, constructed, owned, operated, maintained, repaired and replaced by Park City Water and Mountain Regional, respectively, at their sole cost and expense.

SECTION II SNYDERVILLE BASIN PROJECT WATER SUPPLY

A. Water Supply Commitment. The water from the Snyderville Basin Project may consist of Project Water and District Water. Subject to the terms, conditions and limitations of this Agreement and of the Petitions and Water Sales Contracts referred to in Section II.C, below, Weber Basin shall provide a perpetual supply of raw water to Park City Water and Mountain Regional, to be delivered by Weber Basin from its sources of supply, in the amounts specified in the Takedown Schedule attached hereto and by this reference incorporated herein (the "**Takedown Schedule**") at the point of delivery determined by the District Study and the Reclamation Study.

B. Allocation of Water Supply. The total Snyderville Basin Project Water supply to be made available to Park City Water, subject to the provisions of this Agreement (and subject to adjustment as provided in Section III.B below), is anticipated to be Two Thousand Five Hundred (2,500) acre-feet of water per year. The total Snyderville Basin Project Water supply to be made available to Mountain Regional, subject to the provisions of this Agreement (and subject to adjustment as provided in Section III.B below), is anticipated to be Two Thousand Five Hundred (2,500) acre-feet of water per year.

C. Water Purchase Commitment. Upon completion of the District Study and the Reclamation Study (provided the District Study and the Reclamation Study determine that the Snyderville Basin Project can be constructed), Weber Basin shall send written notice thereof to Park City Water and Mountain Regional, together with a petition (in form as required by Reclamation) (the "**Petitions**") and a water sales contract (in form to be mutually agreed upon by the Parties) (the "**Water Sales Contracts**"), for their respective allocations of the Snyderville Basin Project Water as provided in Section II.B, above. If the Reclamation Study determines that Project Water may be provided as a part of the Snyderville Basin Project and the District Study determines that District Water may be provided as a part of the Snyderville Basin Project, then within sixty (60) days after receipt of such notice, Petitions and Water Sales Contracts, Park City Water and Mountain Regional shall execute such Petitions and Water Sales Contracts and deliver the same to Weber Basin. The Petitions shall provide for payment to Weber Basin by Park City Water and Mountain Regional for their respective rights to use Project Water on a "take or pay" basis in an amount equal to the amount of Project Water the use of which Park City Water and Mountain Regional are required to purchase under the Petitions multiplied by Weber Basin's Project Water Rate. The Water Sales Contracts shall provide for payment to Weber Basin by Park City and Mountain Regional for their respective rights to use District Water on a "take or pay" basis in an amount equal to the amount of District Water the use of which Park City and Mountain Regional are required to purchase under the Water Sales Contracts multiplied by Weber Basin's District I Water Rate. Said District I Water Rate and said Project Water Rate are determined annually by Weber Basin's Board of Trustees. The District I Water Rate and the Project Water Rate shall include the cost for source development (including, but not limited to, Weber Basin's repayment obligations to the United States and other lenders) and operation,

repair, replacement and maintenance throughout Weber Basin's system, as the same are determined annually by Weber Basin's Board of Trustees for its other customers. The Petitions and Water Sales Contracts shall also provide for payment to Weber Basin by Park City Water and Mountain Regional of any supplemental operating charge imposed by Weber Basin's Board of Trustees to cover any additional expenses incurred in connection with Reclamation (including, but not limited to, any wheeling, conveyance or other similar charge payable to the United States for the use of its facilities to deliver the Snyderville Basin Project Water). In the event that Reclamation permits a deferral of Weber Basin's repayment obligation for the capital cost of the Snyderville Basin Project through the federal Water Supply Act, Weber Basin will take that deferral into account in determining the rates to be charged for, and the time for delivery of, the Snyderville Basin Project Water to the extent that Weber Basin is not, in its sole and absolute discretion, in any way adversely affected thereby. If there are any contradictions or inconsistencies between the terms and provisions of this Agreement and the terms and provisions of said Petitions and Water Sales Contracts, the terms and provisions of the Petitions and Water Sales Contracts shall govern.

D. Reservation Fees for Snyderville Basin Project Water. If the District Study and the Reclamation Study determine that the Snyderville Basin Project can be constructed, then until the date which is three (3) years after the date on which construction of the Snyderville Basin Project is complete and able to deliver water (the "**Project Completion Date**"), or until this Agreement is terminated in accordance with Section IIE or Section IV, below, Weber Basin shall reserve from its sources of supply for use in the Snyderville Basin Project Five Thousand (5,000) acre-feet of water, less any amounts previously contracted for in accordance with the Takedown Schedule, and as an express condition to Weber Basin reserving said water, Park City Water and Mountain Regional shall each pay to Weber Basin annually, on or before the first business day of January of each year for which such water is to be reserved, a reservation fee in the amount of One Hundred Twenty-Five Thousand Dollars (\$125,000) per year (the "**Reservation Fees**"). For the year 2004, Park City Water and Mountain Regional shall each pay to Weber Basin, on or before July 1, 2004, a prorated Reservation Fee in the amount of Eighty-Three Thousand Three Hundred Thirty-Three Dollars (\$83,333). Weber Basin shall use said Reservation Fees to cover all of its costs, whether contracted or internal, incurred in connection with the Snyderville Basin Project (collectively, "**Weber Basin's Costs**"), including, but not limited to, all costs incurred in connection with the District Study and the Reclamation Study, all design, engineering and other costs incurred in connection with the Snyderville Basin Project, and all costs in obtaining all required State Approvals and Federal Approvals referred to in Section III.A, below. If at any time or from time to time Weber Basin anticipates that the then remaining balance of the Reservation Fees paid by Park City Water and Mountain Regional pursuant to this Agreement will be insufficient to cover Weber Basin's Costs, then Weber Basin shall give written notice of such anticipated deficiency to Park City Water and Mountain Regional, following which the Parties shall meet quarterly during the next ten (10) months in order to allow Park City and Mountain Regional to anticipate and budget for such deficiency; and at the end of such ten (10) month period Weber Basin shall notify Park City Water and Mountain Regional of the actual amount of such deficiency, and Park City Water and Mountain

Regional shall each pay to Weber Basin one-half (½) of the amount of such actual deficiency within sixty (60) days after receipt of such notice. In the event this Agreement is terminated pursuant to Section II.E, below, or in the event this Agreement is terminated pursuant to Section IV, below, by Park City Water or Mountain Regional, or in the event the Snyderville Basin Project is not ultimately constructed for any reason other than Weber Basin's termination of this Agreement pursuant to Section IV, below, then any remaining Reservation Fees paid pursuant to this Agreement shall be retained by Weber Basin and may be used for other purposes in the Weber Basin system. In the event this Agreement is terminated by Weber Basin pursuant to Section IV, below, Weber Basin shall rebate to Park City Water and Mountain Regional, in equal shares, an amount equal to the difference between the amount of Reservation Fees paid to Weber Basin pursuant to this Agreement and the amount of Weber Basin's Costs.

E. First Right of Refusal to Acquire Defaulting Party's Share of Water. In the event, prior to completion of the District Study and the Reclamation Study, either (but not both) Park City Water or Mountain Regional shall fail to pay its share of the Reservation Fees when due as provided herein, Weber Basin shall send written notice of default to that Party (the "defaulting Party") and a copy of such notice to the other of them (the "non-defaulting Party"). The defaulting Party shall have sixty (60) days after receipt of such written notice in which to cure the default by making payment in full to Weber Basin. In the event the defaulting Party shall fail to timely cure the default, then the non-defaulting Party shall have a period of sixty (60) days to exercise a first right of refusal to allocate to itself all (but not less than all) of the defaulting Party's share of the Snyderville Basin Project Water, provided the non-defaulting Party shall pay to Weber Basin all of the defaulting Party's share of the Reservation Fees prior to expiration of said sixty (60) day period. In the event the non-defaulting Party fails to timely exercise said first right of refusal, or to timely pay the defaulting Party's share of the Reservation Fees, or in the event that both Park City Water and Mountain Regional shall fail to timely pay their respective shares of the Reservation Fees, then this Agreement shall automatically terminate without further obligation of any Party (other than the obligations of Park City Water and Mountain Regional to pay Weber Basin the amount of Weber Basin's Costs in excess of the Reservation Fees as provided in Section II.D, above, and the provisions of this Agreement necessary to enforce said obligations, including without limitation Section IX.C, below). The foregoing provisions of this Section II.E shall not apply after completion of the District Study and the Reclamation Study.

Further, in the event either (but not both) Park City Water or Mountain Regional (the "non-petitioning Party") shall fail to timely execute and deliver to Weber Basin the Petitions and Water Sales Contracts required by Section II.C, above, Weber Basin shall send written notice thereof to the other Party (the "petitioning Party"). The petitioning Party shall have thirty (30) days after receipt of such written notice in which to increase its allocation (and the resulting cost) of Snyderville Basin Project Water by the full (but not less than the full) amount of the non-petitioning Party's allocation. If the petitioning Party so exercises its right to so increase its allocation, it shall thereafter pay to Weber Basin the non-petitioning Party's share of the Reservation Fees as and when the same are due. If the petitioning Party fails to timely exercise its right to take the full amount of the non-petitioning Party's allocation, or if both Park City

Water nor Mountain Regional shall fail to timely execute and deliver their Petitions and Water Sales Contracts to Weber Basin, as provided above, then this Agreement shall automatically terminate without further obligation of any Party (other than the obligations of Park City Water and Mountain Regional to pay Weber Basin the amount of Weber Basin's Costs in excess of the Reservation Fees as provided in Section II.D, above, and the provisions of this Agreement necessary to enforce said obligations, including without limitation Section IX.C, below).

Except as provided above, if at any time Park City Water or Mountain Regional wishes to assign a portion of its allocation of Snyderville Basin Project Water to the other, both must submit a written request to Weber Basin for its prior written approval.

SECTION III FEDERAL AND STATE APPROVALS

A. Federal and State Approvals. The Parties acknowledge and agree that certain approvals shall be required in order for Weber Basin to make Snyderville Basin Project Water available for delivery and use by Park City Water and Mountain Regional. The Parties shall commence to obtain such approvals in conformance with the following:

(1) Federal Approvals. After completion of the District Study and the Reclamation Study (and provided the District Study and the Reclamation Study determine that the Snyderville Basin Project can be constructed), and upon execution of the Petitions and Water Sales Contracts referred to Section II.C., above, Weber Basin will pursue and/or cooperate with and assist Reclamation in pursuing and obtaining all approvals from the United States Government, including, but not limited to, all required contractual authorizations, all environmental compliance, and appropriation of funds, all as shall be necessary to facilitate the construction of the Snyderville Basin Project and the delivery of Snyderville Basin Project Water (the "**Federal Approvals**"), except to the extent said Federal Approvals shall have been obtained as a part of the Reclamation Study.

(a) Park City Water and Mountain Regional shall fully cooperate with Weber Basin and Reclamation with respect to all proceedings relating to the Federal Approvals. Weber Basin will provide Park City Water's and Mountain Regional's legal counsel with copies of all non-privileged correspondence, pleadings, and other documents generated in connection with proceedings relating to the Federal Approvals and otherwise keep Park City Water and Mountain Regional fully advised with respect to the proceedings relating to the Federal Approvals.

(b) Final approval of all Federal Approvals shall mean the applicable contractual, environmental or other authorization or permit has been approved and

no appeal has been filed, or in the event an appeal has been timely filed, that such appeal has been finally resolved without possibility of further appeal by the applicable judicial or other governmental agency. The date on which final approval of all Federal Approvals of the Snyderville Basin Project is obtained will hereinafter be referred to as the “**Federal Approval Date.**”

(2) State Approvals. The filing and approval of an application or applications for permanent change (the “**Change Applications**”) may be necessary to authorize the diversion and use of Snyderville Basin Project Water by Park City Water and Mountain Regional as they intend. There may also be other state and/or local approvals or permits required to facilitate construction of the Snyderville Basin Project and delivery of the Snyderville Basin Project Water. The Change Applications and such other state and/or local approvals and permits are herein collectively referred to as the “**State Approvals.**” In connection with the State Approvals:

(a) Prior to or within a reasonable time after all Federal Approvals, other than appropriation of funds, have been obtained, Weber Basin will prepare, file and pursue the final approval of any Change Applications deemed necessary, including the defense of any appeal of the State Engineer=s memorandum decision regarding the same. The Parties will pursue all other State Approvals as and when they are needed after the Federal Approval Date.

(b) The Parties will fully cooperate with each other with respect to all proceedings involving the State Approvals. The Party responsible for obtaining each State Approval will provide the other Parties’ legal counsel with copies of such State Approvals, and all non-privileged correspondence, pleadings, and other documents generated in connection with proceedings relating to the State Approvals and otherwise keep the other Parties fully advised with respect to proceedings relating to the State Approvals.

(c) For purposes of this Agreement, final approval by the State Engineer shall mean that the time for filing an appeal of the State Engineer=s memorandum decision approving the Change Applications has run without an appeal having been filed, or in the event an appeal has been timely filed, that such appeal has been resolved by judicial decree upholding the State Engineer=s memorandum decision approving the Change Applications; and final approval of all other State Approvals shall mean the applicable authorization or permit has been approved and no appeal has been filed, or in the event an appeal has been timely filed, that such appeal has been finally resolved without possibility of further appeal by the applicable judicial or other governmental agency. The date on which final approval of all State Approvals is obtained will hereinafter be referred to as the “**State Approval Date.**”

B. Reduction in Water. In the event that State Approvals or Federal Approvals are not ultimately obtained for the full five thousand (5,000) acre-feet of water contemplated by this Agreement, the amount of Snyderville Basin Project Water will be accordingly reduced to the amount for which the State Approvals and Federal Approvals are ultimately obtained and the allocations of Snyderville Basin Project Water to Park City Water and Mountain Regional as provided in Section II.B, above, shall be reduced prorata.

**SECTION IV
TERMINATION OF AGREEMENT PRIOR TO
EXECUTION OF PETITIONS AND WATER SALES CONTRACTS**

Prior to execution of the Petitions and Water Sales Contracts, any Party may, upon thirty (30) days written notice to the other Parties, terminate this Agreement without further obligation of any Party. Notwithstanding any such termination of this Agreement, the obligations of Park City Water and Mountain Regional to pay Weber Basin the amount of Weber Basin's Costs in excess of the Reservation Fees as provided in Section II.D, above, if either of them terminates this Agreement, or the obligation of Weber Basin to rebate the Reservation Fees as provided in said Section II.D, above, if Weber Basin terminates this Agreement, and the provisions of this Agreement necessary to enforce said obligations, including without limitation Section IX.C, below, shall remain in effect. After execution of the Petitions and Water Sales Contracts, this Agreement may not be terminated without the written consent of all Parties.

**SECTION V
ANNEXATION**

Park City Water agrees to take all action necessary to annex into the Weber Basin Water Conservancy District all property within Summit County that is now or in the future may become within the boundaries of Park City Water Service District. Mountain Regional agrees to take all action necessary to annex into the Weber Basin Water Conservancy District all property that is now or in the future may become within the boundaries of Mountain Regional Water Special Service District. Notwithstanding any provision herein to the contrary, the provisions of this Section V shall survive termination of this Agreement for any reason.

**SECTION VI
SUBJECT TO WATER CONSERVANCY ACT**

This Agreement, and any amendments thereto, shall be subject to the Utah Water Conservancy Act, 17A-2-1401 et seq., Utah Code Annotated, 1953, as amended, and the rules and regulations of the Board of Trustees of Weber Basin as the same have been and may be supplemented or amended from time to time.

**SECTION VII
UNITED STATES NOT BOUND**

Nothing contained herein shall be construed as obligating, influencing, or prejudicing any decision or action of the United States.

**SECTION VIII
INTEGRATION**

This Agreement and the attachments hereto constitute the entire understanding and agreement by and among the Parties hereto. Any and all other prior agreements, representations or understandings by and among the Parties, whether written or oral, pertaining to the importation of water into the Snyderville Basin Area, are superceded, merged and integrated into this Agreement.

**SECTION IX
MISCELLANEOUS PROVISIONS**

A. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

B. Assignment Limited. No assignment or other transfer of this Agreement or any part thereof or interest therein shall be valid unless and until approved by Weber Basin=s Board of Trustees.

C. Attorney=s Fees. In the event that this Agreement or any provision hereof shall be enforced by an attorney retained by a Party hereto, whether by suit or otherwise, the fees and costs of such attorney shall be paid by the Party who is determined by a court of competent jurisdiction to have breached or defaulted hereunder, including fees and costs incurred upon appeal or in bankruptcy court.

D. Severability. If any term or provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be void, voidable, or unenforceable, such void, voidable or unenforceable term or provision shall not affect the enforceability of any other term or provision of this Agreement.

E. Captions. The section and paragraph headings contained in this Agreement are for the purposes of reference only and shall not limit, expand or otherwise affect the construction of any provisions hereof.

F. Construction. As used herein, all words in any gender shall be deemed to include the masculine, feminine, or neuter gender, all singular words shall include the plural, and all plural words shall include the singular, as the context may require.

G. Further Action. The Parties hereby agree to execute and deliver such additional documents and to take further action as may become necessary or desirable to fully carry out the provisions and intent of this Agreement.

H. Inducement. The making and execution of this Agreement has not been induced by any representation, statement, warranty or agreement other than those herein expressed.

I. Force Majeure. Performance by any Party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrections, strikes, lock-outs, floods, earthquakes, fires, casualties, acts of God, epidemics, quarantine, restrictions, inability (when the responsible Party is faultless) to secure necessary labor, materials, tools, acts or failure to act of any public or governmental agency or entity, or by any other reason not the fault of the Party delayed in performing work or doing acts required under the terms of this Agreement, and in such event, the performance of such work or the doing of such act shall be excused for the period of the delay and the period of performance for any such work or the doing of any such act shall be extended for a period equivalent to the period of such delay.

J. No Third Party Beneficiaries. This Agreement shall not be deemed to create any right in any person who is not a Party (other than the permitted successors and assigns of a Party) and shall not be construed in any respect to be a contract, in whole or in part, for the benefit of any third party (other than permitted successors and assigns of a Party hereto).

K. Warranty of Authority. The individuals executing this Agreement on behalf of the Parties hereby warrant that they have the requisite authority to execute this Agreement on behalf of the respective Parties and that the respective Parties have agreed to be and are bound hereby.

