

TRAPPERS LOOP WATER IMPROVEMENT DISTRICT

3925 E. Snowbasin Road
Huntsville, Utah 84317

NOTICE OF REGULAR MEETING AND AGENDA

DATE: Monday, May 6, 2024

TIME: 2:00 p.m.

LOCATION: 3925 E. Snowbasin Road
Huntsville, Utah 84317
And via Microsoft Teams

You can also attend the meeting in the following ways:

To join online, use the link below:

ACCESS: https://teams.microsoft.com/l/meetup-join/19%3ameeting_NTFmOTM4Y2ItMjFmMy00NDE2LTgyYjMtN2M0N2U5OTk1NTZh%40thread.v2/0?context=%7b%22Tid%22%3a%224aaa468e-93ba-4ee3-ab9f-6a247aa3ade0%22%2c%22Oid%22%3a%225b9f6fa2-e9dd-42cc-bfd8-f7dd2ed196a6%22%7d

To join by phone, call 720-547-5281 and enter phone conference ID: 447 165 011#

BOARD OF TRUSTEES
Jim Hill
Steve Issowits
Ryan Woolsey

PUBLIC NOTICE is hereby given that the Board of Trustees (the “Board”), of Trappers Loop Water Improvement District (the “District”), will hold a meeting of the Board on Monday, May 6, 2024, commencing at 2:00 p.m., at 3925 E. Snowbasin Road Huntsville, Utah 84317 and via Microsoft Teams, at which time the Board shall proceed according to the following agenda.

I. ADMINISTRATIVE MATTERS

- A. Call to order.
- B. Administer Oath of Office.
- C. Consider election of officers.
- D. Review and consider approval of February 5, 2024 Minutes (enclosure).

II. FINANCIAL MATTERS

- A. Review and consider approval of claims (enclosure).
- B. Review and consider acceptance of March 31, 2024 Unaudited Financial Statements (enclosure).

III. TRUSTEES' MATTERS

- A. Ratify approval of Mountain Green Sewer Improvement District Master Development Agreement Snowbasin Resort (enclosure).
- B. Discuss request for a power easement.

IV. MANAGERS MATTERS

- A. Consider approval of surety bond in the amount of \$70,000.00 (enclosure).

V. OTHER BUSINESS**VI. ADJOURNMENT**

[This notice to be posted at the District office, published on the Utah Public Notice Website at least 24 hours prior to the meeting.]

MINUTES OF A REGULAR MEETING OF
THE BOARD OF TRUSTEES OF TRAPPERS LOOP WATER
IMPROVEMENT DISTRICT (THE “DISTRICT”)
HELD
FEBRUARY 5, 2024

A regular meeting of the Board of Trustees of the Trappers Loop Water Improvement District (referred to hereafter as the “Board”) was convened on Monday, February 5, 2024, at 2:00 p.m., at 3925 E. Snowbasin Road, Huntsville, Utah 84317. This District Board meeting was also held via Microsoft Teams. The meeting was open to the public.

ATTENDANCE

Trustees In Attendance Were:

Jim Hill, Chair (via Microsoft Teams)
Ryan Woolsey

Trustee Steve Issowits was absent and excused.

Also, In Attendance Were:

Shelby Clymer and Josh Miller, CliftonLarsonAllen LLP (“CLA”) (via Microsoft Teams)
Ragen Mansfield, District Clerk
D. Brent Rose, Clyde Snow & Sessions, P.C. (via Microsoft Teams)
Eric Ahern; Member of the Public

ADMINISTRATIVE
MATTERS

Call to Order: The meeting was called to order at 2:33 p.m. by Chairman Hill, who recited the following:

“As the Chair of the Board of Trustees of the Trappers Loop Water Improvement District, I hereby call this regular meeting of the Board to order at 2:33 p.m. on February 5, 2024, at 3925 E. Snowbasin Road, Huntsville, Utah 84317. In compliance with the requirements of Utah’s Open and Public Meetings Law: (i) notice of this meeting has been duly posted and published, and (ii) this meeting is being recorded and minutes of the meeting, in its entirety, are being kept.”

December 11, 2023 Minutes: Following review, Trustee Woolsey made a motion to approve the December 11, 2023 Minutes. Trustee Hill seconded the motion. The motion passed unanimously.

