

AGREEMENT

This Agreement ("Agreement") is entered into this ^{28TH} ~~21ST~~ day of August, 2014, by and between the Town of Hideout, a Utah municipal corporation ("Hideout") and Jordanelle Special Service District, a Utah special service district ("JSSD"). Hideout and JSSD are hereinafter referred to individually as "Party" and collectively as "Parties."

RECITALS

WHEREAS, JSSD (with offices located at 6135 E. Lake Creek Road, Heber City, Utah 84032) is a Special Service District which provides water and wastewater services to properties located within its service area; and

WHEREAS, Hideout (with offices located at 10860 Hideout Trail, Hideout Utah 84036) is an incorporated town, which desires to own and operate the culinary water system and the wastewater collection system within its current town boundaries; and

WHEREAS, JSSD currently owns and operates water and wastewater facilities that provides service to the properties within the current boundaries of Hideout; and

WHEREAS, Hideout desires to acquire from JSSD, and to own and operate water distribution and wastewater collection facilities within the current boundaries of Hideout; and

WHEREAS, JSSD desires to deliver wholesale water to Hideout and discontinue delivery of water or wastewater service to properties within the boundaries of Hideout; and

WHEREAS, Hideout desires to enter into a wholesale culinary water delivery agreement with JSSD; and

WHEREAS, Hideout desires to enter into a wastewater treatment agreement with JSSD; and

WHEREAS, Hideout desires to enter into an irrigation water right lease agreement with JSSD;

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

TERMS OF AGREEMENT

I. Transfer of Culinary Water Distribution System Facilities to Hideout:

- A. Culinary Water System Facilities within the current Hideout boundaries that are to be transferred to Hideout. JSSD shall transfer by quitclaim deed, bill of sale and/or assignment, all right, title, easements and interest in the culinary water distribution system facilities within the town boundary except for those specific facilities to be retained by JSSD as



COPY

shown on the attached Exhibit A, (hereinafter referred to as "Hideout Culinary Water System") to Hideout. JSSD agrees to execute and deliver the necessary quitclaim deeds, bills of sale and/or assignment to Hideout in order to convey all of JSSD's rights, title, easement and interest in the Hideout Culinary Water System. Hideout expressly agrees to accept the Hideout Culinary Water System "as-is." JSSD makes no warranty regarding the Hideout Culinary Water System and expressly disclaims any responsibility or obligation for any issues, claims or any liability that may arise with respect to the Hideout Culinary Water System. Transfer of ownership and operations from JSSD to Hideout shall occur when Hideout obtains its necessary approval in writing to operate as a Public Water System from the State of Utah Division of Drinking Water ("State Approval").

- B. **Culinary Water System Facilities retained by JSSD.** The Parties hereby acknowledge that there are certain culinary water system components located within the boundaries of Hideout that are owned and operated by JSSD for the purpose of servicing properties outside the current boundaries of Hideout. Culinary water system components that service customers other than Hideout which shall be retained by JSSD. Those facilities that shall be retained by JSSD which are located within the current boundaries of Hideout are hereinafter referred to as "JSSD Water System Facilities" and are shown on the attached Exhibit "A." JSSD shall own and operate the JSSD Water System Facilities shown on Exhibit "A" and Hideout shall have no ownership or operational control or responsibility regarding such JSSD Water System Facilities.
- C. **Ownership and operation of Hideout Culinary Water System.** Coincident with the State Approval and the transfer of any right, title, easement and interest JSSD may have in the Hideout Culinary Water System, JSSD and Hideout hereby agree that Hideout shall assume all obligations for operation, maintenance, repair and replacement of the Hideout Culinary Water System. JSSD's sole and only obligation with respect to the Hideout Culinary Water System shall be to deliver wholesale culinary water to the point(s) of delivery set forth in Exhibit A consistent with the rights and obligations specifically set forth in this agreement. Hideout shall have the sole and exclusive responsibility for meeting all applicable state and federal standards with respect to operation, maintenance, repair and replacement of the Hideout Culinary Water System and its delivery of the culinary water that it contracts for and receives from JSSD. Upon the signing of this agreement, any construction, ownership and operation of new water distribution facilities shall be the sole responsibility and obligation of Hideout and that all such projects will be permitted solely by Hideout through the State of Utah Division of Drinking Water.

- D. **Hideout to acquire all required permits, licenses and approvals necessary to operate the Culinary Water System within Hideout boundaries.** JSSD hereby agrees to cooperate with Hideout in obtaining final Division of Drinking Water approval for its ownership and operation of the existing Hideout Culinary Water System. As set forth more fully herein, Hideout agrees to indemnify JSSD against any claims of any type or nature that may arise relating to its ownership, operation, maintenance, repair or replacement of the Hideout Culinary Water System from the date of State Approval. Hideout further agrees to assume all responsibility for the Hideout Culinary Water System and any requirements imposed by the Division of Drinking Water for water delivery to property within Hideout. Hideout will adopt standards that meet minimum State requirements for a Public Water System. JSSD and Hideout agree that any required permits, agreements, etc., necessary to provide water service within Hideout shall be obtained and maintained at the sole cost and at the sole obligation of Hideout.
- E. **Indemnification, as set forth in this Agreement.** Hideout hereby assumes all responsibility and liability involved in and related to the ownership, operation and maintenance of the Hideout Culinary Water System transferred to Hideout by JSSD. Hideout agrees to indemnify, save harmless, and defend JSSD, its officers, directors, employees, contractors and agents, from any and all claims, mechanics liens, demands, damages, actions, cost and charges, including attorney's fees and other liabilities arising out of or by reason of Hideout's ownership, operation, repair, maintenance, use or attempted use of the Hideout Culinary Water System.
- F. **Billing and Customer Records for Retail Water Service.** Upon execution of this Agreement, JSSD shall, within 30 days, provide to Hideout retail culinary water billing data relating to customers within current Hideout boundaries. JSSD has the right to mail to the retail customers that will be serviced by Hideout a notice informing those customers of the transfer of the Hideout Culinary Water System and that future culinary water service will be provided solely by Hideout. On the 1st day of the month following State Approval Hideout shall have the sole right and obligation to bill customers within the current Hideout boundaries for retail culinary water service; however, JSSD shall bill Hideout for Wholesale Culinary Water and shall not bill any customer within the current boundaries of Hideout for retail culinary water service following collection of any past due amounts.