SECTION X ALTERNATIVE PROJECT

In the event the District Study and the Reclamation Study do not determine that the Snyderville Basin Project can be constructed, the Parties agree to negotiate in good faith an agreement for a project to import water into the Snyderville Basin (the "**Alternative Project**"), such agreement to include provisions relating to:

A. the acquisition, design, construction, ownership, operation, maintenance, repair and replacement of the Alternative Project at the sole cost and expense of Park City Water and/or Mountain Regional;

B. Weber Basin's providing of assistance and guidance to Park City Water and/or Mountain Regional, upon their request, during the design and construction of the Alternative Project, including assisting in the selection of a design engineer and in contracting for the construction of the Alternative Project, and, for a limited period of time immediately prior to and after completion of the Alternative Project, causing its personnel to be available to assist in advising and training Park City Water's and/or Mountain Regional's personnel in the operation and maintenance of the Alternative Project (provided and only to the extent that Weber Basin's personnel are themselves familiar with and have expertise in operating the type of facilities so designed and constructed);

C. the costs and expenses incurred by Park City Water and/or Mountain Regional in the development and construction of the Alternative Project, including, but not limited to, legal costs, easement acquisition costs, environmental costs, engineering and design costs, construction costs, including labor and materials, reimbursement of Weber Basin's costs, and debt service costs (including interest) and costs of issuance, to be financed by bonds and/or other debt financing instrument(s) to be issued by Park City Water and/or Mountain Regional, with the cooperation of Weber Basin;

D. the parties' obtaining of Federal and State approvals for the Alternative Project;

E. Weber Basin's reservation for a limited period of time of water for the Alternative Project, in an amount and on terms and conditions to be negotiated and agreed upon;

F. payment by Park City Water and/or Mountain Regional of Reservation Fees in amounts to be negotiated and agreed upon;

F. conditions upon which a party may terminate the Alternative Project agreement;

G. circumstances under which either Park City Water or Mountain Regional may assume the position of the other with respect to the Alternative Project;

H. Park City Water and Mountain Regional entering into contracts with Weber Basin for the purchase of the right to use the Alternative Project water, on terms and conditions to be negotiated and agreed upon;

I. Park City's and Summit County's commitments to secure the performance by Park City and Mountain Regional, respectively, of their obligations under the Alternative Project agreement and the subject water sales contracts;

J. approval of the Alternative Project and the documents related thereto by Reclamation;
and

K. such other terms and conditions as the Parties may agree upon.

[Signature Page Follows]

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

ATTEST:

Mountain Regional Water Special Service District

Susan Fellett
County Clerk



By: K.E. Waples

Commission Chair, Summit County
Acting as the Governing Authority of the District

APPROVED:

Wesley Spencer
Mountain Regional Attorney

ATTEST:

PARK CITY WATER SERVICE DISTRICT

Janet M. Smith
City Recorder



By: Dana Williams
President

APPROVED:

[Signature]
Park City Water Attorney

ATTEST:

Weber Basin Water Conservancy District

[Signature]
Secretary



By: James Lee Kenney
Chairman, Board of Trustees

APPROVED:

[Signature]
Weber Basin Attorney

**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

SNYDERVILLE BASIN WATER PROJECT**

THIS AMENDMENT TO WATER SUPPLY AGREEMENT is made and entered into as of this 15 day of NOVEMBER, 2007, by and among the Weber Basin Water Conservancy District, a water conservancy district organized and existing pursuant to the provisions of §17A-2-1401 *et seq.*, Utah Code Annotated, 1953, as amended (“**Weber Basin**”), Park City Water Service District, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended (“**Park City Water**”), and Mountain Regional Water Special Service District, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended (“**Mountain Regional**”). Weber Basin, Park City Water and Mountain Regional are hereinafter sometimes referred to individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

A. The Parties executed a Water Supply Agreement dated May 13, 2004 (the “**Agreement**”), providing for their participation in certain studies to consider delivering water into the Snyderville Basin (the “**Snyderville Basin Project**”).

B. Said studies have been completed and have concluded that such a project can be constructed.

C. In the Agreement, the Parties anticipated that the facilities comprising the Snyderville Basin Project would be designed, constructed and owned by the United States Bureau of Reclamation (“**Reclamation**”) and operated, maintained, repaired and replaced by Weber Basin, and that the costs of study, development, design and construction of the Snyderville Basin Project would be borne by Reclamation but repaid pursuant to a long-term repayment contract.

D. The Parties now desire to amend the Agreement to define the scope of the Snyderville Basin Project, to provide that the Snyderville Basin Project (as so defined) will be designed, constructed and, except as otherwise provided specifically hereinbelow, owned, operated, maintained, repaired and replaced by Weber Basin, and in other respects, as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Agreement as follows:

1. Paragraph I.B of the Agreement (entitled "Ownership of Facilities, Transport of Non-Reclamation Project Water") is hereby amended in its entirety to read as follows:

"B. Scope of Project, Ownership of Facilities, Transport of Non-BOR Project Water. The Parties agree that the Snyderville Basin Project shall consist of, and for all purposes as referred to in this Agreement (as hereby amended) shall be defined as, an intake structure and pump station (the "Weber Basin Pump Station") near or on property owned by Reclamation on the Weber River near the inlet to Rockport Reservoir, a pipeline from the Weber Basin Pump Station to the existing pump station owned by Mountain Regional (the "Mountain Regional Pump Station"), and additional pumps and other improvements to the Mountain Regional Pump Station as needed to accommodate the volume of water to be supplied to Park City Water and Mountain Regional pursuant to the Agreement and related waters sales contracts between Weber Basin and Park City Water and Weber Basin and Mountain Regional. The facilities comprising the Snyderville Basin Project shall be designed and constructed by Weber Basin. The Weber Basin Pump Station and the pipeline from the Weber Basin Pump Station to the Mountain Regional Pump Station shall be owned, operated, maintained, repaired and replaced by Weber Basin. The Mountain Regional Pump Station, including the additional pumps and other improvements to the Mountain Regional Pump Station, shall be owned, operated, maintained, repaired and replaced by Mountain Regional. The transport of any water other than Snyderville Basin Project Water through any facilities comprising the Snyderville Basin Project shall be in the sole and absolute discretion of Reclamation and Weber Basin, both before and after the facilities have been paid for under in paragraph I.C below."

2. Paragraph I.C of the Agreement (entitled "Snyderville Basin Project Costs and Financing") is hereby amended in its entirety to read as follows:

"C. Snyderville Basin Project Costs and Financing. The costs of study (other than those borne by Reclamation), development, design and construction of the Snyderville Basin Project will be borne by Weber Basin and repaid to Weber Basin pursuant to the Water Sales Contracts referred to in Section II.C, below."

3. Paragraph I.D of the Agreement (entitled "Park City Water and Mountain Regional Facilities") is hereby amended in its entirety to read as follows:

"D. Park City Water and Mountain Regional Facilities. All facilities necessary to be constructed or otherwise provided by Park City Water to receive, transport and deliver

water from the point of delivery at the Mountain Regional Pump Station into Park City Water's water system(s), and all facilities necessary to be constructed or otherwise provided by Mountain Regional to receive, transport and deliver water from the said point of delivery at the Mountain Regional Pump Station into Mountain Regional's water system(s), shall be acquired, designed, constructed, owned, operated, maintained, repaired and replaced by Park City Water and Mountain Regional, respectively, at their sole cost and expense."

4. Paragraph II.A of the Agreement (entitled "Water Supply Commitment") is hereby amended in its entirety to read as follows:

"A. Water Supply Commitment. The water for the Snyderville Basin Project may consist of Project Water or District Water, or both. Subject to the terms, conditions and limitations of this Agreement and of the Water Sales Contracts referred to in Section II.C, below, Weber Basin shall provide a forty (40) year supply of raw water to Park City Water and Mountain Regional, to be delivered by Weber Basin from its sources of supply, in the amounts specified in the Takedown Schedule attached hereto and by this reference incorporated herein (the "**Takedown Schedule**") at the point of delivery determined by the District Study and/or the Reclamation Study."

5. Paragraph II.C of the Agreement (entitled "Water Purchase Commitment") is hereby amended in its entirety to read as follows:

"C. Water Purchase Commitment. Park City Water and Mountain Regional, respectively, shall execute and deliver to Weber Basin (subject to approval by Reclamation) the applicable water sales contracts (the "**Water Sales Contracts**") attached hereto and by this reference incorporated herein, for their respective allocations of the Snyderville Basin Project Water as provided in Section II.B, above. If there are any contradictions or inconsistencies between the terms and provisions of this Agreement and the terms and provisions of the Water Sales Contracts, the terms and provisions of the Water Sales Contracts shall govern."

6. Paragraph II.D of the Agreement (entitled "Reservation Fees for Snyderville Basin Project Water") is hereby amended in its entirety to read as follows:

"D. Reservation Fees for Snyderville Basin Project Water. Until the date which is three (3) years after the date on which construction of the Snyderville Basin Project is complete and able to deliver water (the "**Project Completion Date**"), Weber Basin shall reserve from its sources of supply for use in the Snyderville Basin Project Five Thousand (5,000) acre-feet of water, less any amounts previously contracted for in accordance with the Takedown Schedule, and as an express condition to Weber Basin reserving said water, Park City Water and Mountain Regional shall each pay to Weber Basin annually, on or before the first business day of January of each year for which such water is to be

reserved, a reservation fee in the amount of One Hundred Twenty-Five Thousand Dollars (\$125,000) per year (the "**Reservation Fees**"). Weber Basin shall use said Reservation Fees to cover all of its costs, whether contracted or internal, incurred in connection with the Snyderville Basin Project (collectively, "**Weber Basin's Project Development Costs**"), including, but not limited to, all costs incurred in connection with the District Study and the Reclamation Study, all design, engineering and other costs incurred in connection with the Snyderville Basin Project, and all costs in obtaining all required State Approvals and Federal Approvals referred to in Section III.A, below. If at any time or from time to time Weber Basin anticipates that the then remaining balance of the Reservation Fees paid by Park City Water and Mountain Regional pursuant to this Agreement will be insufficient to cover Weber Basin's Project Development Costs, then Weber Basin shall give written notice of such anticipated deficiency to Park City Water and Mountain Regional, following which the Parties shall meet quarterly during the next ten (10) months in order to allow Park City and Mountain Regional to anticipate and budget for such deficiency; and at the end of such ten (10) month period Weber Basin shall notify Park City Water and Mountain Regional of the actual amount of such deficiency, and Park City Water and Mountain Regional shall each pay to Weber Basin one-half (½) of the amount of such actual deficiency within sixty (60) days after receipt of such notice."

7. Paragraph II.E of the Agreement (entitled "First Right of Refusal to Acquire Defaulting Party's Share of Water") is hereby deleted in its entirety.

8. Paragraph III.A(1) of the Agreement (entitled "Federal Approvals") is hereby amended by deleting the words "(and provided the District Study and the Reclamation Study determine that the Snyderville Basin Project can be constructed)" and the words "Petitions and".

9. Section IV of the Agreement (entitled "Termination of Agreement Prior to Execution of Petitions and Water Sales Contracts") and Section X of the Agreement (entitled "Alternative Project") are hereby deleted in their entirety.

10. All remaining provisions of the Agreement are hereby ratified and affirmed, and shall remain in full force and effect.

11. The Agreement, this Amendment, and the related Water Sales Contracts set forth the entire understanding and agreement of the Parties with respect to the subject matter hereof, and all prior negotiations, understandings, representations, inducements and agreements, whether oral or written and whether made by a Party hereto or by any one acting on behalf of a Party, shall be deemed to be merged therein and shall be of no further force or effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Amendment to Water Supply Agreement as of the day and year first above written.

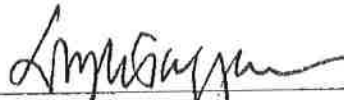
ATTEST:

WEBER BASIN WATER CONSERVANCY DISTRICT


Secretary


By: 
Chairman, Board of Trustees

APPROVED AS TO FORM:


Weber Basin Attorney

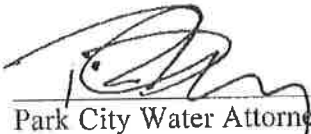
ATTEST:

PARK CITY WATER SERVICE DISTRICT


City Recorder

By: 
President

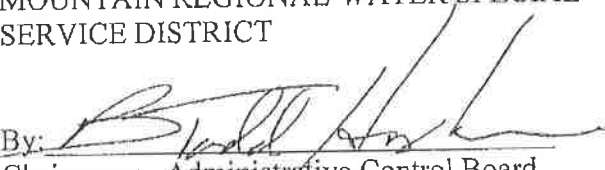
APPROVED AS TO FORM:


Park City Water Attorney

ATTEST:

MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT


Clerk

By: 
Chairperson, Administrative Control Board
(Mountain Regional's Governing Authority pursuant to delegation by the Board of County Commissioners of Summit County)

APPROVED AS TO FORM:


Mountain Regional Attorney

**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

SNYDERVILLE BASIN WATER PROJECT**

THIS SECOND AMENDMENT TO WATER SUPPLY AGREEMENT (this "Second Amendment") is made and entered into as of this 25 day of FEBRUARY, 2009 by and among the Weber Basin Water Conservancy District, a water conservancy district organized and existing pursuant to the provisions of §17A-2-1401 *et seq.*, Utah Code Annotated, 1953, as amended ("Weber Basin"), Park City Water Service District, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Park City Water"), and Mountain Regional Water Special Service District, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Mountain Regional"). Weber Basin, Park City Water and Mountain Regional are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. The Parties executed a Water Supply Agreement dated May 13, 2004, and an Amendment to Water Supply Agreement dated _____ (collectively, the "Agreement"), providing for, *inter alia*, the reservation of water by Weber Basin and payment of Reservation Fees by Park City Water and Mountain Regional.

B. The Parties now desire to amend the Agreement to provide that Reservation Fees will no longer be payable following the date which is three (3) years after the Project Completion Date, when all of the subject water is to be contracted for pursuant to the Water Sales Contracts.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Agreement as follows:

1. Paragraph II.D of the Agreement (entitled "Reservation Fees for Snyderville Basin Project Water") is hereby amended by adding the following as the second sentence of said Paragraph II.D:

"The obligation of Park City Water and Mountain Regional to pay Reservation Fees to Weber Basin shall terminate on the date which is three (3) years after the Project Completion Date."

2. Capitalized terms in this Second Amendment shall have the same meaning as those terms are defined in the Agreement.

3. All remaining provisions of the Agreement are hereby ratified and affirmed, and shall remain in full force and effect.

[Remainder of Page Intentionally Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to Water Supply Agreement as of the day and year first above written.

ATTEST:

WEBER BASIN WATER CONSERVANCY DISTRICT

Secretary

By: _____
Chairman, Board of Trustees

APPROVED AS TO FORM:

Weber Basin Attorney

ATTEST:

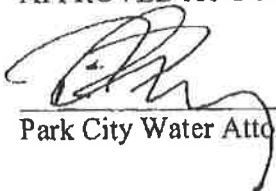
PARK CITY WATER SERVICE DISTRICT


City Recorder



Diana Williams

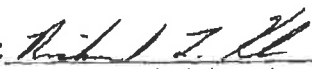
APPROVED AS TO FORM:


Park City Water Attorney

ATTEST:

MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT

Clerk

By: 
Chairperson, Administrative Control Board
(Mountain Regional's Governing Authority
pursuant to delegation by the Board of County
Commissioners of Summit County)

APPROVED AS TO FORM:


Mountain Regional Attorney

**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

SNYDERVILLE BASIN WATER PROJECT**

THIS THIRD AMENDMENT TO WATER SUPPLY AGREEMENT (this "Third Amendment") is made and entered into as of this 20th day of June, 2012, by and among the Weber Basin Water Conservancy District, a water conservancy district organized and existing pursuant to the provisions of Utah Code §17B-2a-1001 *et seq.*, and its predecessor statutes, as amended ("**Weber Basin**"), Park City Water Service District, an improvement district organized and existing pursuant to the provisions of Utah Code §17B-2a-401 *et seq.*, and its predecessor statutes, as amended ("**Park City Water**"), and Mountain Regional Water Special Service District, a special service district organized and existing pursuant to the provisions of Utah Code §17B-2a-401 *et seq.*, and its predecessor statutes, as amended ("**Mountain Regional**"). Weber Basin, Park City Water and Mountain Regional are hereinafter sometimes referred to individually as a "**Party**" and collectively as the "**Parties.**"

RECITALS

- A. The Parties executed a Water Supply Agreement dated May 13, 2004, an Amendment to Water Supply Agreement dated November 15, 2007, and a Second Amendment to Water Supply Agreement dated February 25, 2010 (the "Agreement", the "First Amendment" and the "Second Amendment", respectively), providing for their participation in certain studies to consider delivering water in the Snyderville basin (the "Snyderville Basin Project").
- B. Said studies have been completed and have concluded, all required Federal Approvals and State Approvals have been received, and the Snyderville Basin Project has been constructed.
- C. In the Agreement and the First Amendment, an attached Takedown Schedule set forth the quantities of water that were to be supplied to Park City Water and Mountain Regional pursuant to the Water Sales Contracts that each have entered into with Weber Basin.
- D. The Parties now desire to further amend the Agreement and Takedown Schedule to reallocate the quantity of water which will be supplied to Park City and Mountain Regional pursuant to the Water Sales Contracts.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby set forth the terms of this Third Amendment.

I. Amendments to Agreement and First Amendment.

A. Section II, Paragraph A. of the Agreement (entitled "Water Supply Commitment").

In the First Amendment, the Parties amended Paragraph II.A of the Agreement (entitled "Water Supply Commitment") to read as follows:

"A. Water Supply Commitment. The water for the Snyderville Basin Project may consist of Project Water or District Water, or both. Subject to the terms, conditions and limitations of this Agreement and of the Water Sales Contracts referred to in Section II.C below, Weber Basin shall provide a forty (40) year supply of raw water to Park City Water and Mountain Regional, to be delivered by Weber Basin from its sources of supply, in the amount specified in the Takedown Schedule attached hereto and by this reference incorporated herein ("the Takedown Schedule") at the point of delivery determined by the District Study and/or the Reclamation Study."

By this Third Amendment, the Parties wish to further amend Paragraph II.A of the Agreement, as amended by Paragraph 4 of the First Amendment, by attaching an updated Takedown Schedule to this Third Amendment. The Takedown Schedule attached hereto shall supersede the takedown schedules referenced in both the Agreement and the First Amendment.

B. Section II, Paragraph B of the Agreement (entitled "Allocation of Water Supply.")

By this Third Amendment, the Parties amend Section II, Paragraph B of the Agreement in its entirety to read as follows:

"B. Allocation of Water Supply. The total Snyderville Basin Project Water supply to be made available to Park City Water, subject to the provisions of this Agreement, shall be Two Thousand Nine Hundred (2,900) acre-feet of water per year. The total Snyderville Basin Project Water supply to be made available to Mountain Regional, subject to the provisions of this Agreement shall be Two Thousand One Hundred (2,100) acre-feet of water

per year. The Parties acknowledge and agree that the quantities of water set forth in this paragraph are no longer subject to adjustment pursuant to Section III.B below.”

- II. Capitalized Terms. Capitalized terms in this Third Amendment shall have the same meaning as those terms are defined in the Agreement.
- III. Remaining Terms. The Parties intend and agree that all remaining terms of the Agreement, the First Amendment and the Second Amendment not affected by the terms of this Third Amendment shall remain in full force and effect.

[Remainder of Page Intentionally Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Third Amendment to Water Supply Agreement as of the day and year first above written.

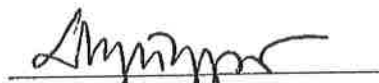
ATTEST:

WEBER BASIN WATER CONSERVANCY DISTRICT


Secretary

By: 
Chairman, Board of Trustees

APPROVED AS TO FORM:


Weber Basin Attorney



ATTEST:


PARK CITY WATER SERVICE DISTRICT


City Recorder



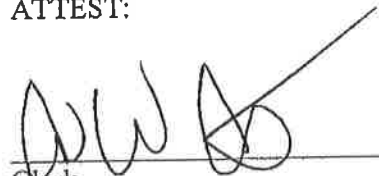

President


APPROVED AS TO FORM:


Park City Water Attorney

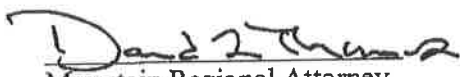
ATTEST:

MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT


Clerk

By: 
Chairperson, Administrative Control Board
(Mountain Regional's Governing Authority pursuant to delegation by the Board of County Commissioners of Summit County)

APPROVED AS TO FORM:


Mountain Regional Attorney

**WEBER BASIN WATER CONSERVANCY DISTRICT
WATER TAKEDOWN SCHEDULE
SNYDERVILLE BASIN PROJECT**

5,000 acre feet

	2009	2010	Jan. 1, 2011 through June 30, 2012	July 1, 2012, through Dec. 31, 2012, and each year thereafter
Park City Water	1,250	2,000	2,500	2,900
Mountain Regional	1,250	2,000	2,500	2,100

EXHIBIT G

USA/Weber Basin/Park City Water Agreement

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

THIS CONTRACT made this 15 day of ~~NOVEMBER~~, 2007, between the UNITED STATES OF AMERICA, acting by and through the Bureau of Reclamation, Department of the Interior, pursuant to the provisions of the Act of January 17, 1902, and acts amendatory and supplemental thereto, particularly the Act of August 29, 1949 ("Reclamation"), WEBER BASIN WATER CONSERVANCY DISTRICT, a water conservancy district organized and existing pursuant to the provisions of §17A-2-1401 *et seq.*, Utah Code Annotated, 1953, as amended ("Weber Basin"), and PARK CITY WATER SERVICE DISTRICT, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Purchaser") (Weber Basin and Purchaser being herein sometimes collectively referred to as the "Parties"),

WITNESSETH:

A. WHEREAS, Weber Basin, Purchaser and Mountain Regional Water Special Service District, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Mountain Regional") have entered into a Water Supply Agreement dated May 13, 2004, as amended (the "Water Supply Agreement"), to provide to Purchaser and Mountain Regional from a project to be constructed by Weber Basin, to consist of an intake structure and pump station (the "Weber Basin Pump Station") near or on property owned by Reclamation on the Weber River near the inlet to Rockport Reservoir, a pipeline from the Weber Basin Pump Station to the existing pump station owned by Mountain Regional (the "Mountain Regional Pump Station"), and additional pumps and other improvements to the Mountain Regional Pump Station as needed to accommodate the water to be supplied to Purchaser and Mountain Regional pursuant to the Water Supply Agreement and this and a related water sales contract with Mountain Regional (collectively, the "Snyderville Basin Project"), a supply of untreated water, which may consist of water that Weber Basin administers under agreement with Reclamation or other water developed independently by Weber Basin, and

B. WHEREAS, pursuant to the Water Supply Agreement, Weber Basin has reserved from its supply a limited amount of water for the purpose of selling the use thereof to Purchaser, and

C. WHEREAS, Purchaser desires to purchase from Weber Basin the right to use Two Thousand Five Hundred (2,500) acre-feet of water, on the terms and conditions herein set forth,

NOW, THEREFORE, in consideration of the mutual and dependent promises and undertakings herein contained, it is agreed between Weber Basin and Purchaser as follows:

1. Purchase of Right to Use Water. Weber Basin shall sell to Purchaser, for a period of forty (40) years commencing upon completion of the Snyderville Basin Project, the right to use the amount of water specified in the Takedown Schedule attached hereto and by this reference incorporated herein (the "Snyderville Basin Project Water"), and shall deliver the same in the manner and at the place hereinafter provided, and Purchaser shall purchase from Weber Basin the right to use said Snyderville Basin Project Water in each calendar year during said forty (40) year period. The purchase of the right to use annually the quantities of Snyderville Basin Project Water specified on the Takedown Schedule represents minimum annual contract amounts. Purchaser may accelerate its purchases hereunder by notifying Weber Basin in writing ninety (90) days prior to the end of any calendar year of its intent to so accelerate and specifying the amount of additional Snyderville Basin Project Water the right to the use of which Purchaser desires to purchase commencing with the next calendar year; provided, however, that in the event purchases are so accelerated, Purchaser shall not be relieved of its obligation to purchase the minimum contract amount provided for in the Takedown Schedule for each succeeding year.

2. Obligation of Purchaser to Pay for Water. Purchaser shall annually pay Weber Basin for its right to use the Snyderville Basin Project Water under this Contract in conformance with the following:

(a) Snyderville Basin Project Water Rate. Purchaser shall pay for the right to use Snyderville Basin Project Water under this Contract at the "Snyderville Basin Project Water Rate", which shall be determined by adding to the average of Weber Basin's Project Water Rate and District I Water Rate, as the same are determined annually by Weber Basin's Board of Trustees (which consist of Weber Basin's cost for source development, including, but not limited to, Weber Basin's repayment obligations to the United States and other lenders, and operation, repair, replacement and maintenance throughout Weber Basin's system, as the same are determined annually by Weber Basin's Board of Trustees for its other customers), one-half (1/2) of: (i) the annual amount of all capitalized costs relating to project development of the Snyderville Basin Project (to the extent the same are not covered by Reservation Fees paid to Weber Basin under the Water Supply Agreement); and (ii) the annual amount of all capitalized costs of construction of the Snyderville Basin Project.

(b) Annual Payment. The Snyderville Basin Project Water Rate shall be determined each year by Weber Basin's Board of Trustees, subject to the terms

of this Contract, to take effect on January 1 of the following calendar year. The annual obligation to be paid by Purchaser under this Contract shall then be determined by multiplying the Snyderville Basin Project Water Rate by the amount of Snyderville Basin Project Water the use of which Purchaser is required to purchase (or allowed to purchase, in the case of any accelerated purchases pursuant to paragraph 1 above) under this Contract for the following calendar year (the "Annual Payment"). If Weber Basin's estimate of the operation, maintenance, replacement and repair costs used determining the Snyderville Basin Project Water Rate is more or less than the actual costs thereof, an appropriate adjustment will be made in the Annual Payment for the year following the year for which the estimate was made. Notwithstanding the foregoing, the Snyderville Basin Project Water Rate for the calendar year in which the Project Completion Date occurs shall be effective on the Project Completion Date, and the amount of the Annual Payment for the year in which the Project Completion Date occurs shall be prorated for the number of days remaining in that year. Weber Basin's determinations of the Annual Payment and any adjustment or supplement thereto shall be final and conclusive.

(c) Annual Billing Statement; Payment Due Date. A notice setting forth a statement of the amount of the Annual Payment for the calendar year in which the Project Completion Date occurs and the next succeeding calendar year shall be furnished to Purchaser within sixty (60) days following the Project Completion Date. The amount of the Annual Payment for the year in which the Project Completion Date occurs shall be due and payable to Weber Basin within ninety (90) days of such notice. The amount of the Annual Payment for the next succeeding calendar year shall be due and payable to Weber Basin on or before the first business day of January of such next succeeding calendar year or, if later, on the date which is ninety (90) days after the Project Completion Date. A notice setting forth a statement of the amount of the Annual Payment for each succeeding calendar year shall be furnished to Purchaser on or before March 1 of the previous calendar year. The amount of the Annual Payment as set forth in the notice shall be due and payable to Weber Basin on or before the first business day of January of such succeeding year during the remainder of the forty (40) year period of this Contract.

(d) Supplemental Operating Charge. In addition to the Annual Payment, Weber Basin's Board of Trustees may from time to time impose an additional charge (the "Supplemental Operating Charge") to cover any additional expenses incurred in connection with the Snyderville Basin Project (including, but not limited to, any wheeling, conveyance or other similar charge payable to the United States for the use of its facilities to deliver the Snyderville Basin Project Water hereunder), and Purchaser shall pay such supplemental operating charge on or before the date specified in the supplemental notice.

(e) Take-or-Pay Basis. The Annual Payment and any Supplemental Operating Charge shall be paid in full by Purchaser to Weber Basin whether or

not all or any part of the annual allocation of Snyderville Basin Project Water set forth in the Takedown Schedule is called for or used by Purchaser.

(f) Refusal of Water in the Event of Default. No water will be delivered to or for Purchaser if Purchaser has not paid all Reservation Fees required by the Water Supply Agreement or if Purchaser is in arrears in any Annual Payment, Supplemental Operating Charge or other obligations due and owing to Weber Basin under this Contract 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 given by this Contract or by law to enforce the collection of any payments due under the terms of this Contract.

(g) Penalty for Delinquency. Every installment or charge required to be paid to Weber Basin under this Contract which shall remain unpaid after its due date shall bear interest from date of delinquency at the existing prime interest rate as of January 1 of each year.

3. Water Rate Covenant. Purchaser shall levy impact fees, water service fees and other fees and charges in connection with the sale of Snyderville Basin Project Water to its customers and customer agencies in amounts sufficient to pay all obligations due and owing to Weber Basin each year in addition to such amounts as shall be necessary to cover administrative, contract, operation, maintenance and replacement costs, expenses and reserve accounts relative to its own water distribution system.

4. Collection of Fees and Charges by Purchaser. Purchaser shall 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 pay all amounts owing to Weber Basin hereunder as the same become due.

5. Delivery and Use of Water. Water furnished under this Contract shall be measured at the Weber Basin Pump Station and delivered at the Mountain Regional Pump Station. Weber Basin reserves the right to substitute and use any of its sources of water to make the delivery. It shall not be the responsibility of Weber Basin to provide facilities to convey water from such point of delivery to the place of use. Purchaser shall be charged a pro-rata share of all conveyance and operation losses from Weber Basin's storage reservoirs to said point of delivery. Purchaser shall have no right to hold over or accumulate from year to year water covered hereby. Weber Basin shall not guarantee pressures or be responsible for fluctuations in pressure including failure of devices regulating pressure. Purchaser shall give Weber Basin not less than forty-eight (48) hours prior notice of any desired change in the flow rate of water then being delivered. Purchaser shall provide sufficient storage, at its own expense, to maintain a flow rate from Weber Basin not to exceed Three Thousand One Hundred (3,100) gallons per minute. At no time shall the Snyderville Basin Project Water be delivered at a flow rate exceeding Four Million Four Hundred Fifty Thousand (4,450,000) gallons per day. Purchaser shall not sell the use of Snyderville Basin Project Water to any person or entity

for use outside Weber Basin's boundaries, as now or hereafter fixed, either on a permanent or temporary basis.

6. Operation and Maintenance of Purchaser's Facilities. Purchaser shall operate, maintain, replace and repair, without cost to Weber Basin, all of Purchaser's facilities necessary to take and utilize its water, including the water purchased under this Contract.

7. Accounting and Water Supply Records. Purchaser shall maintain a standard set of books (a) to account for money received and expended as provided by law and (b) to keep and furnish suitable records of water supply and the disposition thereof.

8. Annexation. Purchaser agrees to take all action necessary to annex into the Weber Basin Water Conservancy District all property in Summit County that is now or in the future may become within the boundaries of Purchaser.

9. Beneficial Use. The basis, measure, and limit of the right of Purchaser to the use of Snyderville Basin Project Water shall rest perpetually in the beneficial application thereof. Purchaser shall put the Snyderville Basin Project Water to beneficial use in accordance with law for wholesale and retail sale and delivery and to supplement its existing municipal water supply for present and future, planned and permitted development.

10. Waste Water, Seepage Water and Return Flow. The reuse of Snyderville Basin Project Water pursuant to this Agreement is not allowed except upon the prior written authorization of Weber Basin and the United States. The waste, seepage, or return flow from water delivered pursuant to this Contract shall belong to the United States for the use and benefit of the Weber Basin Project. Weber Basin may substitute in lieu of stored water any other water available to the Weber Basin Project to the extent that it can be delivered at points where it can be used, provided such water is of quality suitable for project municipal irrigation use. All of Purchaser's water users who accept the benefits of this Contract shall be deemed thereby to have consented to such substitution of water, and Purchaser shall obtain the written consent of all such users of Snyderville Basin Project Water to such substitution of water.

11. Compliance with Applicable Pollution Laws and Regulations. Purchaser agrees to fully comply with all applicable Federal laws, orders and regulations, and the laws of the State of Utah, all as administered by appropriate authorities, concerning the pollution of streams, reservoirs, ground water, or water courses with respect to thermal pollution or the discharge of refuse, garbage, sewage effluent, industrial waste, oil, mine tailings, mineral salts, or other pollutants.

12. Water Shortage. In the event there is a shortage of water caused by drought, inaccuracies in distribution not resulting from negligence, hostile diversion, prior or superior claims, or other causes not within the control of Weber Basin, no liability shall accrue against the United States or Weber Basin or any of its officers, agents or employees for any damage, direct or indirect, arising therefrom, and the payments to

Weber Basin provided for herein shall not be reduced because of any such shortage or damage. During periods of water shortage, allocations of treated and untreated water for municipal, domestic, and industrial use shall have priority over irrigation water deliveries. If there should ever be any shortage of municipal water, deliveries to Purchaser shall be reduced in the proportion that the number of acre-feet of such shortage as determined by Weber Basin bears to the total number of acre-feet allocated for municipal use within the total Weber Basin system. Notwithstanding the foregoing, Weber Basin shall use its best efforts to remedy said inability to provide a full supply of Snyderville Basin Project Water at the earliest possible date.

13. Subject to Water Conservancy Act and Reclamation Law. This Contract, and any amendments thereto, shall be subject to the Utah Water Conservancy Act, 17A-2-1401 et seq., Utah Code Annotated, 1953, as amended, and the rules and regulations of Weber Basin as the same have been and may be supplemented or amended from time to time. The delivery of water or the use of Federal facilities pursuant to this Contract is subject to Reclamation law, as amended and supplemented, and the rules and regulation promulgated by the Secretary of the Interior to administer Reclamation Law. Purchaser agrees to abide by such final rules and regulation lawfully adopted.

14. Notice. Any and all notices or other communications to be given to either of the Parties hereto shall be personally delivered to such Party or mailed to such Party by registered or certified mail, return receipt requested, at the address indicated below:

Notices to Weber Basin:

Weber Basin Water Conservancy District
2837 East Highway 193
Layton, Utah 84040

Notices to Purchaser:

Park City Water Service District
445 Marsac Avenue
Park City, Utah 84060

Either Party may change the place of address aforesaid by written notice to the other Party. Notice shall be deemed to have been given upon the date of personal delivery thereof or upon depositing the same in the United States mails as aforesaid.

15. Relationship to Water Supply Agreement. The Water Supply Agreement is not cancelled or superseded by this Contract, but shall remain in full force and effect. However, if there are any contradictions or inconsistencies between the terms and provisions of this Contract and the terms and provisions of the Water Supply Agreement, the terms and provisions of this Contract shall govern.

25. No Third Party Beneficiaries. This Contract shall not be deemed to create any right in any person who is not a Party (other than the permitted successors and assigns of a Party) and shall not be construed in any respect to be a contract, in whole or in part, for the benefit of any third party (other than permitted successors and assigns of a Party hereto).

26. Entire Agreement. This Contract and the Water Supply Agreement, as amended, set forth the entire understanding and agreement of the Parties with respect to the subject matter hereof, and all prior negotiations, understandings, representations, inducements and agreements, whether oral or written and whether made by a Party hereto or by any one acting on behalf of a Party, shall be deemed to be merged therein and shall be of no further force or effect.

27. Effective Upon Acceptance and Execution by Weber Basin and United States. This Contract shall become the binding obligation of the Parties upon acceptance and execution hereof by Weber Basin and the United States Bureau of Reclamation, as evidenced by their respective signatures below.

[Signature Page Follows]

IN WITNESS WHEREOF, this Contract has been executed by the Parties hereto as of the day and year first above written.