II. Transfer of Wastewater Collection System Facilities to Hideout:

- A. **Wastewater Collection System Facilities within the current Hideout boundaries that are to be transferred to Hideout.** JSSD shall transfer to Hideout by quitclaim deed, bill of sale and/or assignment, all rights, title, easements and interest in the Wastewater Collection System Facilities

within Hideout's corporate boundary except for those specific facilities as shown on the attached Exhibit A (hereinafter referred to as "Hideout Wastewater Collection System"). JSSD agrees to execute and deliver the necessary quitclaim deed(s), bill(s) of sale and/or assignment(s) to Hideout in order to convey all of JSSD's rights, title, and interest in the Hideout Wastewater Collection System. Hideout expressly agrees to accept the Hideout Waste Water Collection System "as-is." JSSD makes no warranty regarding the Hideout Wastewater Collection System and expressly disclaims any responsibility or obligation for any claims that may arise with respect to the Hideout Wastewater Collection System.

- B. **Wastewater Collection System Facilities to be retained by JSSD.** The Parties hereby acknowledge that there are certain wastewater system facilities located within the boundaries of Hideout that are owned and operated by JSSD for the purpose of servicing properties not within the current boundaries of Hideout. Wastewater system facilities that service customers other than Hideout shall be retained by JSSD. Those facilities that shall be retained by JSSD which are located within the current boundaries of Hideout are hereinafter referred to as JSSD Wastewater System Facilities and are shown on the attached Exhibit "A". JSSD shall own and operate the JSSD Wastewater System Facilities shown on Exhibit "A" and Hideout shall have no ownership or operational control or responsibility regarding the JSSD Wastewater System Facilities.
- C. **Ownership and Operation of Hideout Wastewater System.** Coincident with the transfer of any right, title and interest JSSD may have in the Hideout Wastewater System, JSSD and Hideout hereby agree that Hideout shall assume all obligations for operation, maintenance, repair and replacement of the Hideout Wastewater System. Coincident with the transfer from JSSD to Hideout of all rights and obligations for retail culinary water delivery in accordance with this agreement, Hideout shall assume all rights and obligation for delivering retail wastewater collection services to its citizens and properties within the current Hideout boundaries, including but not limited to, the responsibility for charging and collecting wastewater fees in connection with its wastewater service obligations and the terms of this agreement. Following the transfer of all rights and responsibilities to Hideout for retail wastewater collection services, JSSD's sole obligation with respect to the Hideout Wastewater System, shall be to receive wastewater from the Hideout Wastewater System at the point(s) of acceptance set forth herein consistent with the rights and obligations specifically set forth in this agreement. Hideout shall have the sole and exclusive responsibility for meeting all applicable state and federal standards with respect to the Hideout Wastewater Collection System and its operation, maintenance, repair and replacement.

- D. **Hideout to acquire all required permits, licenses and approvals necessary to operate the Wastewater Collection System within Hideout boundaries.** Hideout has obtained the required USMP permit from the State of Utah (permit # UTG -580174) to operate the existing Hideout Wastewater System and future collection systems within Hideout's boundary. Hideout agrees to indemnify JSSD against any claims that may arise relating to its operation, maintenance, repair and replacement of the Hideout Wastewater System. Hideout further agrees to assume all responsibility for the Hideout Wastewater System and any requirements imposed by the State for wastewater collection from Hideout residents. Hideout has adopted standards that meet minimum State requirements for wastewater collection systems.
- E. **Indemnification.** As set forth in this Agreement, Hideout hereby assumes all responsibility and liability involved in the ownership, operation, maintenance, repair and replacement of the Hideout Wastewater System transferred to Hideout by JSSD. Hideout agrees to indemnify, save harmless, and defend JSSD, its officers, directors, employees, contractors and agents, from any and all claims, mechanics liens, demands, damages, actions, cost and charges, including attorney's fees and other liabilities arising out of or by reason of Hideout's ownership, operation, maintenance, repair or replacement of the Hideout Wastewater System, including any claims related to any prior bond payments by property owners within Hideout for wastewater facilities.
- F. **Billing and Customer Records for Retail Wastewater Service.** Upon execution of this Agreement, JSSD shall, within 30 days provide to Hideout retail wastewater billing data relating to customers within current Hideout boundaries. JSSD has the right to mail to the retail customers that will be serviced by Hideout, a notice informing those customers of the transfer of the Hideout Wastewater System and that all future wastewater service within the boundary of Hideout will be provided by Hideout. Coincident with the transfer from JSSD to Hideout of all rights and obligations for retail wastewater collection services in accordance with this Agreement, Hideout shall assume all rights and obligation to bill customers within the current Hideout boundaries for retail wastewater service, JSSD shall bill Hideout for Wastewater Treatment Services provided by JSSD and shall not bill any customer within the current boundaries of Hideout for retail wastewater service following collection of any past due amounts. Billing transfer shall occur in the same manner and timing as set forth in I.F hereinabove.

III. Irrigation Water Rights Leased from District:

- A. **Annual Lease of Water Rights for Irrigation Purposes.** Hideout desires to lease on an annual basis fifty (50) acre feet of water for irrigation use

within Hideout town boundaries (hereinafter referred to as "Irrigation Water"). Hideout shall not use more Irrigation Water from the Hideout Well than it owns or has leased from JSSD. The water right sufficient to meet this 50 acre foot lease has been transferred by JSSD into the Hideout Well, and that shall remain the point of diversion unless otherwise agreed to in writing by the Parties. JSSD shall have no obligation to hold any additional water rights for irrigation purposes for Hideout, and shall transfer all water rights owned by JSSD which are in excess of the 50 acre feet out of the Hideout Well point of diversion. JSSD agrees that Hideout has the right to transfer other water rights into the Hideout Well and to convert part or all of the JSSD water rights herein leased at the Hideout Well into culinary water in 10 acre foot blocks in the same manner that Reserved Water is converted to culinary water as provided by this Agreement.