ATTEST:

PARK CITY WATER SERVICE
DISTRICT


Recorder

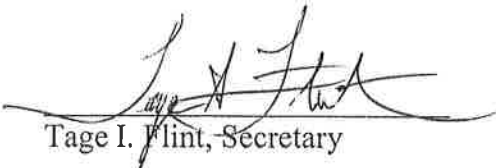
By: 
Chairman

APPROVED AS TO FORM:


Park City Water Attorney

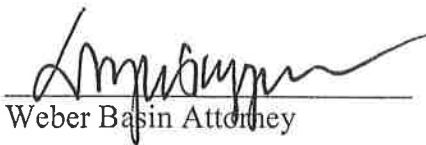
ATTEST:

WEBER BASIN WATER
CONSERVANCY DISTRICT


Tage I. Flint, Secretary

By: 
President

APPROVED AS TO FORM:


Weber Basin Attorney

THE UNITED STATES OF AMERICA,
Bureau of Reclamation

By: _____
Regional Director, Upper Colorado Region

APPROVED AS TO FORM:

Office of the Solicitor

**WEBER BASIN WATER CONSERVANCY DISTRICT
WATER TAKEDOWN SCHEDULE
SNYDERVILLE BASIN PROJECT**

**PARK CITY WATER SERVICE DISTRICT
2,500 acre feet**

Period Following Project Completion Date*

Year 1	Year 2	Year 3 and each year thereafter
1,250	2,000	2,500

*Project Completion Date as defined in Paragraph II.D of the Water Supply Agreement (as amended)

Note: Above figures are subject to adjustment in accordance with Paragraph III.B of the Water Supply Agreement

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

THIS AMENDMENT TO CONTRACT made this 18 day of August, 2010, between the UNITED STATES OF AMERICA, acting by and through the Bureau of Reclamation, Department of the Interior, pursuant to the provisions of the Act of January 17, 1902, and acts amendatory and supplemental thereto, particularly the Act of August 29, 1949 ("Reclamation"), WEBER BASIN WATER CONSERVANCY DISTRICT, a water conservancy district organized and existing pursuant to the provisions of §17A-2-1401 *et seq.*, Utah Code Annotated, 1953, as amended ("Weber Basin"), and PARK CITY WATER SERVICE DISTRICT, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Purchaser") (Weber Basin and Purchaser being herein sometimes collectively referred to as the "Parties"),

WITNESSETH:

A. WHEREAS, the Parties entered into a Contract dated November 15, 2007, whereby Purchaser agreed to purchase from Weber Basin the right to use Two Thousand Five Hundred (2,500) acre-feet of water, on the terms and conditions therein set forth (the "Contract"); and

B. WHEREAS, the Parties have determined that it is necessary to install additional electrical facilities to the Mountain Regional Pump Station in order to supply the necessary power for the Snyderville Basin Project (the "Additional Electrical Facilities"); and

C. WHEREAS, Purchaser has requested Weber Basin to construct the Additional Electrical Facilities and to include the annual amount of the cost of such construction in the Snyderville Basin Project Water Rate paid by Purchaser for the Snyderville Basin Project Water pursuant to the Contract; and

D. WHEREAS, the Parties now desire to amend the Contract to clarify the calculation of the Snyderville Basin Project Water Rate payable by Purchaser under the Contract so as to include the cost of the Additional Electrical Facilities and a replacement fund for the Weber Basin Pump Station and related facilities;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Contract as follows:

1. Paragraph 2(a) of the Contract (entitled "Snyderville Basin Project Water Rate") is hereby amended in its entirety to read as follows:

"(a) Snyderville Basin Project Water Rate. Purchaser shall pay for the right to use Snyderville Basin Project Water under this Contract at the "Snyderville Basin Project Water Rate", which shall be determined by adding to the average of Weber Basin's Project Water Rate and District I Water Rate, as the same are determined annually by Weber Basin's Board of Trustees (which consist of Weber Basin's cost for source development, including, but not limited to, Weber Basin's repayment obligations to the United States and other lenders, and operation, repair, replacement and maintenance throughout Weber Basin's system, as the same are determined annually by Weber Basin's Board of Trustees for its other customers), (i) one-half (1/2) of the sum of: (A) the annual amount of all capitalized costs relating to project development of the Snyderville Basin Project (to the extent the same are not covered by Reservation Fees paid to Weber Basin under the Water Supply Agreement); and (B) the annual amount of all capitalized costs of construction of the Snyderville Basin Project and a replacement fund for the Weber Basin Pump Station and related facilities; plus (ii) sixty percent (60%) of the annual amount of the capital costs of construction of the Additional Electrical Facilities. A sample of the manner in which the Snyderville Basin Project Water Rate will be calculated is attached hereto and by this reference incorporated herein."

2. Capitalized terms not defined in this Amendment shall have the same meaning as those terms are used in the Contract.

3. All remaining provisions of the Contract are hereby ratified and affirmed, and shall remain in full force and effect.

4. This Contract shall become the binding obligation of the Parties upon acceptance and execution hereof by Weber Basin and the United States Bureau of Reclamation, as evidenced by their respective signatures below.

[Remainder of Page Intentionally Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, this Contract has been executed by the Parties hereto as of the day and year first above written.


ATTEST:

PARK CITY WATER SERVICE
DISTRICT


Recorder

By: 
Chairman

APPROVED AS TO FORM:


Park City Water Attorney

ATTEST:

WEBER BASIN WATER
CONSERVANCY DISTRICT



Tage I. Flint, Secretary

By: 
President

APPROVED AS TO FORM:


Weber Basin Attorney

THE UNITED STATES OF AMERICA,
Bureau of Reclamation

By: 
Regional Director, Upper Colorado Region

APPROVED AS TO FORM:


Office of the Solicitor
Intermountain Region

Snyderville Basin Project

	<u>Total</u>	<u>Mid-Regional</u>	<u>Park City</u>	<u>Weber Basin</u>
Lost Canyon Project (Bowen Collins Estimate)				
Schedule A	\$3,624,938	\$ 859,244	\$2,765,694	\$ 0
Schedule B	1,784,993	975,826	594,968	214,199
Schedule C	230,000	0	230,000	0
Paved Access	65,000	40,365	24,635	0
Sub Total	\$5,704,931	\$1,875,435	\$3,615,297	\$214,199
Engineering	571,293	187,806	362,037	21,450
Rocky Mountain Power	200,000	0	200,000	0
TOTAL CONSTRUCTION COSTS	\$6,476,224	\$2,063,241	\$4,177,334	\$235,649
Other Expenses of Summit County Project	603,508	301,754	301,754	0
Bureau of Reclamation Studies & Engineering	1,197,920	598,960	598,960	0
Weber Basin Water - Local Cost Share w/USBR	321,866	160,933	160,933	0
Other Expenses (estimate)	10,000	5,000	5,000	0
Total Initial Costs (estimate)	\$8,609,518	\$3,129,888	\$5,243,981	\$235,649

Additional Electrical Facilities

tbd

tbd

tbd

Total including Additional Electrical Facilities

tbd

tbd

tbd

Less:

Mountain Regional Reservation Fees

\$1,205,500

\$1,205,500

\$989,500

Park City Reservation Fees

989,500

598,960

\$598,960

Bureau of Reclamation Contribution

1,197,920

0

0

Weber Basin Water Portion of Construction Costs

235,649

0

0

Net Reimbursable Costs of Summit County Project

tbd

tbd

tbd

\$0

Annual Repayment:

(Based on \$4,980,949 @4.6% for 20 years)

tbd

tbd

tbd

Capital Cost per Acre-Foot

tbd

tbd

tbd

20 year repayment

Replacement Fee per Acre-Foot

tbd

tbd

tbd

Project/District Rate per Acre-Foot

159.37

159.37

159.37

Total Rate per Acre-Foot

tbd

tbd

tbd

EXHIBIT H

USA/Weber Basin/Mountain Regional Agreement

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

THIS CONTRACT made this 15 day of November, 2007, between the UNITED STATES OF AMERICA, acting by and through the Bureau of Reclamation, Department of the Interior, pursuant to the provisions of the Act of January 17, 1902, and acts amendatory and supplemental thereto, particularly the Act of August 29, 1949 ("Reclamation"), WEBER BASIN WATER CONSERVANCY DISTRICT, a water conservancy district organized and existing pursuant to the provisions of §17A-2-1401 *et seq.*, Utah Code Annotated, 1953, as amended ("Weber Basin"), and MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Purchaser") (Weber Basin and Purchaser being herein sometimes collectively referred to as the "Parties"),

WITNESSETH:

A. WHEREAS, Weber Basin, Purchaser and Park City Water Service District, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Park City Water") have entered into a Water Supply Agreement dated May 13, 2004, as amended (the "Water Supply Agreement"), to provide to Purchaser and Park City Water from a project to be constructed by Weber Basin, to consist of an intake structure and pump station (the "Weber Basin Pump Station") near or on property owned by Reclamation on the Weber River near the inlet to Rockport Reservoir, a pipeline from the Weber Basin Pump Station to the existing pump station owned by Purchaser (the "Mountain Regional Pump Station"), and additional pumps and other improvements to the Mountain Regional Pump Station as needed to accommodate the water to be supplied to Purchaser and Park City Water pursuant to the Water Supply Agreement and this and a related water sales contract with Park City Water (collectively, the "Snyderville Basin Project"), a supply of untreated water, which may consist of water that Weber Basin administers under agreement with Reclamation or other water developed independently by Weber Basin, and

B. WHEREAS, pursuant to the Water Supply Agreement, Weber Basin has reserved from its supply a limited amount of water for the purpose of selling the use thereof to Purchaser, and

C. WHEREAS, Purchaser desires to purchase from Weber Basin the right to use Two Thousand Five Hundred (2,500) acre-feet of water, on the terms and conditions herein set forth,

NOW, THEREFORE, in consideration of the mutual and dependent promises and undertakings herein contained, it is agreed between Weber Basin and Purchaser as follows:

1. Purchase of Right to Use Water. Weber Basin shall sell to Purchaser, for a period of forty (40) years commencing upon completion of the Snyderville Basin Project, the right to use the amount of water specified in the Takedown Schedule attached hereto and by this reference incorporated herein (the "Snyderville Basin Project Water"), and shall deliver the same in the manner and at the place hereinafter provided, and Purchaser shall purchase from Weber Basin the right to use said Snyderville Basin Project Water in each calendar year during said forty (40) year period. The purchase of the right to use annually the quantities of Snyderville Basin Project Water specified on the Takedown Schedule represents minimum annual contract amounts. Purchaser may accelerate its purchases hereunder by notifying Weber Basin in writing ninety (90) days prior to the end of any calendar year of its intent to so accelerate and specifying the amount of additional Snyderville Basin Project Water the right to the use of which Purchaser desires to purchase commencing with the next calendar year; provided, however, that in the event purchases are so accelerated, Purchaser shall not be relieved of its obligation to purchase the minimum contract amount provided for in the Takedown Schedule for each succeeding year.

2. Obligation of Purchaser to Pay for Water. Purchaser shall annually pay Weber Basin for its right to use the Snyderville Basin Project Water under this Contract in conformance with the following:

(a) Snyderville Basin Project Water Rate. Purchaser shall pay for the right to use Snyderville Basin Project Water under this Contract at the "Snyderville Basin Project Water Rate", which shall be determined by adding to the average of Weber Basin's Project Water Rate and District I Water Rate, as the same are determined annually by Weber Basin's Board of Trustees (which consist of Weber Basin's cost for source development, including, but not limited to, Weber Basin's repayment obligations to the United States and other lenders, and operation, repair, replacement and maintenance throughout Weber Basin's system, as the same are determined annually by Weber Basin's Board of Trustees for its other customers), one-half (1/2) of: (i) the annual amount of all capitalized costs relating to project development of the Snyderville Basin Project (to the extent the same are not covered by Reservation Fees paid to Weber Basin under the Water Supply Agreement); and (ii) the annual amount of all capitalized costs of construction of the Snyderville Basin Project.

(b) Annual Payment. The Snyderville Basin Project Water Rate shall be determined each year by Weber Basin's Board of Trustees, subject to the terms

of this Contract, to take effect on January 1 of the following calendar year. The annual obligation to be paid by Purchaser under this Contract shall then be determined by multiplying the Snyderville Basin Project Water Rate by the amount of Snyderville Basin Project Water the use of which Purchaser is required to purchase (or allowed to purchase, in the case of any accelerated purchases pursuant to paragraph 1 above) under this Contract for the following calendar year (the "Annual Payment"). If Weber Basin's estimate of the operation, maintenance, replacement and repair costs used determining the Snyderville Basin Project Water Rate is more or less than the actual costs thereof, an appropriate adjustment will be made in the Annual Payment for the year following the year for which the estimate was made. Notwithstanding the foregoing, the Snyderville Basin Project Water Rate for the calendar year in which the Project Completion Date occurs shall be effective on the Project Completion Date, and the amount of the Annual Payment for the year in which the Project Completion Date occurs shall be prorated for the number of days remaining in that year. Weber Basin's determinations of the Annual Payment and any adjustment or supplement thereto shall be final and conclusive.

(c) Annual Billing Statement; Payment Due Date. A notice setting forth a statement of the amount of the Annual Payment for the calendar year in which the Project Completion Date occurs and the next succeeding calendar year shall be furnished to Purchaser within sixty (60) days following the Project Completion Date. The amount of the Annual Payment for the year in which the Project Completion Date occurs shall be due and payable to Weber Basin within ninety (90) days of such notice. The amount of the Annual Payment for the next succeeding calendar year shall be due and payable to Weber Basin on or before the first business day of January of such next succeeding calendar year or, if later, on the date which is ninety (90) days after the Project Completion Date. A notice setting forth a statement of the amount of the Annual Payment for each succeeding calendar year shall be furnished to Purchaser on or before March 1 of the previous calendar year. The amount of the Annual Payment as set forth in the notice shall be due and payable to Weber Basin on or before the first business day of January of such succeeding year during the remainder of the forty (40) year period of this Contract.

(d) Supplemental Operating Charge. In addition to the Annual Payment, Weber Basin's Board of Trustees may from time to time impose an additional charge (the "Supplemental Operating Charge") to cover any additional expenses incurred in connection with the Snyderville Basin Project (including, but not limited to, any wheeling, conveyance or other similar charge payable to the United States for the use of its facilities to deliver the Snyderville Basin Project Water hereunder), and Purchaser shall pay such supplemental operating charge on or before the date specified in the supplemental notice.

(e) Take-or-Pay Basis. The Annual Payment and any Supplemental Operating Charge shall be paid in full by Purchaser to Weber Basin whether or

not all or any part of the annual allocation of Snyderville Basin Project Water set forth in the Takedown Schedule is called for or used by Purchaser.

(f) Refusal of Water in the Event of Default. No water will be delivered to or for Purchaser if Purchaser has not paid all Reservation Fees required by the Water Supply Agreement or if Purchaser is in arrears in any Annual Payment, Supplemental Operating Charge or other obligations due and owing to Weber Basin under this Contract 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 given by this Contract or by law to enforce the collection of any payments due under the terms of this Contract.

(g) Penalty for Delinquency. Every installment or charge required to be paid to Weber Basin under this Contract which shall remain unpaid after its due date shall bear interest from date of delinquency at the existing prime interest rate as of January 1 of each year.

3. Water Rate Covenant. Purchaser shall levy impact fees, water service fees and other fees and charges in connection with the sale of Snyderville Basin Project Water to its customers and customer agencies in amounts sufficient to pay all obligations due and owing to Weber Basin each year in addition to such amounts as shall be necessary to cover administrative, contract, operation, maintenance and replacement costs, expenses and reserve accounts relative to its own water distribution system.

4. Collection of Fees and Charges by Purchaser. Purchaser shall 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 pay all amounts owing to Weber Basin hereunder as the same become due.

5. Delivery and Use of Water. Water furnished under this Contract shall be measured at the Weber Basin Pump Station and delivered at the Mountain Regional Pump Station. Weber Basin reserves the right to substitute and use any of its sources of water to make the delivery. It shall not be the responsibility of Weber Basin to provide facilities to convey water from such point of delivery to the place of use. Purchaser shall be charged a pro-rata share of all conveyance and operation losses from Weber Basin's storage reservoirs to said point of delivery. Purchaser shall have no right to hold over or accumulate from year to year water covered hereby. Weber Basin shall not guarantee pressures or be responsible for fluctuations in pressure including failure of devices regulating pressure. Purchaser shall give Weber Basin not less than forty-eight (48) hours prior notice of any desired change in the flow rate of water then being delivered. Purchaser shall provide sufficient storage, at its own expense, to maintain a flow rate from Weber Basin not to exceed Three Thousand One Hundred (3,100) gallons per minute. At no time shall the Snyderville Basin Project Water be delivered at a flow rate exceeding Four Million Four Hundred Fifty Thousand (4,450,000) gallons per day. Purchaser shall not sell the use of Snyderville Basin Project Water to any person or entity

for use outside Weber Basin's boundaries, as now or hereafter fixed, either on a permanent or temporary basis.

6. Operation and Maintenance of Purchaser's Facilities. Purchaser shall operate, maintain, replace and repair, without cost to Weber Basin, all of Purchaser's facilities necessary to take and utilize its water, including the water purchased under this Contract.

7. Accounting and Water Supply Records. Purchaser shall maintain a standard set of books (a) to account for money received and expended as provided by law and (b) to keep and furnish suitable records of water supply and the disposition thereof.

8. Annexation. Purchaser agrees to take all action necessary to annex into the Weber Basin Water Conservancy District all property in Summit County that is now or in the future may become within the boundaries of Purchaser.

9. Beneficial Use. The basis, measure, and limit of the right of Purchaser to the use of Snyderville Basin Project Water shall rest perpetually in the beneficial application thereof. Purchaser shall put the Snyderville Basin Project Water to beneficial use in accordance with law for wholesale and retail sale and delivery and to supplement its existing municipal water supply for present and future, planned and permitted development.

10. Waste Water, Seepage Water and Return Flow. The reuse of Snyderville Basin Project Water pursuant to this Agreement is not allowed except upon the prior written authorization of Weber Basin and the United States. The waste, seepage, or return flow from water delivered pursuant to this Contract shall belong to the United States for the use and benefit of the Weber Basin Project. Weber Basin may substitute in lieu of stored water any other water available to the Weber Basin Project to the extent that it can be delivered at points where it can be used, provided such water is of quality suitable for project municipal irrigation use. All of Purchaser's water users who accept the benefits of this Contract shall be deemed thereby to have consented to such substitution of water, and Purchaser shall obtain the written consent of all such users of Snyderville Basin Project Water to such substitution of water.

11. Compliance with Applicable Pollution Laws and Regulations. Purchaser agrees to fully comply with all applicable Federal laws, orders and regulations, and the laws of the State of Utah, all as administered by appropriate authorities, concerning the pollution of streams, reservoirs, ground water, or water courses with respect to thermal pollution or the discharge of refuse, garbage, sewage effluent, industrial waste, oil, mine tailings, mineral salts, or other pollutants.

12. Water Shortage. In the event there is a shortage of water caused by drought, inaccuracies in distribution not resulting from negligence, hostile diversion, prior or superior claims, or other causes not within the control of Weber Basin, no liability shall accrue against the United States or Weber Basin or any of its officers, agents or employees for any damage, direct or indirect, arising therefrom, and the payments to

Weber Basin provided for herein shall not be reduced because of any such shortage or damage. During periods of water shortage, allocations of treated and untreated water for municipal, domestic, and industrial use shall have priority over irrigation water deliveries. If there should ever be any shortage of municipal water, deliveries to Purchaser shall be reduced in the proportion that the number of acre-feet of such shortage as determined by Weber Basin bears to the total number of acre-feet allocated for municipal use within the total Weber Basin system. Notwithstanding the foregoing, Weber Basin shall use its best efforts to remedy said inability to provide a full supply of Snyderville Basin Project Water at the earliest possible date.

13. Subject to Water Conservancy Act and Reclamation Law. This Contract, and any amendments thereto, shall be subject to the Utah Water Conservancy Act, 17A-2-1401 et seq., Utah Code Annotated, 1953, as amended, and the rules and regulations of Weber Basin as the same have been and may be supplemented or amended from time to time. The delivery of water or the use of Federal facilities pursuant to this Contract is subject to Reclamation law, as amended and supplemented, and the rules and regulation promulgated by the Secretary of the Interior to administer Reclamation Law. Purchaser agrees to abide by such final rules and regulation lawfully adopted.

14. Notice. Any and all notices or other communications to be given to either of the Parties hereto shall be personally delivered to such Party or mailed to such Party by registered or certified mail, return receipt requested, at the address indicated below:

Notices to Weber Basin:

Weber Basin Water Conservancy District
2837 East Highway 193
Layton, Utah 84040

Notices to Purchaser:

Mountain Regional Water Special Service District
P. O. Box 982320
Park City, Utah 84098

Either Party may change the place of address aforesaid by written notice to the other Party. Notice shall be deemed to have been given upon the date of personal delivery thereof or upon depositing the same in the United States mails as aforesaid.

15. Relationship to Water Supply Agreement. The Water Supply Agreement is not cancelled or superseded by this Contract, but shall remain in full force and effect. However, if there are any contradictions or inconsistencies between the terms and provisions of this Contract and the terms and provisions of the Water Supply Agreement, the terms and provisions of this Contract shall govern.

16. Binding Effect. The provisions of this Contract shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

17. Assignment Limited. The provisions of this Contract shall apply to and bind the respective successors and assigns of the Parties; however, but no assignment or other transfer of this Contract or any part thereof or interest therein shall be valid unless and until approved by Weber Basin, whose approval shall not be unreasonably withheld.

18. Expenses of Enforcement. In any proceeding to enforce, interpret, rescind or terminate this Contract or in pursuing any remedy provided hereunder or by applicable law, the prevailing Party shall be entitled to recover from the other Party 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.

19. Severability. If any term or provision of this Contract shall, to any extent, be determined by a court of competent jurisdiction to be void, voidable, or unenforceable, such void, voidable or unenforceable term or provision shall not affect the enforceability of any other term or provision of this Contract.

20. Captions. The section and paragraph headings contained in this Contract are for the purposes of reference only and shall not limit, expand or otherwise affect the construction of any provisions hereof.

21. Construction. As used herein, all words in any gender shall be deemed to include the masculine, feminine, or neuter gender, all singular words shall include the plural, and all plural words shall include the singular, as the context may require.

22. Further Action. The Parties hereby agree to execute and deliver such additional documents and to take further action as may become necessary or desirable to fully carry out the provisions and intent of this Contract.

23. Inducement. The making and execution of this Contract has not been induced by any representation, statement, warranty or agreement other than those herein expressed.

24. Force Majeure. Performance by any Party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrections, strikes, lock-outs, floods, earthquakes, fires, casualties, acts of God, epidemics, quarantine, restrictions, inability (when the responsible Party is faultless) to secure necessary labor, materials, tools, acts or failure to act of any public or governmental agency or entity, or by any other reason not the fault of the Party delayed in performing work or doing acts required under the terms of this Contract, and in such event, the performance of such work or the doing of such act shall be excused for the period of the delay and the period of performance for any such work or the doing of any such act shall be extended for a period equivalent to the period of such delay.

25. No Third Party Beneficiaries. This Contract shall not be deemed to create any right in any person who is not a Party (other than the permitted successors and assigns of a Party) and shall not be construed in any respect to be a contract, in whole or in part, for the benefit of any third party (other than permitted successors and assigns of a Party hereto).

26. Entire Agreement. This Contract and the Water Supply Agreement, as amended, set forth the entire understanding and agreement of the Parties with respect to the subject matter hereof, and all prior negotiations, understandings, representations, inducements and agreements, whether oral or written and whether made by a Party hereto or by any one acting on behalf of a Party, shall be deemed to be merged therein and shall be of no further force or effect.

27. Effective Upon Acceptance and Execution by Weber Basin and United States. This Contract shall become the binding obligation of the Parties upon acceptance and execution hereof by Weber Basin and the United States Bureau of Reclamation, as evidenced by their respective signatures below.

[Signature Page Follows]

IN WITNESS WHEREOF, this Contract has been executed by the Parties hereto as of the day and year first above written.

ATTEST:

MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

Recorder Clerk

By: 
Chairman, Administrative Control Board


APPROVED AS TO FORM:


Mountain Regional Attorney

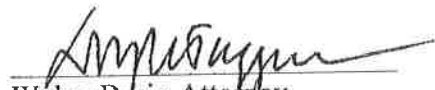
ATTEST:

WEBER BASIN WATER
CONSERVANCY DISTRICT



Tage I. Flint, Secretary

By: 
President


APPROVED AS TO FORM:


Weber Basin Attorney

THE UNITED STATES OF AMERICA,
Bureau of Reclamation

By:  *see attached*
Regional Director, Upper Colorado Region

APPROVED AS TO FORM:

 *see attached*
Office of the Solicitor

APPROVAL AND EXECUTION BY THE UNITED STATES

Pursuant to the water use declaration expressed by the Weber Basin Water Conservancy District (Weber Basin) in their letter of February 13, 2008 (attached), transmitted concurrently to the Bureau of Reclamation (Reclamation), the Park City Water Service District and the Mountain Regional Water Special Service District (Mountain Regional), the contract, dated November 15, ²⁰⁰⁷~~2008~~ ^{KE}, among Weber Basin, Mountain Regional, and Reclamation has been approved and executed by the Upper Colorado Regional Office on behalf of the United States. This approval and execution by the United States is dependent upon the sole use of Weber Basin Project water supply to satisfy the water deliveries specified in the November 15, ~~2008~~ ²⁰⁰⁷ ^{KS} subcontract.

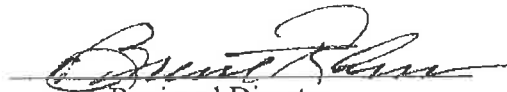
IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed the day and year first written above.

Approved:

UNITED STATES OF AMERICA



Office of the Regional Solicitor



Regional Director
Upper Colorado Region
Bureau of Reclamation

WEBER BASIN WATER CONSERVANCY DISTRICT

2837 East Highway 193 • Layton, Utah 84040 • Phone (801) 771-1677 • (SLC) 359-4494 • Fax (801) 544-0103

February 13, 2008

Tage I. Flint
General Manager/CEO

Board of Trustees:

Charlene M. McConkie
President
Davis County

Charles F. Black Jr.
Davis County

Karen W. Fairbanks
Weber County

Wayne B. Gibson
Weber County

Robert L. Hensley
Weber County

Jewel Lee Kenley
Davis County

Stephen A. Osguthorpe
Summit County

Scott F. Peterson
Morgan County

Eric B. Storey
Weber County

Larry Walkoviak, Regional Director
ATTN: Michael Loring
United States Bureau of Reclamation
Upper Colorado Region
125 South State Street, Room 6107
Salt Lake City, UT 84135-1102

Jerry Gibbs
Park City Water Service District
445 Marsac Avenue
Park City, UT 84060

Andy Armstrong
Mountain Regional Water Special Service District
P. O. Box 982320
Park City, UT 84098

Re: Snyderville Basin Project - Election to Supply Water
from Rockport Reservoir

Gentlemen:

Weber Basin Water Conservancy District ("Weber Basin") is preparing to deliver water under the Snyderville Basin Project to Park City Water Service District ("Park City") and Mountain Regional Water Special Service District ("Mountain Regional") later this year. Paragraph 5 of the "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," and the "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," both dated November 15, 2007 (together, the "Contracts"), states that "Water furnished under this Contract shall be measured at the Weber Basin Pump Station and delivered at the Mountain Regional Pump Station. Weber Basin reserves the right to substitute and use any of its sources of water to make the delivery." Weber Basin has contracted with Park City and Mountain Regional to supply each with 2,500 acre feet of untreated water.

This letter is to inform you that Weber Basin has elected under the Contracts to provide Mountain Regional and Park City only water made available from the federal Weber Basin Project water rights ("Project Water") stored in

RECEIVED FEBRUARY 13 2008
GENERAL DELIVERY

FEB 13 '08

Class	WTR-4.03	
Div	WB	
Contr #	3850132	
Fldr #	UC14178	
DATE	Initial	To
		446

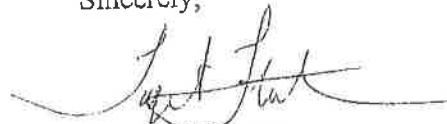
OR100
CY 400

Rockport Reservoir. Prior to making this election, Weber Basin undertook a study of its water supply and reviewed it with the Bureau of Reclamation's Provo Area Office. The study determined that, as of May 31, 2007, Weber Basin had an annual reliable yield of just over 269,000 acre feet from its Bureau of Reclamation Project water and Weber Basin's District water. The maximum annual yield from these combined sources is much higher. After deducting existing contracted water, the District still had over 48,700 acre feet of water to serve new contracts. More than 7,500 acre feet of this water is available in Rockport Reservoir, an amount well over the 5,000 acre feet of water required to supply the Contracts.

Because the Bureau of Reclamation will own the Snyderville Basin Project facilities constructed by Weber Basin, only Project Water may be diverted from Rockport Reservoir and transported in the new pipeline to Mountain Regional's Lost Canyon Pump Station. Diversion and transport of any water other than Project Water would be at the sole and absolute discretion of both the Bureau of Reclamation and Weber Basin under different authority than required to deliver Project Water, and it would be contracted under a different pricing structure. Weber Basin has no plans to divert and transport any non-Project water through Project facilities at this time.

Please attach this letter to your final fully executed November 15, 2007 Water Sales Contract.

Sincerely,



Tage I. Flint, PE
General Manager/CEO

TIF/ce

cc: Bruce C. Barrett
Christopher Rich
Jody Williams
Douglas Taggart

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

THIS AMENDMENT TO CONTRACT made this 20 day of JANUARY, 2010, between the UNITED STATES OF AMERICA, acting by and through the Bureau of Reclamation, Department of the Interior, pursuant to the provisions of the Act of January 17, 1902, and acts amendatory and supplemental thereto, particularly the Act of August 29, 1949 ("Reclamation"), WEBER BASIN WATER CONSERVANCY DISTRICT, a water conservancy district organized and existing pursuant to the provisions of §17A-2-1401 *et seq.*, Utah Code Annotated, 1953, as amended ("Weber Basin"), and MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Purchaser") (Weber Basin and Purchaser being herein sometimes collectively referred to as the "Parties"),

WITNESSETH:

A. WHEREAS, the Parties entered into a Contract dated November 15, 2007, whereby Purchaser agreed to purchase from Weber Basin the right to use Two Thousand Five Hundred (2,500) acre-feet of water, on the terms and conditions therein set forth (the "Contract"); and

B. WHEREAS, the Parties have determined that it is necessary to install additional electrical facilities to the Mountain Regional Pump Station in order to supply the necessary power for the Snyderville Basin Project (the "Additional Electrical Facilities"); and

C. WHEREAS, Purchaser has requested Weber Basin to construct the Additional Electrical Facilities and to include the annual amount of the cost of such construction in the Snyderville Basin Project Water Rate paid by Purchaser for the Snyderville Basin Project Water pursuant to the Contract; and

D. WHEREAS, the Parties now desire to amend the Contract to clarify the calculation of the Snyderville Basin Project Water Rate payable by Purchaser under the Contract so as to include the cost of the Additional Electrical Facilities and a replacement fund for the Weber Basin Pump Station and related facilities;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Contract as follows:

1. Paragraph 2(a) of the Contract (entitled "Snyderville Basin Project Water Rate") is hereby amended in its entirety to read as follows:

"(a) Snyderville Basin Project Water Rate. Purchaser shall pay for the right to use Snyderville Basin Project Water under this Contract at the "Snyderville Basin Project Water Rate", which shall be determined by adding to the average of Weber Basin's Project Water Rate and District I Water Rate, as the same are determined annually by Weber Basin's Board of Trustees (which consist of Weber Basin's cost for source development, including, but not limited to, Weber Basin's repayment obligations to the United States and other lenders, and operation, repair, replacement and maintenance throughout Weber Basin's system, as the same are determined annually by Weber Basin's Board of Trustees for its other customers), (i) one-half (1/2) of the sum of: (A) the annual amount of all capitalized costs relating to project development of the Snyderville Basin Project (to the extent the same are not covered by Reservation Fees paid to Weber Basin under the Water Supply Agreement); and (B) the annual amount of all capitalized costs of construction of the Snyderville Basin Project and a replacement fund for the Weber Basin Pump Station and related facilities; plus (ii) forty percent (40%) of the annual amount of the capital costs of construction of the Additional Electrical Facilities. A sample of the manner in which the Snyderville Basin Project Water Rate will be calculated is attached hereto and by this reference incorporated herein."

2. Capitalized terms not defined in this Amendment shall have the same meaning as those terms are used in the Contract.

3. All remaining provisions of the Contract are hereby ratified and affirmed, and shall remain in full force and effect.

4. This Contract shall become the binding obligation of the Parties upon acceptance and execution hereof by Weber Basin and the United States Bureau of Reclamation, as evidenced by their respective signatures below.

[Remainder of Page Intentionally Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, this Contract has been executed by the Parties hereto as of the day and year first above written.

ATTEST:

MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

Clerk

By: *Richard L. Hill*
Chairperson, Administrative Control Board
(Mountain Regional's Governing Authority
pursuant to delegation by the Board of
County Commissioners of Summit County)

APPROVED AS TO FORM:

Mountain Regional Attorney

ATTEST:

WEBER BASIN WATER
CONSERVANCY DISTRICT

Page I. Flint
Page I. Flint, Secretary

By: *Scott Peterson*
President

APPROVED AS TO FORM:

[Signature]
Weber Basin Attorney

THE UNITED STATES OF AMERICA,
Bureau of Reclamation

By: *Anamari Gold*
Regional Director, Upper Colorado Region

APPROVED AS TO FORM:

Christopher B. Rich
Office of the Solicitor

	<u>Total</u>	<u>Mtn Regional</u>	<u>Park City</u>	<u>Weber Basin</u>
Snyderville Basin Project				
Lost Canyon Project (Bowen Collins Estimate)				
Schedule A	\$3,624,938	\$ 859,244	\$2,765,694	\$ 0
Schedule B	1,784,993	975,826	594,968	214,199
Schedule C	230,000	0	230,000	0
Paved Access	65,000	40,365	24,635	0
Sub Total	\$5,704,931	\$1,875,435	\$3,615,297	\$214,199
Engineering	571,293	187,806	362,037	21,450
Rocky Mountain Power	200,000	0	200,000	0
TOTAL CONSTRUCTION COSTS	\$6,476,224	\$2,063,241	\$4,177,334	\$235,649
Other Expenses of Summit County Project	603,508	301,754	301,754	0
Bureau of Reclamation Studies & Engineering	1,197,920	598,960	598,960	0
Weber Basin Water - Local Cost Share w/USBR	321,866	160,933	160,933	0
Other Expenses (estimate)	10,000	5,000	5,000	0
Total Initial Costs (estimate)	\$8,609,518	\$3,129,888	\$5,243,981	\$235,649
Additional Electrical Facilities	tbd	tbd	tbd	
Total including Additional Electrical Facilities	tbd	tbd	tbd	
Less:				
Mountain Regional Reservation Fees	\$1,205,500	\$1,205,500	\$989,500	
Park City Reservation Fees	989,500		\$598,960	
Bureau of Reclamation Contribution	1,197,920	598,960	0	
Weber Basin Water Portion of Construction Costs	235,649	0		\$235,649
Net Reimbursable Costs of Summit County Project	tbd	tbd	tbd	\$0
Annual Repayment: (Based on \$4,980,949 @4.6% for 20 years)	tbd	tbd	tbd	
Capital Cost per Acre-Foot 20 year repayment	tbd	tbd	tbd	
Replacement Fee per Acre-Foot	tbd	tbd	tbd	
Project/District Rate per Acre-Foot	159.37	159.37	159.37	
Total Rate per Acre-Foot	tbd	tbd	tbd	

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

THIS AMENDMENT TO CONTRACT made this 1st day of May, 2010, between the UNITED STATES OF AMERICA, acting by and through the Bureau of Reclamation, Department of the Interior, pursuant to the provisions of the Act of January 17, 1902, and acts amendatory and supplemental thereto, particularly the Act of August 29, 1949 ("Reclamation"), WEBER BASIN WATER CONSERVANCY DISTRICT, a water conservancy district organized and existing pursuant to the provisions of §17A-2-1401 *et seq.*, Utah Code Annotated, 1953, as amended ("Weber Basin"), and MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT, a special service district organized and existing pursuant to the provisions of §17A-2-1301 *et seq.*, Utah Code Annotated, 1953, as amended ("Purchaser") (Weber Basin and Purchaser being herein sometimes collectively referred to as the "Parties"),

WITNESSETH:

A. WHEREAS, the Parties entered into a Contract dated November 15, 2007, whereby Purchaser agreed to purchase from Weber Basin the right to use Two Thousand Five Hundred (2,500) acre-feet of water, on the terms and conditions therein set forth (the "Contract"); and

B. WHEREAS, the Parties have determined that it is necessary to install additional electrical facilities to the Mountain Regional Pump Station in order to supply the necessary power for the Snyderville Basin Project (the "Additional Electrical Facilities"); and

C. WHEREAS, Purchaser has requested Weber Basin to construct the Additional Electrical Facilities and to include the annual amount of the cost of such construction in the Snyderville Basin Project Water Rate paid by Purchaser for the Snyderville Basin Project Water pursuant to the Contract; and

D. WHEREAS, the Parties now desire to amend the Contract to clarify the calculation of the Snyderville Basin Project Water Rate payable by Purchaser under the Contract so as to include the cost of the Additional Electrical Facilities and a replacement fund for the Weber Basin Pump Station and related facilities;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Contract as follows:

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"(a) Snyderville Basin Project Water Rate. Purchaser shall pay for the right to use Snyderville Basin Project Water under this Contract at the "Snyderville Basin Project Water Rate", which shall be determined by adding to the average of Weber Basin's Project Water Rate and District I Water Rate, as the same are determined annually by Weber Basin's Board of Trustees (which consist of Weber Basin's cost for source development, including, but not limited to, Weber Basin's repayment obligations to the United States and other lenders, and operation, repair, replacement and maintenance throughout Weber Basin's system, as the same are determined annually by Weber Basin's Board of Trustees for its other customers), (i) one-half (1/2) of the sum of: (A) the annual amount of all capitalized costs relating to project development of the Snyderville Basin Project (to the extent the same are not covered by Reservation Fees paid to Weber Basin under the Water Supply Agreement); and (B) the annual amount of all capitalized costs of construction of the Snyderville Basin Project and a replacement fund for the Weber Basin Pump Station and related facilities; plus (ii) forty percent (40%) of the annual amount of the capital costs of construction of the Additional Electrical Facilities. A sample of the manner in which the Snyderville Basin Project Water Rate will be calculated is attached hereto and by this reference incorporated herein."