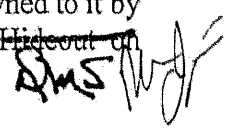
- B. **Payment for Irrigation Water.** JSSD shall bill Hideout annually in February of each calendar year for the water lease payment for the Irrigation Water for that calendar year. The amount billed for Irrigation Water shall be set annually by JSSD, but shall not exceed the amount billed to other customers within the JSSD service area for reservation of water rights. The amount per acre foot per year is currently set at \$359 and may be adjusted by JSSD consistent with its water rate policy. Hideout shall pay the invoice within thirty (30) days of the date of invoice. Hideout agrees not to use any JSSD water rights for irrigation or other purposes unless and until the invoice for that leased water is paid. This lease of Irrigation Water is a "take-or-pay" agreement, meaning that Hideout shall pay the established annual acre foot charge regardless of whether the Irrigation Water is actually used by Hideout.
- C. **Operation of Hideout Well and Irrigation System.** The Hideout Well is owned and operated by Hideout, and JSSD shall have no operational obligation or liability regarding the Hideout Well and/or any portion of the irrigation system within the Hideout boundaries. Hideout and JSSD shall cooperate in filing appropriate documents with the Division of Water Rights which shall clarify that Hideout is the owner and operator of the Hideout Well. JSSD acknowledges that Hideout intends to acquire other water rights and transfer them into the Hideout Well.
- D. **Metering.** Hideout shall provide and maintain an accurate meter on the Hideout Well. Failure to maintain an accurate meter on the Hideout Well shall result in termination or suspension of the lease of Irrigation Water until the failure is resolved to the satisfaction of JSSD. JSSD shall have access to the meter on a regular basis. Hideout agrees to restrict the amount of water pumped from the Hideout Well to fifty (50) acre feet per year unless and until other water rights are approved for transfer into the Hideout Well by Hideout.

IV. Wholesale Culinary Water Agreement:

- A. **Delivery of Culinary Water to Hideout by JSSD.** As part of this Agreement, JSSD agrees to treat and deliver wholesale culinary water to Hideout each year during the term specified herein. JSSD shall have the sole and exclusive responsibility for meeting all applicable state and federal standards for the water that is delivered to the Points of Delivery and will provide Hideout copies of agency required documentation including water analysis test reports as required by the State of Utah Division of Drinking Water.
- B. **Payment for Wholesale Culinary Water Delivered.** The Hideout Culinary Water System shall serve properties within the town boundaries. Hideout agrees to contract and begin payment for between 150 and 200 acre feet per year to be finalized during the State Approval process and after JSSD provides current retail customer billing information to Hideout. The price per acre foot of wholesale culinary water is determined by the JSSD Board. The price currently is \$750 per acre foot per year for public governmental customers such as Hideout. JSSD shall bill Hideout monthly. The monthly charge will be calculated by taking the final contract quantity in acre-ft per year and multiplying it by \$750.00 and then dividing that sum by 12. This agreement to provide wholesale culinary water is a "take-or-pay" agreement, meaning that Hideout shall pay the established annual acre foot charge regardless of whether the water is actually used.
- C. **Points of Delivery.** Hideout shall receive treated culinary water from JSSD at the Points of Delivery as shown in Exhibit "A." The Parties agree that the Points of Delivery shall be the points of delivery for water pursuant to this Agreement unless and until the Parties agree in writing that the Points of Delivery need to be changed. JSSD agrees that future Points of Delivery may be required or desired by Hideout and that it will work with Hideout to identify mutually acceptable connection locations. In any event, no change of the Points of Delivery shall be made without express written agreement of both Parties.
- D. **Metering of Culinary Water.** Hideout agrees and acknowledges that as a condition of continued delivery of culinary water pursuant to this Agreement, Hideout is required to pay for the installation of meter(s) for measuring all JSSD water delivered to Hideout. Meters shall be installed by Hideout within 120 days of the date of this Agreement or in the case of future Points of Delivery prior to delivery of water to those Points of Delivery. The cost of any improvement necessary to accurately meter the culinary water delivered to Hideout pursuant to this Agreement shall be borne solely by Hideout. Both Hideout and JSSD will mutually agree on the specific magnetic battery powered meter required, Hideout shall pay the entire cost associated with purchasing and installing the meters and the four

foot diameter meter manhole. Following installation and acceptance of the meters, the water meters, and all associated water meter infrastructure shall become the property of JSSD. Hideout's ownership of the culinary water lines shall begin at the point where the water line exits the meter vault and enters the Hideout culinary water system. Failure to pay for and install the proper meters within the day period set forth herein shall result in termination of JSSD's obligation to deliver culinary water to Hideout.

- E. **Reservation of Additional Water for Future Growth.** In addition to the wholesale culinary water to be delivered pursuant to this Agreement, Hideout desires to reserve additional water for future growth (hereinafter referred to as "Reserved Water"). For the purposes of defining payments due under this Agreement, there are three categories of reservations which are Retail Reservation, Developer Reservation and Land Owners Reservation.

Retail Reservation includes all of the individual lot owners that purchased platted lots in Hideout and that are current Retail Reservation customers of JSSD as of the date of this Agreement. It is estimated that the Retail Reservations total 65 acre-ft. It is anticipated that most of these Retail Reservations have been paid current through February 1st 2015. When JSSD provides Hideout the records for the Retail Reservations billings, as provided in this Agreement, Hideout will work with the Retail lot owners that are not current with JSSD in an effort to reconcile their accounts so that they will be current when Hideout takes over the responsibility to pay for the reservations on February 1st 2015. Hideout will assume responsibility and authority for Retail Reservations that are current with JSSD and at its sole option will either bring those Retail Reservations that have past due balances current on or before February 1st 2015 or reduce the total quantity of its Retail Reservations. If customer records indicate that any Retail Reservations are owed a credit from JSSD, Hideout will honor those credits going forward and JSSD will deduct the credits from what is owed to it by Hideout. ~~Any unreconciled accounts shall be assumed by Hideout on October 31, 2014 and payable to JSSD on November 30, 2014.~~ 