2. Capitalized terms not defined in this Amendment shall have the same meaning as those terms are used in the Contract.

3. All remaining provisions of the Contract are hereby ratified and affirmed, and shall remain in full force and effect.

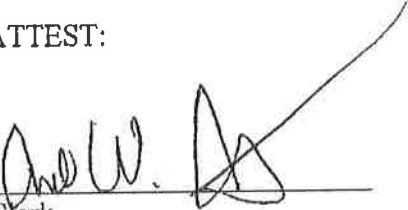
4. This Contract shall become the binding obligation of the Parties upon acceptance and execution hereof by Weber Basin and the United States Bureau of Reclamation, as evidenced by their respective signatures below.

[Remainder of Page Intentionally Blank]

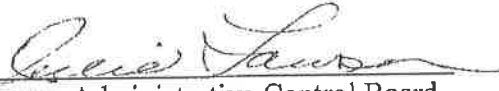
[Signature Page Follows]

IN WITNESS WHEREOF, this Contract has been executed by the Parties hereto as of the day and year first above written.

ATTEST:


Clerk

MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

By: 
Chairperson, Administrative Control Board
(Mountain Regional's Governing Authority
pursuant to delegation by the Board of
County Commissioners of Summit County)

APPROVED AS TO FORM:


Mountain Regional Attorney

ATTEST:

WEBER BASIN WATER
CONSERVANCY DISTRICT

Tage I. Flint, Secretary

By: _____
President

APPROVED AS TO FORM:

Weber Basin Attorney

THE UNITED STATES OF AMERICA,
Bureau of Reclamation

By: _____
Regional Director, Upper Colorado Region

APPROVED AS TO FORM:

Office of the Solicitor

Snyderville Basin Project

Lost Canyon Project (Bowen Collins Estimate)

	<u>Total</u>	<u>Mtn Regional</u>	<u>Park City</u>	<u>Weber Basin</u>
Schedule A	\$3,624,938	\$ 859,244	\$2,765,694	\$ 0
Schedule B	1,784,993	975,826	594,968	214,199
Schedule C	230,000	0	230,000	0
Paved Access	<u>65,000</u>	<u>40,365</u>	<u>24,635</u>	<u>0</u>
Sub Total	\$5,704,931	\$1,875,435	\$3,615,297	\$214,199
Engineering	571,293	187,806	362,037	21,450
Rocky Mountain Power	<u>200,000</u>	<u>0</u>	<u>200,000</u>	<u>0</u>
TOTAL CONSTRUCTION COSTS	\$6,476,224	\$2,063,241	\$4,177,334	\$235,649
Other Expenses of Summit County Project	603,508	301,754	301,754	0
Bureau of Reclamation Studies & Engineering	1,197,920	598,960	598,960	0
Weber Basin Water – Local Cost Share w/USBR	321,866	160,933	160,933	0
Other Expenses (estimate)	<u>10,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Initial Costs (estimate)	\$8,609,518	\$3,129,888	\$5,243,981	\$235,649

Additional Electrical Facilities

tbd

Total including Additional Electrical Facilities

tbd

Less:

Mountain Regional Reservation Fees
 Park City Reservation Fees
 Bureau of Reclamation Contribution
 Weber Basin Water Portion of Construction Costs

	\$1,205,500	\$1,205,500	\$989,500	\$235,649
	989,500		\$598,960	
	1,197,920	598,960	0	
	<u>235,649</u>	<u>0</u>	<u>0</u>	<u>\$235,649</u>

Net Reimbursable Costs of Summit County Project

tbd

Annual Repayment:
 (Based on \$4,980,949 @4.6% for 20 years)
 Capital Cost per Acre-Foot
 20 year repayment

tbd

Replacement Fee per Acre-Foot
 Project/District Rate per Acre-Foot

tbd

Total Rate per Acre-Foot

tbd

EXHIBIT I
Settlement Agreement

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (this "Agreement") is made this 9th day of November, 2011, by and between SUMMIT WATER DISTRIBUTION COMPANY, a Utah non-profit corporation, ("SUMMIT WATER"), LEON H. SAUNDERS, MICHAEL SCOTT SAUNDERS, SAUNDERS LAND INVESTMENT CORPORATION, a Utah Corporation, STUART A. KNOWLES, TRILOGY LIMITED, LP, a Georgia limited partnership, FRANK R. LANG, Trustee of the LARRY R. KNOWLES IRREVOCABLE TRUST, LAND AND WATER RESOURCES COMPANY, INC., a California corporation, LYNN NELSON, GREGORY G. NELSON AND KELLIE H. NELSON, Individual Joint Tenants, and CRAIG S. PETTIGREW AND TAMMY N. PETTIGREW, Individual Joint Tenants (the "SUMMIT SHAREHOLDERS") and SUMMIT COUNTY, a body corporate and politic of the State of Utah (the "COUNTY"), MWH GLOBAL, LLC dba MONTGOMERY WATSON HARZA ("MWH"), Todd Jarvis ("Jarvis") and MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT, a Utah special service district ("MOUNTAIN REGIONAL WATER") or their respective assigns (the County and Mountain Regional Water, together with their respective assigns, shall collectively be referred to herein as "SUMMIT COUNTY"). Summit Water, the County, and Mountain Regional Water are sometimes referred to in this Agreement collectively as the "Parties" or individually as a "Party"

RECITALS

A. Summit Water and Mountain Regional Water are water providers within the Snyderville Basin of Summit County, Utah.

B. On March 17, 2006, SUMMIT WATER and the SUMMIT SHAREHOLDERS, (together, "SUMMIT WATER"), filed the Second Amended Complaint and Demand for Trial by Jury in the Third Judicial District Court in and for Summit County, State of Utah, captioned Summit Water, et. al. v. Summit County, et al., Civil No. 010500359 (the "Lawsuit"). The Lawsuit alleged anti-trust violations by Summit County, MWH, Jarvis and Mountain Regional Water. Summit County, MWH, Jarvis and Mountain Regional Water have denied the allegations. The Lawsuit remains pending.

C. On February 9, 1999, the Utah State Engineer issued a permanent moratorium on change applications seeking transfer of water rights into or out of the Snyderville Basin of Summit County. Hence, all new water will need to be imported into the Basin through pipelines.

D. In February 2006, the United States Bureau of Reclamation issued a report titled Park City and Snyderville Basin Water Supply Study Special Report that analyzed and assessed feasible options for providing long-term reliable water supply to Park City and the Snyderville Basin. Among the numerous options considered, the Bureau of Reclamation identified only two preferred options: (1) Mountain Regional Water's Lost Creek Canyon Project; and (2) Summit Water's East Canyon Project. The Study concluded: "Both the Lost Creek Canyon Pipeline and the East Canyon Pipeline Options are needed to meet the Basin's long-term needs through the year 2050."

E. The Lost Canyon Project was developed by Mountain Regional Water and came online in 2003 and was expanded to full capacity in 2009 by Weber Basin Water Conservancy District ("Weber Basin"). Summit Water began development of the East Canyon Project, which has yet to be completed. Both projects are needed to ensure a safe drinking water supply within the Snyderville Basin.

F. In 2010, Weber Basin entered into negotiations with Summit County, Mountain Regional Water, Summit Water, Park City Municipal Corporation, and the Snyderville Basin Water Reclamation District to regionalize wholesale water service in the Snyderville Basin. Those negotiations have led to that certain *Agreement By and Among Weber Basin Water Conservancy District, Park City Water Service District, Mountain Regional Water Special Service District, Summit Water Distribution Company, and Snyderville Basin Water Reclamation District—Western Summit County Wholesale Water Importation Project* (the "Pre-Agreement"), a copy of which is attached hereto as Exhibit "A". After and subject to the completion of the Due Diligence (as defined in the Pre-Agreement), the parties to the Pre-Agreement intend to enter into a final, binding form of Weber Basin Agreement (the "Weber Basin Agreement").

G. Given the benefits to each of the Parties arising from the regionalization of wholesale water service in western Summit County by Weber Basin and in the interests of fostering an ongoing working relationship between the Parties, the Parties desire to enter into this Agreement to resolve the Lawsuit and proceed forward with the Weber Basin Agreement. By entering into this Agreement, no party admits fault in the Lawsuit. This Agreement is a compromise of claims and defenses asserted by all Parties.

TERMS

NOW, THEREFORE, to those ends, and in consideration of the terms and conditions herein, together with the mutual benefits to be derived, the Parties hereby agree as follows:

1. Dismissal of Lawsuit. Within ten (10) days after execution of this Agreement, Summit Water, on behalf of all plaintiffs, and Summit County, MWH, Jarvis and Mountain Regional Water, on behalf of all defendants, shall file a stipulation for dismissal with prejudice of the Lawsuit in the form attached hereto as Exhibit "B".

a. Release of Summit County, MWH, Jarvis and Mountain Regional Water. Except for the duties and obligations provided herein, Summit Water, on behalf of itself and all plaintiffs to the Lawsuit, and their respective past, present, and future insurers, assignees, subrogees, affiliates, subsidiaries, parent persons or entities, partners, limited partners, joint venturers, members, managers, shareholders, directors, officers, employees, employers, trustors, trustees, beneficiaries, loan participants, agents, fiduciaries, and attorneys, does hereby fully and irrevocably release, acquit, and forever discharge Summit County, Mountain Regional Water, MWH, Jarvis and all defendants to the Lawsuit, and their respective past, present, and future insurers, assignees, subrogees, affiliates, subsidiaries, parent persons or entities, partners, limited partners, joint venturers, members, managers, shareholders, directors, officers, employees, employers, trustors, trustees, beneficiaries, loan participants, agents, fiduciaries, and attorneys, and each of them who might be liable or claimed to be liable, none of whom admit liability, but

all of whom expressly deny liability, of and from any and all past, present, or future claims, demands, debts, contracts, actions or causes of action, suits or causes of suit, of any kind and nature whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form, which Summit Water and all plaintiffs now have, claim to have, or have at any time had, arising from, by reason of or in any way connected with any transaction, agreement, occurrence, act or omission whatsoever, as described in the pleadings, filings and records of the Lawsuit.

b. Release of Summit Water and Summit Shareholders. Except for the duties and obligations provided herein, Summit County and Mountain Regional Water, on behalf of themselves and all defendants to the Lawsuit, and their respective past, present, and future insurers, assignees, subrogees, affiliates, subsidiaries, parent persons or entities, partners, limited partners, joint venturers, members, managers, shareholders, directors, officers, employees, employers, trustors, trustees, beneficiaries, loan participants, agents, fiduciaries, and attorneys, does hereby fully and irrevocably release, acquit, and forever discharge Summit Water and all plaintiffs to the Lawsuit, and their respective past, present, and future insurers, assignees, subrogees, affiliates, subsidiaries, parent persons or entities, partners, limited partners, joint venturers, members, managers, shareholders, directors, officers, employees, employers, trustors, trustees, beneficiaries, loan participants, agents, fiduciaries, and attorneys, and each of them who might be liable or claimed to be liable, none of whom admit liability, but all of whom expressly deny liability, of and from any and all past, present, or future claims, demands, debts, contracts, actions or causes of action, suits or causes of suit, of any kind and nature whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form, which Summit County and Mountain Regional Water and all defendants now have, claim to have, or have at any time had, arising from, by reason of or in any way connected with any transaction, agreement, occurrence, act or omission whatsoever, as described in the pleadings, filings and records of the Lawsuit.

2. Pre-Agreement. Simultaneously with the signing of this Agreement, Mountain Regional Water shall execute the Pre-Agreement. Subject to completion of the Due Diligence required by the Pre-Agreement, upon confirmation by the parties to the Pre-Agreement as to the value and functionality of the assets to be acquired and the costs to complete the East Canyon Project, and upon good faith negotiations by the parties to the Pre-Agreement consistent with the terms and conditions of the Pre-Agreement, Summit County, Mountain Regional Water, and Summit Water shall execute the Weber Basin Agreement.

3. Cash Payment. Within five (5) business days of execution of this Agreement, Summit County shall pay Summit Water one-million dollars (\$1,000,000), which amount shall not be withheld for or set off against any other claim or liability.

4. Temporary Water Lease (the "Lease"). Summit Water shall temporarily lease up to five-hundred (500) gallons per minute ("GPM") peak flow with a volume not to exceed four-hundred (400) acre feet per calendar year of bulk treated wholesale water from Mountain Regional Water for use within the Summit Water system and as that system may be expanded (the "Leased Water"). The Leased Water constitutes current surplus water within the Mountain Regional Water system.

a. Summit Water shall take down the Leased Water in one (1) acre foot increments (allowing for a peak flow of 1.25 GPM per acre foot increment) by giving to Mountain Regional Water sixty (60) days advanced written notice of the number of acre foot increments it desires to lease. After such notice, the amounts designated by Summit Water will be provided by Mountain Regional Water on a "take or pay" basis from the notice through the term of the Lease.

b. The Leased Water will be metered and taken from a point of delivery at the Summit Water Interconnect on Old Ranch Road designated on the service area map which is part of the attached Exhibit "C" hereto (the "Summit Water Interconnect"). The cost for the meter, the SCADA that communicates with Mountain Regional Water's SCADA, and connection at the Summit Water Interconnect shall be borne by Summit Water. The charge for the Leased Water delivered to Summit Water on an annual basis shall be equal to Mountain Regional Water's variable operating costs as charged to all Mountain Regional Water's bulk water customers, plus the Weber Basin lease fees (which Weber Basin lease fees shall be at the same rate as Weber Basin charges Mountain Regional Water for the initial 5,000 acre feet of Lost Canyon water) (the "Lease Rate").

c. The Lease Rate for the Leased Water for the year 2012 shall be \$798.92 per acre foot. The Lease Rate will be adjusted either up or down each year based upon actual variable costs plus Weber Basin lease fees. By December 1 of each year, Mountain Regional Water shall supply Summit Water with the rate calculation for the Lease Rate effective for the following year. Summit Water shall make twelve monthly payments (in advance) each year to Mountain Regional Water for that year's take-or-pay amount at the then current Lease Rate starting January 1st of such year.

d. If Summit Water exceeds its designated acre foot usage allotment or its GPM per acre foot allotment during any given calendar year, within thirty (30) days of receipt of an invoice for the same: 1) Summit Water shall pay to Mountain Regional Water for such excess usage based upon Mountain Regional Water's then legally adopted wholesale rate charged to its other customers; or 2) Summit Water shall return the amount of such excess usage to the Mountain Regional Water system.

e. The Lease shall terminate on December 31, 2025, or, earlier at the election of Summit Water upon thirty (30) days written notice to Mountain Regional Water. Upon termination of the Lease, Summit Water shall relinquish its use of the Leased Water, which shall then be available for use once again by Mountain Regional Water.

f. Mountain Regional Water may terminate water delivery under the Lease after thirty (30) days written notice if there is a failure to make any scheduled monthly payment under these provisions.

5. Receipt of Water Rights and Source Impact Fees on New Development in Exchange for Guaranteed Capacity Rights and Source. In an effort to stimulate competition in the water market in the Snyderville Basin, Summit Water shall have the option to participate

in fifty percent (50%) of the future water connections Mountain Regional Water makes each year up to a total participation by Summit Water of seven-hundred and fifty (750) of Mountain Regional Water's Equivalent Residential Connections ("ERCs"), which equate to up to four-hundred-fifty (450) acre feet of water and water rights annually at the rate of 0.60 acre feet per ERC (the "Participation Option"). The Participation Option shall apply to all future water service to new development in the Snyderville Basin with the exception of those developments approved prior to execution of this Agreement and listed and depicted on the service area map in the attached Exhibit "C" ("New Development"). The terms of Participation Option are as follows:

a. Summit County will provide notice to Summit Water of all New Development applications filed in the Snyderville Basin within thirty (30) days of filing.

b. Within thirty (30) days of the time that any New Development elects to receive water service from Mountain Regional Water and signs a service agreement with Mountain Regional Water, Mountain Regional Water shall provide Summit Water with written notification of such water supply agreements and water requirements for the New Development (the "Service Notice").

c. Within thirty (30) days of receipt of the Service Notice, Summit Water shall notify Mountain Regional Water of its election to exercise its Participation Option (the "Election Notice"), which will allow Summit Water to provide up to fifty percent (50%) of the Participation Water (defined below) for such New Development.

d. For each ERC in a New Development in which Summit Water elects to participate (as outlined in the Election Notice and up to a maximum of 50% of New Development's total needs), Summit Water shall perpetually deliver to Mountain Regional Water at the Atkinson Interconnect Area as shown on the map as part of Exhibit C (the "Atkinson Interconnect") six-tenths (0.60) of an acre foot of water annually, at a peak flow rate of three-quarters (0.75) of a GPM (if all 450 acre feet is elected, at a peak flow rate of 562.5 GPM), of potable water meeting Utah Drinking Water Standards from Summit Water's water rights, water sources, and delivery system, and do so at Summit Water's sole cost and expense (the "Participation Water"). Summit Water shall bear the costs of upgrade to the Atkinson interconnect necessary to deliver the Participation Water to Mountain Regional Water, including the meter, the SCADA that communicates with Mountain Regional Water's SCADA, and the infrastructure necessary to deliver the Participation Water to Mountain Regional Water. The upgraded interconnect shall be built to Mountain Regional Water's adopted construction standards. Subject to the peak flow rate of 1.25 GPM per annual acre foot of Participation Water, Mountain Regional Water shall have the right to take delivery of the Participation Water at any time during the year.

e. In exchange, pursuant to paragraph 5.f., Mountain Regional Water shall pay to Summit Water an amount equal to Mountain Regional Water's standard water rights impact fee (currently \$11,989 per acre foot) and its standard source impact fee (currently ranging from \$4,180 to \$7,182 per acre foot, depending upon the service area) for each acre foot of Participation Water provided by Summit Water.

f. On a quarterly basis, Mountain Regional Water shall provide Summit Water with an accounting of impact fees collected from New Development pursuant to the exercise of Summit Water's rights under the Participation Option, and shall remit to Summit Water its share of the water rights and source impact fee for all such Participation Water that Summit Water has actually delivered to Mountain Regional Water.

g. The users in all New Developments served by Mountain Regional Water shall be considered customers of Mountain Regional Water and shall pay Mountain Regional Water's monthly service fees.

h. With respect to the Bob and Gayle Larsen's and Liberty Capital's banked water rights for use on the so called "Silver Creek Village Center," Summit Water shall have the right to supply that portion of Silver Creek Village Center's needs in excess of the 581.30 acre feet of water rights already banked with Mountain Regional Water.

i. The obligations under paragraph 5 and its subparts shall run to Mountain Regional Water, or any future public entity established by Summit County for the purpose of supplying water to the Snyderville Basin portion of Summit County.

j. Summit Water shall have until December 31, 2030, to exercise the Participation Option.

6. For metering purposes, the water year shall start on October 1 of each year.

7. **Notices.** All notice or designation to be given hereunder shall be given by placing the notice or designation in the United States mail, certified or registered, properly stamped and addressed to the address shown below or such other address as the respective Party may direct in writing to the other, or by personal delivery to such address by a Party, or by a delivery service which documents delivery, and such notice or designation shall be deemed to be received upon such placing in the mails or such delivery:

SUMMIT WATER: Summit Water Distribution Company
6400 Pace Frontage Road, Suite A
Park City, Utah 84098
Attn: Van Martin

With a copy to: John Flitton
Flitton & Swensen
1840 Sun Peak Drive, Suite B102
Park City, Utah 84098

SUMMIT COUNTY: Summit County
ATTN: County Manager
60 N. Main St., P.O. Box 128
Coalville, Utah 84017

With a copy to: David L. Thomas
Chief Civil Deputy
60 N. Main St., P.O. Box 128
Coalville, Utah 84017

MOUNTAIN REGIONAL Mountain Regional Water
ATTN: General Manager
PO Box 982320
Park City, UT 84098

8. **Entire Agreement.** This Settlement Agreement contains the entire understanding among the Parties with respect to the transactions contemplated hereby and shall supersede all other agreements and understandings between the Parties. Other than this Settlement Agreement, incorporating the recitals above, there are no other agreements, statements, representations, and/or warranties, oral or otherwise, upon which any of the Parties hereto are relying.

9. **Amendment and Waiver.** No amendment or waiver of any provision of this Settlement Agreement shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance or for the specific purpose for which it is given.

10. **Binding Effect.** This Settlement Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assigns.

11. **Governing Law.** This Settlement Agreement shall be governed by and interpreted in accordance with the laws of the State of Utah. The parties agree that any dispute arising from this Settlement Agreement shall be litigated in courts located in Summit County, Utah.

12. **Headings.** This section and other headings contained in this Settlement Agreement are for purposes of reference only and shall not effect in any way the meaning or interpretation of this Settlement Agreement.

13. **Counterparts.** This Settlement Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Settlement Agreement. Facsimile signatures shall be deemed to be originals.

14. **Incorporated Documents.** All exhibits, attachments, and other documents to be delivered by Parties hereto concurrently herewith are hereby incorporated in this Settlement Agreement by this reference.

15. **Default.**

a. Events of Default. A Party is in default under this Agreement upon the happening of one or more of the following events or conditions:

- (1) If a warranty, representation or statement made or furnished by a Party is false or proves to have been false in any material respect when it was made.
- (2) A Party has not complied in good faith with one or more of the terms or conditions of this Agreement.
- (3) Any other event, condition, act or omission which materially interferes with the intent and objectives of this Agreement.

b. Upon the occurrence of a default, the non-defaulting Party may exercise a right to declare an "Event of Default" by sending written notice to the defaulting Party specifying the nature of the alleged default and, when appropriate, the manner in which the Event of Default must be satisfactorily cured. The defaulting Party shall have thirty (30) days after receipt of written notice to cure the Event of Default. After proper notice and expiration of the thirty (30) day cure period without cure, the non-defaulting Party may terminate this Agreement by giving written notice or take any other action allowed by law. Failure or delay in declaring or giving notice of an Event of Default shall not constitute a waiver of any default, nor shall it change the time of such default. Notwithstanding the thirty-day cure period provided above, in the event more than thirty days is reasonably required to cure an Event of Default and the defaulting Party, within the thirty-day cure period, commences actions reasonably designed to cure the Event of Default, then the cure period shall be extended for such additional period as the defaulting Party is prosecuting those actions diligently to completion.

c. Any default or inability to cure a default caused by strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other similar causes beyond the reasonable control of the Party obligated to perform, shall excuse the performance by such Party for a period equal to the period during which any such event prevented, delayed or stopped any required performance or effort to cure a default.

d. All other remedies at law or in equity, including but not limited to specific performance, are available to the Parties to pursue in the event there is an Event of Default.

16. **Attorneys Fees.** Should any Party hereto employ an attorney for the purpose of enforcing this Agreement, or any judgment based on this Agreement, for any reason or in any legal proceeding whatsoever, including insolvency, bankruptcy, arbitration, declaratory relief or

other litigation, including appeals or rehearings, and whether or not an action has actually commenced, the prevailing Party shall be entitled to receive from the other Party reimbursement for all reasonable attorneys' fees and all costs and expenses. Should any judgment or final order be issued in that proceeding, said reimbursement shall be specified therein.

17. Indemnifications.

a. Summit Water. Summit Water agrees to indemnify, defend and hold harmless Mountain Regional Water, its officers, agents, servants and employees from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses, liabilities and attorney fees or whatsoever nature, resulting from or in any way connected with any willful or negligent act, whether active or passive, or any omission to act by Summit Water, its administrators, officers, agents, servants, employees or subcontractors, which such act or omission to act occurred with respect to, or is in any way related to, directly or indirectly, the performance of this Agreement, including without limitation the delivery of water in an uncontaminated condition.

b. Mountain Regional Water. Mountain Regional Water agrees to indemnify, defend and hold harmless Summit Water, its officers, agents, servants and employees from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses, liabilities and attorney fees or whatsoever nature, resulting from or in any way connected With any willful or negligent act, Whether active or passive, or any omission to act by Mountain Regional Water, its administrators, officers, agents, servants, employees or subcontractors, which such act or omission to act occurred with respect to, or is in any way related to, directly or indirectly, the performance of this Agreement, including Without limitation the delivery of Water in an uncontaminated condition.

18. Authority. The parties signing this Agreement represent and Warrant that they have full legal authority to sign for and bind all parties for whom they are executing this Agreement.

IN WITNESS WHEREOF, each of the Parties has executed this Settlement Agreement to be effective as of the Effective Date.

SUMMIT WATER:

By: On behalf of all Plaintiffs to the Lawsuit

By: Hy Saunders
Name: Hy Saunders
Its: President

EXECUTED:- 11-7-11, 2011.

COUNTY

SUMMIT COUNTY, a body corporate and politic
of the State of Utah

By: Summit County Manager and for MWH and
Jarvis


By: 
Robert Jasper
Manager

EXECUTED: 11/9, 2011.

MOUNTAIN REGIONAL WATER

MOUNTAIN REGIONAL WATER SPECIAL
SERVICE DISTRICT, a body corporate and politic
of the State of Utah .

By: Governing Board

By: 
Christopher F. Robinson
Chair

EXECUTED: November 9th, 2011

EXHIBIT A

**AGREEMENT
BY AND AMONG
WEBER BASIN WATER CONSERVANCY DISTRICT,
PARK CITY WATER SERVICE DISTRICT,
MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT
SUMMIT WATER DISTRIBUTION COMPANY AND
SNYDERVILLE BASIN WATER RECLAMATION DISTRICT**

WESTERN SUMMIT COUNTY WHOLESALE WATER IMPORTATION PROJECT

THIS AGREEMENT (this "Agreement") is made and entered into as of this ____ day of _____, 2011, by and among the 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 Water Service District, a local district organized and existing pursuant to the provisions of §17B-2a-401 *et seq.*, Utah Code Annotated, 1953, as amended ("**Park City Water**"), Mountain Regional Water Special Service District, a local district organized and existing pursuant to the provisions of §17B-2a-401 *et seq.*, Utah Code Annotated, 1953, as amended ("**Mountain Regional**"), Summit Water Distribution Company, a Utah nonprofit corporation ("**Summit Water**") and 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**"). Weber Basin, Park City Water, Mountain Regional, Summit Water and Snyderville Basin 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, 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 within its service area 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. The Parties have discussed entering into an agreement that would result in: (i) the acquisition by Weber Basin of Summit Water's water treatment plant located on East Canyon Creek at Jeremy Ranch in Summit County, Utah, and related pipeline(s) and other related infrastructure (the "East Canyon Project") and of Summit Water's contract with Davis & Weber Counties Canal Company for the purchase of Five Thousand (5,000) acre-feet per year of East Canyon water; (ii) the lease by Weber Basin of Mountain Regional's capacity in the Lost Canyon project through the existing Lost Canyon water treatment plant and in the distribution of treated and untreated water; (iii) the design and construction of a raw water storage facility in the Snyderville Basin that may be used to supplement flows in McCloud and East Canyon Creeks to other facilities in order to accommodate the delivery of water to wholesale customers in the Snyderville Basin; (iv) the wholesaling of treated and untreated municipal and industrial water by Weber Basin to systems in the Snyderville Basin through water sales contracts; (v) the exchange of Lost Canyon system water for other water sources, including tributaries of McCloud and East Canyon Creeks, for the purposes of in-stream flows and diversions for treatment and delivery of water to the Parties; (vi) funding of the foregoing by the United States government, the State of Utah, preservation fees and said water sales contracts between Weber Basin and the other Parties to this Agreement and others; and (vii) other necessary or appropriate arrangements to be agreed upon by the Parties (collectively, the "Project").

G. The Parties desire to enter into this agreement in order to facilitate the necessary investigations and due diligence to determine the feasibility of the Project and to commence requests and applications for federal and/or state funding for the Project, preliminary to negotiating and entering into a definitive agreement to consummate the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Due Diligence.** Each Party agrees to cooperate in good faith and share all relevant information with and to support Weber Basin and, to the extent applicable, each other Party (each of Weber Basin and such other Party and their respective consultants and agents an "Investigating Party") in conducting the Investigating Party's investigation, evaluation, verification and other due diligence to determine the practical and financial feasibility of the Project, including, but not limited to: (a) the condition and life expectancy of the membranes, pumps, valves, piping, electrical service, building structure and other components and appurtenances of the East Canyon Project; (b) the completion of the East Canyon Project (including, without limitation, an intake system and pump station at East Canyon Reservoir, a water transmission pipeline, including related electric service, from East Canyon Reservoir to and including the Jeremy Ranch water treatment plant, an intermediate pump station, upgrades to the existing water treatment plant and associated pump station; and a water delivery system from

the Jeremy Ranch water treatment plant to Snyderville Basin water systems; (c) available capacity in the Lost Canyon water treatment plant and distribution capacity of treated and untreated water facilities, (d) the construction of a raw water storage facility in the Snyderville Basin and transmission facilities to East Canyon Creek; (e) other applicable stream augmentation arrangements; (f) the use of existing or construction of all other necessary or appropriate water treatment plants, pipelines, reservoirs, wells and other facilities and infrastructure owned or operated by or subject to contract with any Party, and connections thereto; (g) all necessary permits, approvals and water rights relating to the Project; and (h) the Parties' ability to make payments under their long-term water sales contracts with Weber Basin (collectively, the "Due Diligence"). The Parties agree to use their best efforts to complete the Due Diligence no later than seven (7) months after execution of this Agreement by all Parties.

2. **Funding.** Each Party further agrees to cooperate in good faith with Weber Basin and, to the extent applicable, with each other Party in making requests and applications to the United States government and the State of Utah for funding of the wholesale water facilities and the raw water storage facility in the Snyderville Basin comprising a part of the Project, as described above. The Parties understand and agree that all requested funding shall be contingent upon successful completion of the Due Diligence and execution of a final agreement for the Project.

3. **Binding Agreement.** If, after completion of all Due Diligence by all Parties, all Parties determine that the Project is practically and financially feasible, each Party agrees to negotiate in good faith a binding agreement to complete the Project.

4. **Indemnification.** Each Party agrees to indemnify, protect, and save and hold the other Party harmless against and in respect of any and all claims, losses, liabilities, damages, costs, deficiencies or expenses (including attorney's fees) resulting from any misrepresentation, material omission, breach of warranty, or non-fulfillment of any covenant or agreement on the part of the indemnifying Party under or relating to this Agreement, and any and all actions, suits, proceedings, demands, assessments, judgments, costs, legal and accounting fees and other expenses incident to any of the foregoing.

5. **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.

6. **Submission to Jurisdiction.** Each of the Parties submits to the jurisdiction of the Second Judicial District Court of the State of Utah and the United States District Court for the 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.

7. **Interpretation.** In the event an ambiguity or question of intent or interpretation arises, 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. The paragraph headings contained herein are for purposes of reference only and shall not limit, expand, or otherwise affect the interpretation of any provision hereof. Whenever the context requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, any gender shall include the masculine, feminine and neuter gender, and the term "person" shall include any individual, firm, partnership (general or limited), joint venture, corporation, limited liability company, trust, association, or other entity or association or any combination thereof. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the extent permitted by applicable law.

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

9. **Succession and Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties.

10. **Further Acts.** The Parties hereby agree for themselves, and for their successors and assigns, to execute any instruments and to perform any act which may be necessary or proper to carry out the purposes of this Agreement.

11. **Entire Agreement.** This Agreement sets forth the entire understanding of the Parties with respect to the subject matter hereof, and all prior negotiations, discussions, understandings, representations, inducements and agreements, whether oral or written and whether made by a Party hereto or by any one acting on behalf of a Party, shall be deemed to be merged in and superseded by this Agreement and shall be of no further force or effect. This Agreement may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements among or between the Parties.

12. **Amendments.** No amendment, modification, or change in this Agreement shall be valid or binding unless reduced to writing and signed by all of the Parties hereto. No Party has relied upon any representation, promise, assurance, covenant, omission or agreement not included in the terms hereof in making the decision to enter into this Agreement.

13. **Expenses.** Each of the Parties will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

14. **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.

15. **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 such counterparts shall together constitute but one and the same instrument. Any signature page of this Agreement may be detached from any counterpart and reattached to any other counterpart hereof.

16. **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.

17. **Authority of Signers.** Each person executing this Agreement on behalf of a Party hereby warrants his or her authority to do so and to bind such Party.

[Remainder of Page Intentionally Blank]

[Signature Pages Follow]

ATTEST:

WEBER BASIN WATER CONSERVANCY DISTRICT

Secretary

By: _____
Chairman, Board of Trustees

APPROVED AS TO FORM:

Weber Basin Attorney

ATTEST:

PARK CITY WATER SERVICE DISTRICT

City Recorder

By: _____
President

APPROVED AS TO FORM:

Park City Water Attorney

ATTEST:



MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT

Kendy Jones

Clerk

By: *Christopher J. Robinson*

Chairperson, Administrative Control Board
(Mountain Regional's Governing Authority
pursuant to delegation by the Board of County
Commissioners of Summit County)

APPROVED AS TO FORM:

David J. Thrus

Mountain Regional Attorney

ATTEST:

**SUMMIT WATER DISTRIBUTION
COMPANY**

Secretary

By: _____
President

APPROVED AS TO FORM:

Summit Water Attorney

ATTEST:

**SNYDERVILLE BASIN WATER
RECLAMATION DISTRICT**

Secretary

By: _____
Chairman, Board of Trustees

APPROVED AS TO FORM:

Snyderville Water District Attorney

EXHIBIT B

JODY K BURNETT (0499)
GEORGE A. HUNT (1586)
ROBERT C. KELLER (4861)
WILLIAMS & HUNT
257 East 200 South, Suite 500
P. O. Box 45678
Salt Lake City, Utah 84145-5678
Phone (801) 521.5678
Facsimile (801) 364.4500
jburnett@wilhunt.com
ghunt@wilhunt.com
rkeller@wilhunt.com

Attorneys for Defendants

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TROY L. BOOHER (9419)
ZIMMERMAN JONES BOOHER LLC
136 South Main Street, Suite 721
Salt Lake City, Utah 84101
Phone (801) 924.0200
Facsimile (801) 924.0240
ZJBappeals.com

Attorneys for Defendants Mountain Regional
Water Special Service District, Montgomery
Watson Harza, and William Todd Jarvis

IN THE THIRD JUDICIAL DISTRICT COURT FOR SUMMIT COUNTY

STATE OF UTAH

SUMMIT WATER DISTRIBUTION :
COMPANY, a Utah non-profit corporation; :
LEON H. SAUNDERS, an individual; :
MICHAEL SCOTT SAUNDERS, an :
individual; SAUNDERS LAND :
INVESTMENT CORPORATION, a Utah :
corporation; STUART A. KNOWLES, an :
individual; TRILOGY LIMITED, L.P., a :
Georgia limited partnership; FRANK H. :
LANG, Trustee of the LARRY R. KNOWLES :
IRREVOCABLE TRUST; LAND AND :
WATER RESOURCES COMPANY, INC., a :
California corporation; LYNN NELSON, an :
individual; GREGORY G. NELSON, an :
individual; JEFFREY L. NELSON and :
KELLIE H. NELSON, individual joint tenants; :
CRAIG S. PETTIGREW and TAMMY N. :
PETTIGREW, individual joint tenants, :
:
Plaintiffs, :
:

**STIPULATION AND JOINT
MOTION FOR ORDER OF
DISMISSAL WITH PREJUDICE**

Case No. 010500359

Judge Keith A. Kelly

v.

SUMMIT COUNTY; SUMMIT COUNTY
COMMISSION; MOUNTAIN REGIONAL
WATER SPECIAL SERVICE DISTRICT, a
body politic of the State of Utah;
MONTGOMERY WATSON HARZA, a
California corporation and its employee and
agent, WILLIAM TODD JARVIS, an
individual; and JOHN DOBS 1-8,

Defendants.

The parties, by and through their respective counsel of record, hereby stipulate, agree and jointly move the Court for its Order dismissing all claims and causes of action asserted in the above captioned matter, with prejudice and on the merits, the parties to bear their own respective costs and attorney's fees.

In support of their motion, the parties present that they have compromised and settled all issues raised in this litigation to their mutual satisfaction.

DATED this _____ day of November, 2011.

WILLIAMS & HUNT

By _____
Jody K Burnett
George A. Hunt
Robert C. Keller
Attorneys for Defendants

DATED this _____ day of November, 2011.

ZIMMERMAN JONES BOOHER, LLC

By _____
MICHAEL D. ZIMMERMAN
TROY L. BOOHER
Attorneys for Defendants

DATED this _____ day of November, 2011.

HATCH, JAMES & DODGE

By _____
BRENT O. HATCH
Attorneys for Plaintiffs

DATED this _____ day of November, 2011.

FLITTON & SWENSEN, P.C.