Developer Reservation is defined as those reservations associated with non-platted land or for developed lots, in Hideout, that have not been sold to the public and that either do not currently have reservations or are part of the properties that have JSSD claims or encumbrance's against them that will be removed in accordance with this Agreement. At the signing of this Agreement Hideout shall place in escrow the sum of \$184,885 for the payment of 103 acre-ft of water reservations fee for the Developer Reservation which Hideout will receive from funds provided by the owners of the Developer Reservations. In addition the payment of \$16,537.38 was paid on Forevermore lots 1,4,6-9,11-13, HC 1 lot 14 HC 8 lot R-3) and \$33,616.16 for Rustler Lots 45-48, totaling \$50,153.54, in property

encumbrances for past due water reservations, was made while this agreement was being finalized. The \$50,153.54 will be applied to pay for future year Developer Reservation cost. The full escrow sum will be paid to JSSD upon its removal of all encumbrances and claims related to payments for water reservation including but not limited to principal, penalties and interest that it has placed against property(s) designated at Developer Reservations in Hideout. The \$184,885 is based on Hideout paying for 103 acre-ft of Reserved Water and includes paying 4 years in the arrears and 1 year forward at the rate of \$359 /ac-ft per year. The date this Agreement is signed shall be the date that establishes the beginning of the 1 year forward and the 4 years in the arrears. The payment of \$184,885 will include payment for one full year from the date of the payment. At the end of that full year, Hideout will pay JSSD the prorated amount required to pay the balance of the water reservation year. By way of example if the initial payment is made August 1st 2014 then on August 1st 2015 a payment to JSSD will be due in the amount of 103 multiplied by \$359.00 and then multiplied by 5 months.

Land Owner Reservations are defined as those owners that own non-platted land in Hideout that are not in the Developer Reservation category. Hideout currently does not have information on the land owners that currently or in the recent past have paid JSSD for water reservations. When JSSD provides billing information for the land owner reservations in Hideout, as provided in the Agreement, Hideout will work with the land owner reservations to establish the status of their water reservations. For those land owner reservations that have paid JSSD current through February 1, 2015 for water reservation charges, Hideout will assume authority over those reservation and will be responsible to make the annual payment for the new water year starting February 1, 2015 and ending January 31, 2016, that will be due to JSSD on February 1, 2015. Hideout will work with those Land Owners that are behind in reservation payments to JSSD in an effort to reconcile their accounts so that they will be current when Hideout takes over the responsibility to pay for the reservations on February 1, 2015. Hideout will at its sole option either bring those land owner reservations that have past due balances current on or before February 1, 2015 or reduce the total quantity of its water reservations for the Land Owner Reservations.

After this agreement is signed and JSSD has provided Hideout reservation billing information, Hideout will make further inquiries to all the land owners in Hideout that have non-platted land to determine if they want to have Hideout purchase additional reservation on their behalf. JSSD agrees that Hideout will be able to purchase up to an additional 50 acre feet on or prior February 1, 2015 at the same rate and terms as the 103 acres-ft herein reserved.

The current water reservation fee as set by the Board of JSSD is \$359 per acre foot per year. Pursuant to the ordinances, resolutions and/or policies of JSSD, the annual reservation fee is subject to review and adjustment on an annual basis by the Board. JSSD shall not reserve water for Hideout unless the annual water reservation fee is paid. Failure to pay the annual water reservation fee shall result in forfeiture of any right to reserve that water from JSSD. Payment of the annual water reservation fee does not grant any ownership interest in any of the water rights of JSSD. It is a non-refundable annual reservation fee only, JSSD has no obligation to deliver wholesale culinary water to Hideout, or any of the properties within the current Hideout town boundaries, in excess of the specific amount of Reserved Water in this Agreement.

- F. **Conversion of Reserved Water into Wholesale Culinary Water.** Hideout may convert Reserved Water into delivered culinary water in 25 acre foot blocks. Once a block of water has been converted from Reserved Water to deliverable culinary water status, the conversion cannot be reversed. Once a block of Reserved Water has been converted to deliverable wholesale culinary water status, that block of Reserved Water is subject to the same payment obligations as other Wholesale Culinary Water as set forth herein. Monthly bills to Hideout for Wholesale Culinary Water shall be adjusted to reflect the conversion as it occurs. In order to convert a block of water from reserved status to wholesale culinary water status, Hideout shall give JSSD sixty (60) days written notice before the month in which Hideout desires to convert the water. If Hideout converts Reserved Water to Wholesale Culinary Water other than on the first day of the new calendar water year February 1st (or after payment has been sent) then JSSD shall credit the prepaid portion of the water reservation fee towards the payment for Wholesale Culinary Water.
- G. **Term and Termination.** The agreement between the Parties regarding the delivery of wholesale culinary water as set forth in this Agreement shall be for a term of twenty-five (25) years from the date of this Agreement. At the end of the first 25 year term, the wholesale culinary water delivery shall automatically be renewed by the Parties for three successive twenty-five year terms unless the Town of Hideout should give written notice of its intent to not renew this Agreement at least 365 days before the end of any renewal term.
- H. **Penalty and Interest charges for non-payment of monthly wholesale culinary water bill.** Hideout acknowledges its corporate obligation as a Town to pay the monthly Wholesale Culinary Water invoices regardless of whether Hideout collects sufficient funds from its retail customers to cover the same. Monthly invoices shall be sent to Hideout on or before the 15th of each month. The due date shall be the 30th of each month. Unpaid balances that are more than fifteen (15) days past due shall be charged interest: the

current JSSD board adopted 1.5% per month until paid. Late payments shall be applied first to interest, and second to the principal amount due.

- I. **Penalty and Interest charges for non-payment of annual water reservation fee.** Hideout acknowledges its corporate obligation as a Town to pay the annual water reservation fee regardless of whether it collects sufficient funds from its retail customers to cover the same. Annual invoices shall be sent to Hideout on or before the 1st of February of each calendar year. The due date shall be the 15th of March of that same calendar year. Unpaid balances that are more than fifteen (15) days past due shall be charged interest at the current JSSD board adopted rate of 18% annually. Late payments shall be applied first to interest, and second to the principal amount due.
- J. **Additional remedies for non-payment.** Hideout specifically acknowledges that JSSD has no obligation to deliver Wholesale Culinary Water to Hideout unless the monthly invoices are paid current. Similarly, Hideout acknowledges that JSSD has no obligation to reserve water for Hideout if the annual invoices for the reservation fee are not paid current. In the event that Wholesale Culinary Water invoices remain unpaid for ninety (90) days past the due date, JSSD's obligation to deliver Wholesale Culinary Water to Hideout shall be terminated, and JSSD shall have no further obligation with respect to the delivery of Wholesale Culinary Water to Hideout. In the event that the annual water reservation fee invoices remain unpaid for ninety (90) days past the due date, JSSD's obligation to reserve water rights for Hideout shall be terminated, and JSSD shall have no further obligation with respect to the reservation of water for Hideout.

V. **Wastewater Treatment Services Provided by District:**

- A. **Wastewater Treatment Service to be provided by JSSD.** Hideout has no wastewater treatment system and, therefore, desires to enter into this Agreement whereby JSSD shall provide wastewater treatment services to Hideout.
- B. **Wastewater Collection and Delivery by Hideout.** Hideout agrees to maintain, construct or have constructed all necessary pipelines, manholes, facilities, fixtures and the appurtenances thereto, together with any pumps or other equipment and facilities necessary or incidental to the collection and movement of wastewater to the point where the wastewater passes through the Points of Acceptance. Hideout shall have no maintenance or repair responsibilities with respect to any of JSSD's Wastewater System Facilities. JSSD shall have no maintenance or repair responsibility with respect to any of the Hideout Wastewater System Facilities. Hideout shall be solely responsible for the collection and delivery of wastewater from all properties within the current Hideout boundaries. Wastewater shall be

collected by the Hideout Wastewater System and delivered by that system to the Points of Acceptance set forth in Exhibit A.

- C. **Points of Acceptance.** Hideout shall deliver wastewater to JSSD at the Points of Acceptance described in the attached Exhibit "A" (hereinafter referred to as the "Points of Acceptance"). JSSD agrees that future Points of Acceptance may be required or desired by the Hideout and that it will work with Hideout to identify mutually acceptable connection location. In any event, no amendment to the Point of Acceptance shall be made without express written agreement of the Parties.
- D. **Wastewater Treatment Impact Fee:** JSSD shall charge, and Hideout shall collect, a Wastewater Treatment Impact Fee prior to the issuance of any new building permits within Hideout and JSSD agrees to hold Hideout harmless for any liability related to Impact Fee validity. The Wastewater Treatment Impact Fee is currently \$3,290 per residential connection. Hideout shall remit the Wastewater Treatment Impact Fee to JSSD within fifteen (15) days of the date of collection of the fee.
- E. **Payment for Wastewater Treatment Services.** Hideout acknowledges its corporate obligation as a Town to pay the monthly Wastewater Treatment Fee regardless of whether it collects sufficient funds from its retail customers to cover the same. Monthly invoices shall be sent to Hideout on or before the 15th of each month. The due date shall be the 30th of month. The monthly charge for treatment of wastewater shall be set on an annual basis by the JSSD board and shall not exceed 80% of the JSSDs retail rate. The current Wastewater Treatment Fee is $\frac{1.63}{2.04}$ per 1,000 gallons of water collected during the same month. *Ans*
- F. **Term and Termination.** The agreement between the Parties regarding the acceptance and treatment of wastewater as set forth in this section shall be for a term of twenty-five (25) years from the date of this Agreement. At the end of the first 25 year term, the wastewater treatment agreement shall automatically be renewed by the Parties for three successive twenty-five year terms.
- G. **Maximum Number of Sewer Connections Allowed Pursuant to This Agreement.** Hideout acknowledges and agrees that the JSSD Wastewater System Facilities were designed and constructed to handle a limited number of connections from the area which is now within the boundaries of Hideout. Connections to the JSSD Waste Water System Facilities are to be paid at the time of building permit issuance. In the event the JSSD has reached capacity, as determined solely by JSSD and new connections can no longer be serviced, JSSD will so notify Hideout.

- H. **Penalty and Interest charges for non-payment of Wastewater Treatment Fee.** Unpaid balances that are more than thirty (15) days past due shall be charged interest at the current JSSD Board adopted rate of 1.5% per month until paid. Late payments shall be applied first to interest, and second to the principle amount due.
- I. **Additional remedies for non-payment.** Hideout specifically acknowledges that JSSD has no obligation to accept and treat wastewater from the Hideout Wastewater System unless the monthly invoices are paid current. In the event that Wastewater Treatment Fee invoices remain unpaid for ninety (90) days past the due date, JSSD's obligation to accept and treat wastewater from Hideout shall be terminated, and JSSD shall have no further obligation with respect to the acceptance and treatment of wastewater from Hideout.

VI. General Terms and Conditions.

- A. **Assignment.** This Agreement is not assignable by JSSD or Hideout without the express, written consent of the Parties.
- B. **Indemnification.** Hideout agrees to indemnify, save harmless and defend JSSD, its agents and employees, from all claims, mechanics liens, demands, damages, actions, cost and charges, including attorney's fees and other liabilities arising out of or by reason of the construction, operation, maintenance, use or attempted use of the Hideout Culinary Water System and the Hideout Wastewater System.
- C. **Notices.** Except as may be herein otherwise provided, all notice required or permitted herein, shall be deemed to have been properly given when sent by certified United States mail, addressed to the Parties at the addresses appearing below; the date of such service shall be the date on which the notice is deposited in the United States Post Office; all notices shall be sufficient within the terms of the Agreement when signed by any one or more of the notifying parties or their agents and mailed to any one or more of the opposite parties; personal delivery of such written notice shall have the same effect as notice given by mail; the addresses may be changed for the purposes of this Agreement by notification of the opposite party in writing.

Town of Hideout, Utah
C/O Mayor
10860 Hideout Trail
Hideout, UT 84036

Jordanelle Special Service District
c/o General Manager
6135 E. Lake Creek Road
Heber City, UT 84032

- D. **Costs and Attorney's Fees.** In the event of any dispute arising out of this Agreement, the prevailing party in any arbitration or related legal

proceeding shall be entitled to recover its reasonable attorney's fees, costs and expenses from the losing party.