By _____
JOHN S. FLITTON
LARA A. SWENSEN
Attorneys for Plaintiffs

228517.1

EXHIBIT C

Exhibit C
Mountain Regional Water Current Developments
Existing Developments

Prepaid
Acres Feet

300 West 4 Existing Customers

300 West 5 Additional Lots Line Extension Agreement ⁽¹⁾

Atkinson

Park Ridge

Ron Sharp Property

Silver Creek Commerce Center & Village

581.30

Silver Gate

Silver Summit Phase 1, 3, 4, 5, A

Trailside School

UDOT

Base Camp Commercial Plaza

Colony

Promontory

Quarry Mountain

Red Hawk

Red Hawk

Preserve Phase 1, 2, 3

Silver Springs

Koleman Property

Lower Silver Springs

Silver Springs

Sun Peak (Including Hotel)

Willow Creek

Sports Park (Wheeling Only)

Spring Creek

Spring Creek

Blackhawk

Glenwild

Knob Hill

Trout Creek

Colony White Pine Cottages

Piano Parcel

Newpark Town Center

Spring Creek Plaza

Stagecoach

Summit Park

Sorenson Toll Canyon

Summit Park

Forest Park

Wellenman School

Timberline

(1) - The following lots are not committed to take water service from MRW, but need to pay the existing home owners for the cost to install the mainline down 300 West when they pay their impact fee. This line is now owned and operated by MRW. If these lots choose to receive water service from Summit Water, Summit Water needs to notify MRW so the line extension fee can be collected from the lot owners and returned to the existing home owners for the main line. The line extension fee is in addition to the impact fee.

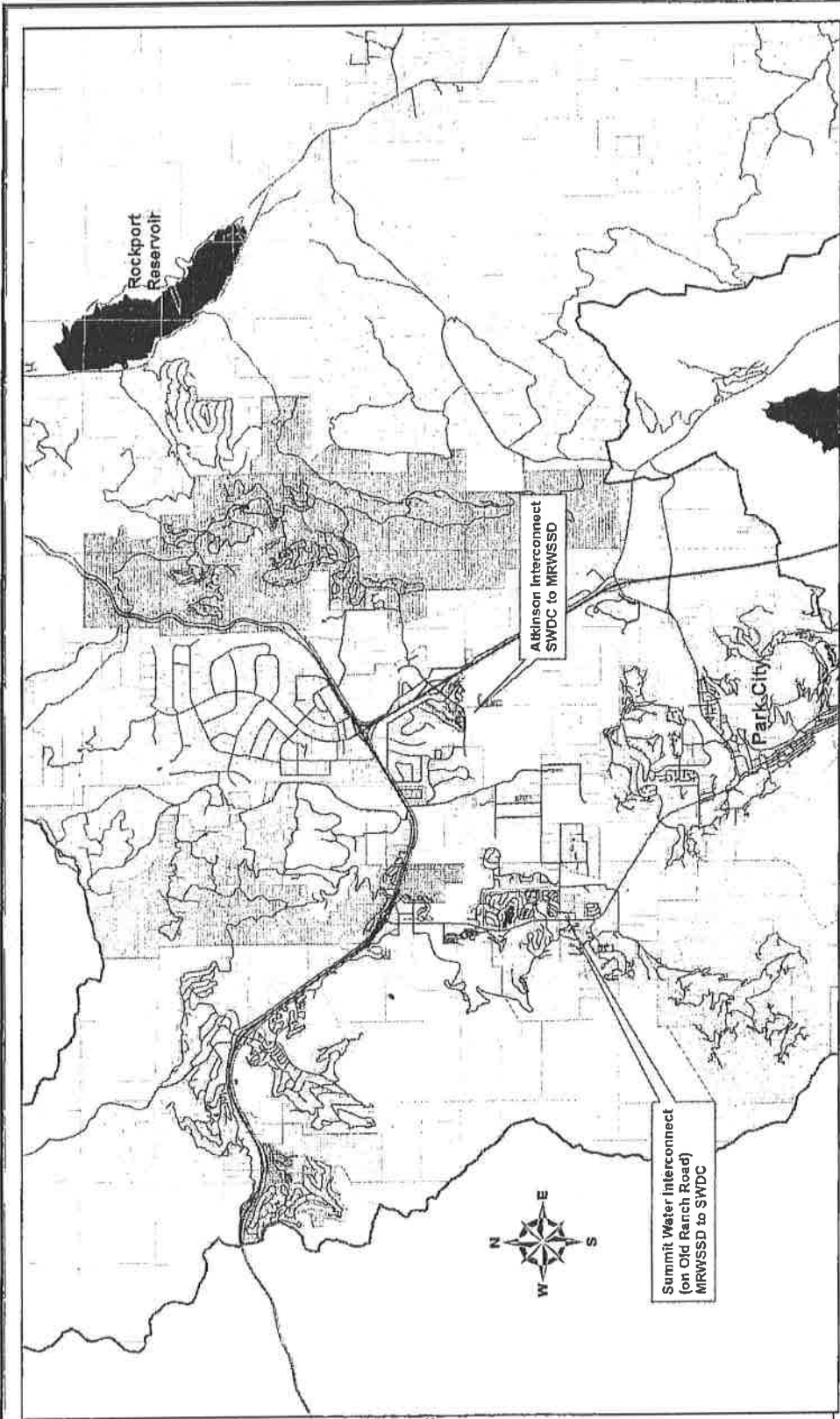
PP-B7-6-A

PP-B7-13

PP-B7-13-B

PP-B7-13-A

PP-B7-10-C-1-X-1



- Legend**
- Basin Roads
 - County Roads
 - MRW Properties
 - Current Properties
 - 300 West
 - Base Camp Com. Plaza
 - Blackhawk
 - Colony
 - Forest Park
 - Glenwild
 - Knob Hill
 - Koleman Property
 - Lower Silver Springs
 - New Park
 - Park Ridge
 - Piano Parcel
 - Preserve Hill
 - Promontory
 - Quarry Mountain
 - Redhawk
 - Ron Sharp
 - Silver Creek Commerce C
 - Silver Creek Village
 - Silver Gate
 - Silver Springs
 - Silver Summit Ph 1
 - Silver Summit Ph 3
 - Silver Summit Ph 5
 - Silver Summit Ph A
 - Silver Summit Ph 4
 - Sorenson Toll Canyon
 - Spring Creek Plaza
 - Stagescoach
 - Summit Park
 - Sun Peak
 - Timberline
 - Trailside School
 - Trout Creek
 - UDOT
 - Wellman School
 - Willow Creek
 - Summit County
 - Parcels
 - Lakes

0 3,500 7,000 14,000 21,000 28,000 Feet

1 inch = 7,000 feet

By D. W. Evans
11.04.2011

Page of

Exhibit C Current Properties / Developments

Served by Mountain Regional Water District (11-4-2011)



EXHIBIT J

Allocation of Capacity and Expenses for East Canyon Water Treatment Plant

Party	Percentage
Summit Water	50%
Mountain Regional	20%
Park City Water	20%
Weber Basin	10%

SCHEDULE 2.2(a)

Park City Water Facilities

Judge Tunnel

The Judge Tunnel is a historic mining tunnel located in Park City. Water is collected throughout the tunnel and flows by gravity to the portal located in Empire Canyon. Water is collected by Park City near the portal. Flows from the portal typically range from approximately 700 gallons per minute to 1,500 gallons per minute although Park City has observed higher flows.

Spiro Tunnel

The Spiro Tunnel is a historic mining tunnel located in Park City. Water is collected throughout the tunnel and flows by gravity to the portal located on the western portion of the Park City Municipal Golf Course. Water is collected by Park City near the portal and conveyed to open ditches or to the Spiro Water Treatment Facility. Flows from the portal typically range from approximately 3,400 gallons per minute to over 7,000 gallons per minute. Park City has a right to use a portion of the water from the Spiro Tunnel. In order to use all of Park City's water rights from this source, upgrades are required to deliver a consistent flow to the ditches on the golf course.

Spiro Water Treatment Facility

The Spiro Water Treatment Facility is located at 1884 Three Kings Drive and is surrounded by portions of the Park City Municipal Golf Course. This facility treats water originating from the Spiro Tunnel to drinking water standards. This facility also pumps Thiriot Springs into the filter effluent for the purposes of blending. This facility can treat up to 3,000 gallons per minute, although the long term reliability at this flow rate may not be sustainable without upgrades. This facility has the ability to pump finished water into the Boothill and Thaynes zones.

Quinns Junction Water Treatment Plant

The Quinns Junction Water Treatment Plant is located at 3800 Richardson Flat Road. This facility currently treats water that is pumped from the Rockport Reservoir through the Lost Canyon delivery system to drinking water standards. This facility has a current treatment capacity of 3 million gallon per day and is expandable to 9 million gallons per day within the current site and building footprint.

Raw Water Pipe Line

Park City's raw water pipeline is a 21-inch internal diameter, high density polyethylene pipeline that is part of the Lost Canyon raw water delivery system which conveys raw water from the Rockport reservoir into the Snyderville Basin. Park City shares ownership in the entire system and has full ownership of the pipeline beginning near, and including, the meter vault in the Silver Creek drainage. The meter vault is located south of the Promontory Development's equestrian facility and east of the Rail Trail. This line continues from the meter vault to the Quinns Junction Water Treatment Plant and then east to Wyatt Earp Way then to the north side of Highway 248.

SCHEDULE 2.2(b)

Mountain Regional Facilities

Raw Water Facilities

Lost Canyon Booster Station

Lost Canyon Pipeline

Lost Canyon Raw Water Pond

Raw Water Line from Raw Water Pond to Rail Trail at Promontory (Point of Delivery #1)

Spring Creek Well #1R (Point of Delivery #2 in East Canyon Creek)

Finished Water Facilities

Signal Hill Treatment Plant (Point of Delivery #1)

Finished Water Line from Signal Hill Treatment Plant to US-40 (Point of Delivery #2)

SCHEDULE 2.2(c)

Summit Water Facilities

The following facilities are retained by Summit Water from the sale of the East Canyon Water Treatment Plant:

(1) The diversion intake pipeline extending from East Canyon Creek to the water treatment plant. Those facilities include the diversion structure and intake on East Canyon Creek, pipeline from the diversion structure to the water treatment plant, and pump facilities appurtenant to the pipeline. Summit Water also retains a 20' wide easement for the pipeline and pump station;

(2) East Canyon Pipeline Project 30" pipeline and intake facilities. Summit Water also retains a 20' wide easement from the center of the pipeline through the treatment plant property being conveyed under the agreements;

(3) Any and all water rights associated with the Water Treatment Plant and its property, including water rights diverted from East Canyon Creek.

(4) Any other facilities not included under the Acquired Assets.

SCHEDULE 5.4

Absence of Certain Changes

Settlement Agreement dated November 9, 2011, between Mountain Regional Water Special Service District and Summit Water Distribution Company

Unresolved property tax case concerning all of the Summit Water distribution facilities, recently appealed to the Tax Commission

Mountain Regional Water Special Service District indebtedness, as of the Closing Date.

SCHEDULE 5.5

Liens

None

SCHEDULE 5.6

Facilities Exceptions

Park City

In September 2009, EPA Region 8 and the Utah Division of Water Quality (“Division”) directed Park City Municipal Corporation to obtain UPDES permits for Judge Tunnel and Spiro Tunnel. In July 2011, Park City Municipal Corporation submitted applications to the Division for UPDES permits at each Facility. The Park City Municipal Corporation has requested compliance schedules to come into compliance with the final effluent limits that will be established in the UPDES permits. Park City Municipal Corporation currently is negotiating UPDES permits for both Facilities and a Stipulated Compliance Order to specify compliance schedules that will be incorporated into the UPDES permits.

SCHEDULE 5.7

Sufficiency and Condition of Assets Exceptions

None

SCHEDULE 5.8

Intellectual Property Rights

None

SCHEDULE 5.9

Contracts

None

SCHEDULE 5.10

Key Relationships

None

SCHEDULE 5.11

Necessary Permits

Park City

1. Permit No. UT0025941, State of Utah Division of Water Quality, Department of Environmental Quality, Salt Lake City, Utah, Authorization to Discharge under the Utah Pollutant Discharge Elimination System (UPDES), for discharge from drinking water/waste water treatment system associated with the Spiro Mine Tunnel, currently located at 1884 Three Kings Drive, in Park City, Summit County, Utah, to McCleod and Silver Creek, thence the Weber River Basin (latest draft dated 6/18/13)
2. Permit No. UT0025925, State of Utah Division of Water Quality, Department of Environmental Quality, Salt Lake City, Utah, Authorization to Discharge under the Utah Pollutant Discharge Elimination System (UPDES), for discharge from the drinking water treatment system near the Judge Tunnel portal in Empire Canyon, Park City, Utah to Empire Creek to Silver Creek, thence the Weber River (latest draft dated 6/18/13)
3. Permit No. UTG-640044, State of Utah Division of Water Quality, Department of Environmental Quality, Salt Lake City, Utah, Utah Pollutant Discharge Elimination System (UPDES), General Drinking Water Permit, for maintenance, emergency discharges and cleaning, as needed, for the Judge Tunnel/Empire Tank drinking water system.
4. Permit No. UT0025461, State of Utah Division of Water Quality, Department of Environmental Quality, Salt Lake City, Utah, Utah Pollutant Discharge Elimination System (UPDES), General Drinking Water Permit, for the Spiro Water Treatment Facility.
5. Permit No. UTG-640000, State of Utah Division of Water Quality, Department of Environmental Quality, Salt Lake City, Utah, Utah Pollutant Discharge Elimination System (UPDES), General Drinking Water Permit For Drinking Water Plants.
6. Pretreatment Industrial User Permit No. PIU 006 in compliance with provisions of the Snyderville Basin Water Reclamation District Pretreatment Program Chapter 1, Section 1-1 for Park City Municipal Corporation: Quinns Junction Water Treatment Plant for discharges to manhole 2-4-02-011.
7. General Permit for Drinking Water Treatment Plants, UTG-640000, for Quinns Junction Water Treatment Plant (application to be submitted)

SCHEDULE 5.12

Tax Matters

Unresolved property tax case concerning all of the Summit Water distribution facilities, recently appealed to the Tax Commission

SCHEDULE 5.13

Environmental Matters

Park City

Pending or threatened investigation, judicial or administrative proceedings, notices, orders, judgments, decrees, or settlements, to the knowledge of Park City Water Service District:

1. Administrative Settlement Agreement and Order on Consent for EE/CA Investigation and Removal Action, CERCLA Docket No. CERCLA-08-2013-0001. This order requires Park City Municipal Corporation to perform an engineering evaluation/cost analysis ("EE/CA") and a non-time critical removal action for operable unit 4 ("OU4") of the Richardson Flat Tailings Site (the Prospector Drain) located near Park City, Utah; to reimburse response costs incurred by EPA and BLM in connection with the EE/CA and removal action; to prepare a Natural Resource Injury Assessment and Restoration Alternatives Analysis for OU4; and to reimburse certain costs incurred by the Natural Resource Trustee for the same.
2. Gillmor v. Park City Municipal Corporation, Case No. 100500854, Third Judicial District Court, Summit County, Utah. This case involves claims of diminution or impairment by PCMC of the water rights of the plaintiff, a landowner. The case went to trial in June, 2013, and an order dismissing plaintiff's claims of trespass and interference is imminent.
3. Gillmor v. Park City Municipal Corporation, Case No. 130500149, Third Judicial District Court, Summit County, Utah. This case involves claims of impairment of the water quality of the water used by the plaintiff, a landowner. The case has been stayed by the court by agreement of the parties.
4. Threatened Claim. In a letter dated April 15, 2013, counsel for Asarco requested that the State of Utah, PCMC, and other local governments "investigate and address" alleged contamination occurring on or near historic railroad tracks that have been converted to recreational trails within those jurisdictions.

In addition, mining operations undertaken by various entities within the Park City mining district reportedly produced approximately 16 million tons of ore between 1875 and 1982. Mine waste, ore, and tailings are present in many locations within and around the Park City Water Service District and property currently or previously owned, leased, or operated by Park City Municipal Corporation and/or the Park City Water Service District. Such mine waste, ore, and tailings have or may have resulted in one or more Releases or threatened Releases of Contaminants at, to, or from the Park City Facilities, and/or such current or previously owned, leased or operated properties, as well as Environmental Liabilities and Costs.

SCHEDULE 5.14

Litigation

Park City

1. Administrative Settlement Agreement and Order on Consent for EE/CA Investigation and Removal Action, CERCLA Docket No. CERCLA-08-2013-0001. This order requires Park City Municipal Corporation to perform an engineering evaluation/cost analysis (“EE/CA”) and a non-time critical removal action for operable unit 4 (“OU4”) of the Richardson Flat Tailings Site (the Prospector Drain) located near Park City, Utah; to reimburse response costs incurred by EPA and BLM in connection with the EE/CA and removal action; to prepare a Natural Resource Injury Assessment and Restoration Alternatives Analysis for OU4; and to reimburse certain costs incurred by the Natural Resource Trustee for the same.
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4. Threatened Claim. In a letter dated April 15, 2013, counsel for Asarco requested that the State of Utah, PCMC, and other local governments “investigate and address” alleged contamination occurring on or near historic railroad tracks that have been converted to recreational trails within those jurisdictions.

SCHEDULE 5.18

Insurance

Summit Water Distribution Company:

General Liability Policy #GPPAPF605314700
Commercial Package
American Alternative Insurance Corporation
Term: 11/26/12 to 11/26/13

Park City Municipal Corporation/Park City Water Service District

Affiliated FM Insurance Company Policy no. SF266
Standard Fire Insurance Policy
Term: 1/1/13 to 1/1/14

Mountain Regional Water Special Service District

Property Insurance

Mountain Regional Water's Facilities are insured for property damage through the Utah Local Governments Trust. The policy has a \$1,000 deductible. The Mountain Regional Water Facilities are insured for replacement value as determined by an independent appraisal firm, Asset Works, in August 2011. The appraised replacement values are as follows:

Lost Canyon Booster Pumps & Building

Building	\$ 948,100
Equipment	1,630,500
Total	\$ 2,578,600

Rockport Power Substation

Building	\$ 1,700,300
Total	\$ 1,700,300

Signal Hill Treatment Plant

Building	\$ 3,755,900
Equipment	3,951,300
Total	\$ 7,707,200

Spring Creek #1R (Pump Head only)

Equipment	\$ 11,100
Total	\$ 11,100

General /Auto Liability Insurance

Mountain Regional Water's Facilities are insured for liability coverage through the Utah Local Governments Trust. The policy has no deductible, and has an Aggregate Policy Limit of \$5,000,000.

SCHEDULE 5.19

Related Party Transactions

None