- E. **Amendments.** No amendment, change or modification of this Agreement shall be valid unless in writing and signed by the Parties hereto.
- F. **Integration.** This Agreement constitutes the entire understanding and agreement of the Parties, and any and all prior agreements, understandings or representations are hereby terminated and cancelled in their entirety and are of no force and effect.
- G. **No Third Party Beneficiaries.** The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the Parties hereto, to any person or entity other than the Parties to this Agreement. Notwithstanding anything contained herein to the contrary, JSSD shall have no third-party obligation to any property owner, resident or other person or entity in Hideout regarding culinary water or wastewater collection or treatment or any costs, payments or bond obligations of any person or entity owning property in Hideout.
- H. **Waiver.** The waiver by any Party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or waiver of any subsequent breach, whether of the same or another provision of this Agreement.
- I. **Choice of Law.** This Agreement in all respects shall be governed by the laws of the State of Utah. Nothing contained herein shall be construed to require the commission of any act contrary to law. Wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation, the latter shall prevail and the provision of this document which is affected shall be curtailed and limited to the extent necessary to bring it within the requirements of the law.
- J. **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, 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.

- 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 and each Party intends its successors in interest shall be so bound.

IN WITNESS WHEREOF, the Parties hereto have set their hands and seals the day herein first above written.

[SIGNATURES ON NEXT PAGES]

28th Aug 14
DATED effective as of the 21st day of August, 2014.

AGREED TO AND APPROVED:

JORDANELLE SPECIAL SERVICE DISTRICT

By: Jay Price

Jay Price

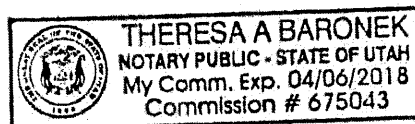
Its: Chairman of the Board of Directors

STATE OF UTAH)

COUNTY OF WASATCH) ss.
28th Aug 14

On the 21st day of August, 2014, personally appeared before me Jay Price, the signer of the foregoing Agreement, who duly acknowledged to me that he is the Chairman of the Board of Directors of Jordanelle Special Service District, and that said entity executed the same.

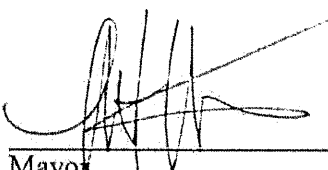
Theresa A Baronek
Notary Public



28TH AUG 14
DATED effective as of the 21st day of August, 2014.

AGREED TO AND APPROVED:

TOWN OF HIDEOUT

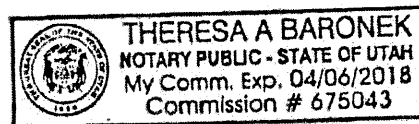
By: 
Its: Mayor

STATE OF UTAH)

COUNTY OF WASATCH) ss.
28TH AUG 14

On the 21st day of August, 2014, personally appeared before me Bob MARTINO
the signer of the foregoing Agreement, who duly acknowledged to me that he/she is the Mayor of
the Town of Hideout, and that said entity executed the same.


Notary Public



Appendix A - Town of Hideout



Exhibit A - Over View

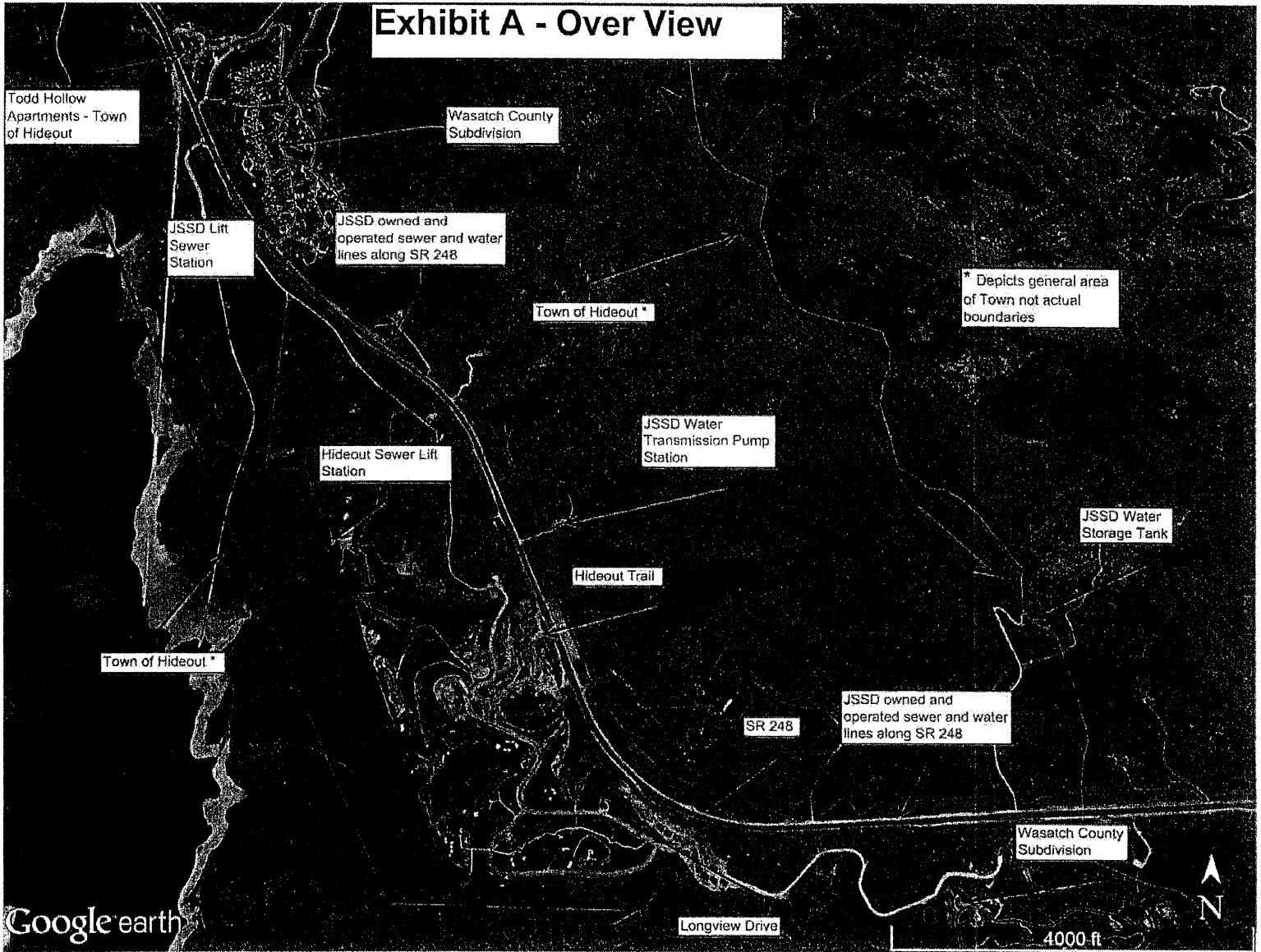


Exhibit A.1

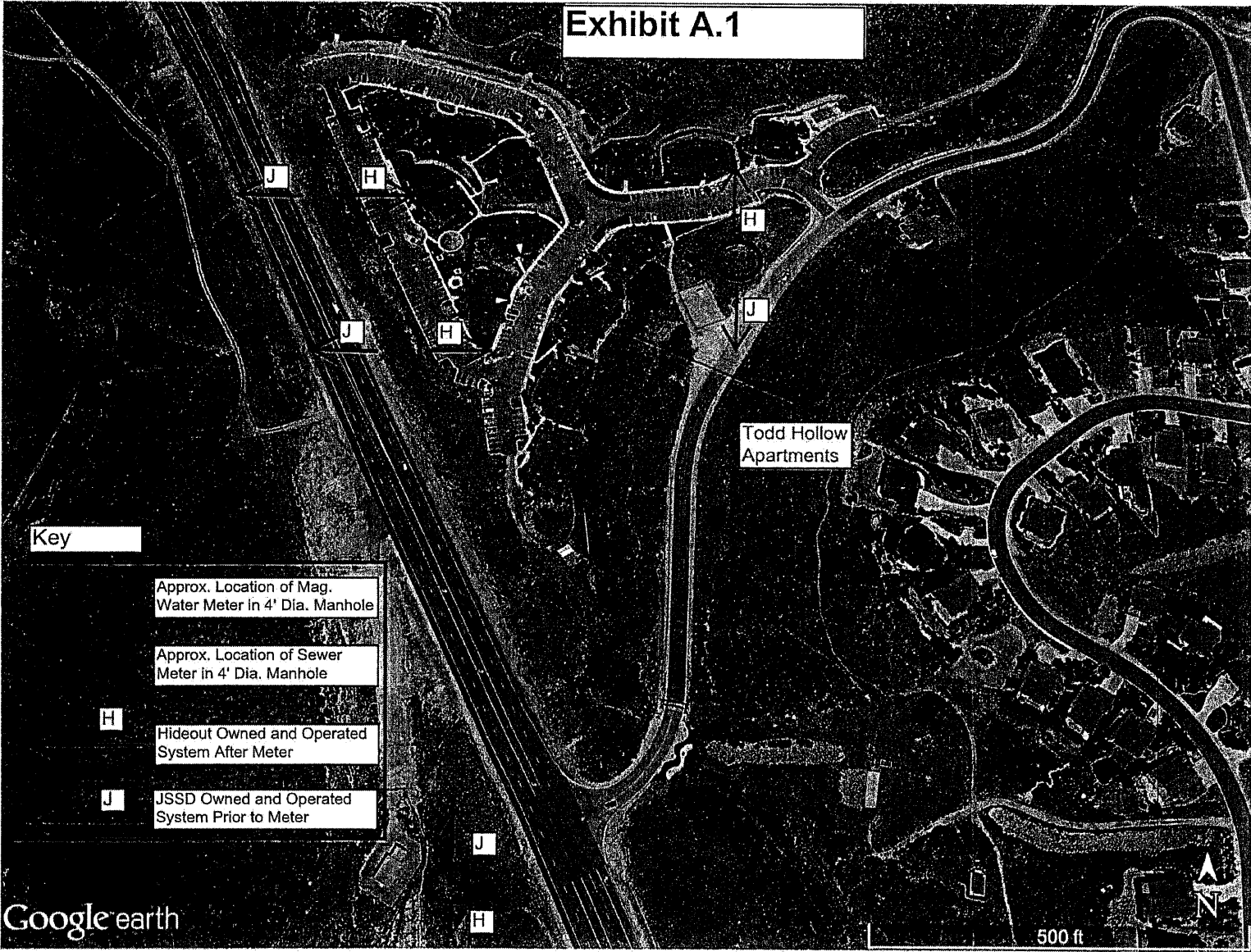


Exhibit A.1.1

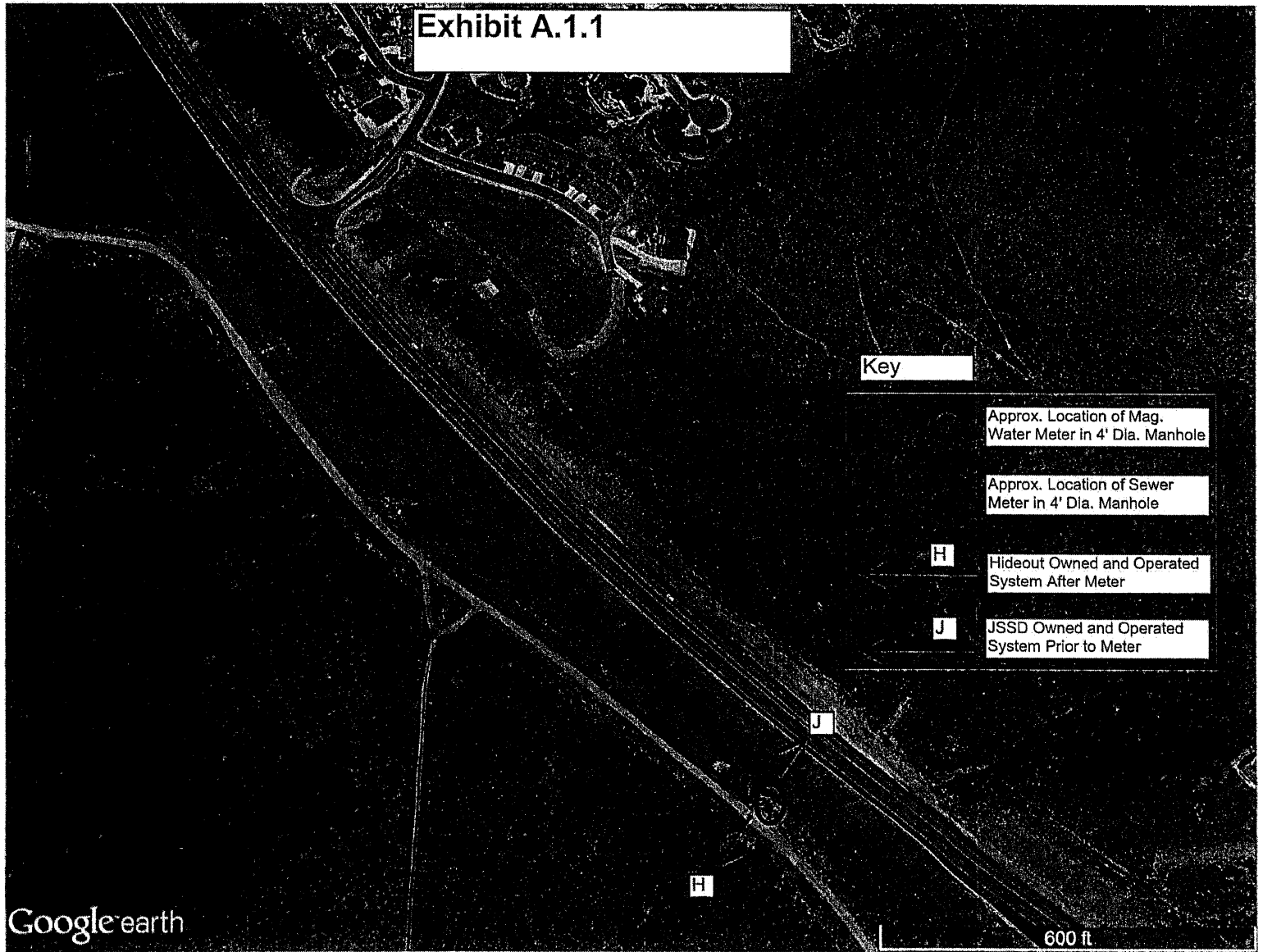


Exhibit A.2

PRV and Connection was
Provided by JSSD to Service
Town of Hideout, Under separate
Land Agreement.

JSSD Owned Water
Pump Station

Key

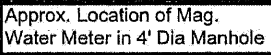
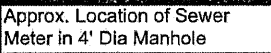


-  Approx. Location of Mag.
Water Meter in 4' Dia Manhole
-  Approx. Location of Sewer
Meter in 4' Dia Manhole
-  Hideout Owned and Operated
System After Meter
-  JSSD Owned and Operated
System Prior to Meter

Exhibit A.3

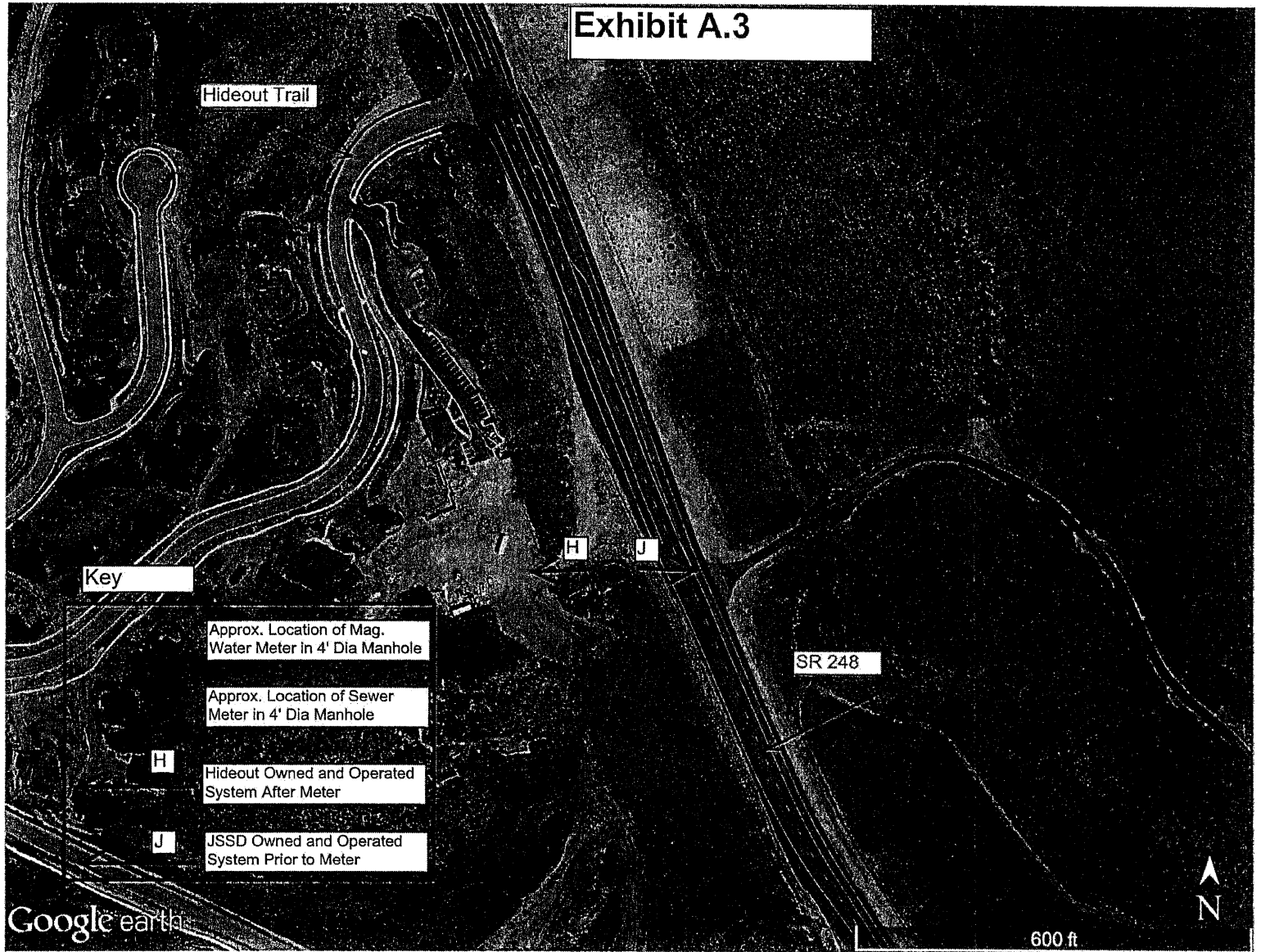


Exhibit A.4