FINANCIAL
MATTERS

Claims: Mr. Miller reviewed the claims with the Board. Following review and discussion, Trustee Woolsey made a motion to approve the claims. Trustee Hill seconded the motion. The motion passed unanimously.

December 31, 2023 Unaudited Financial Statements: Mr. Miller reviewed the financial statements with the Board. Following review and discussion, Trustee Woolsey made a motion to accept the December 31, 2023 Unaudited

Financial Statements. Trustee Hill seconded the motion. The motion passed unanimously.

TRUSTEES'
MATTERS

Water Rights Convey and WBWCD Assign Agreement: Following review and discussion, Trustee Woolsey made a motion to ratify approval of the Water Rights Convey and WBWCD Assign Agreement. Trustee Hill seconded the motion. The motion passed unanimously.

MANAGERS
MATTERS

None.

OTHER BUSINESS

Attorney Rose reported that he is working on additional water agreements for future meetings. No action was taken.

ADJOURNMENT

There being no further business to come before the Board at this time, Trustee Woolsey made a motion to adjourn the meeting at 2:47 p.m. Trustee Hill seconded the motion. The motion passed unanimously.

Respectfully submitted,

By _____
District Chair

Attest:

District Clerk/Manager

Trappers Loop Water Improvement District
Interim Claims
February 1, 2024 - April 30, 2024

Process Date	Vendor	Payment Method	Amount
4/29/2024	CliftonLarsonAllen	BILL EFT	\$ 3,043.33
4/29/2024	CliftonLarsonAllen	BILL EFT	3,210.90
4/29/2024	Clyde Snow & Sessions	Vendor Direct Virtual Card	15,050.30
			<u>\$ 21,304.53</u>

TRAPPERS LOOP WATER IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

MARCH 31, 2024

Trappers Loop Water Improvement District
Balance Sheet - Governmental Funds
March 31, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Assets			
Checking Account	\$ 3,637.95	\$ 1,002,103.73	\$ 1,005,741.68
Total Assets	<u>\$ 3,637.95</u>	<u>\$ 1,002,103.73</u>	<u>\$ 1,005,741.68</u>
Liabilities			
Accounts Payable	\$ 48,173.14	\$ -	\$ 48,173.14
Total Liabilities	<u>48,173.14</u>	<u>-</u>	<u>48,173.14</u>
Fund Balances	<u>(44,535.19)</u>	<u>1,002,103.73</u>	<u>957,568.54</u>
Liabilities and Fund Balances	<u>\$ 3,637.95</u>	<u>\$ 1,002,103.73</u>	<u>\$ 1,005,741.68</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

Trappers Loop Water Improvement District
General Fund Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending March 31, 2024

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures			
Accounting	18,000.00	1,705.70	16,294.30
Auditing	7,000.00	-	7,000.00
Insurance	5,500.00	-	5,500.00
District management	18,000.00	917.18	17,082.82
Legal	22,000.00	20,425.00	1,575.00
Website	120.00	-	120.00
Contingency	1,500.00	-	1,500.00
Total Expenditures	<u>72,120.00</u>	<u>23,047.88</u>	<u>49,072.12</u>
Other Financing Sources (Uses)			
Developer advance	72,040.00	-	72,040.00
Total Other Financing Sources (Uses)	<u>72,040.00</u>	<u>-</u>	<u>72,040.00</u>
Net Change in Fund Balances	(80.00)	(23,047.88)	22,967.88
Fund Balance - Beginning	3,080.00	(21,487.31)	27,567.31
Fund Balance - Ending	<u>\$ 3,000.00</u>	<u>\$ (44,535.19)</u>	<u>\$ 50,535.19</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

SUPPLEMENTARY INFORMATION

Trappers Loop Water Improvement District
Capital Projects Fund Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Period Ending March 31, 2024

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest income	\$ 1,500.00	\$ 625.10	\$ 874.90
Total Revenue	<u>1,500.00</u>	<u>625.10</u>	<u>874.90</u>
Expenditures			
Engineering	4,000.00	-	4,000.00
Acceptance of costs - sewer	1,000,000.00	-	1,000,000.00
Total Expenditures	<u>1,004,000.00</u>	<u>-</u>	<u>1,004,000.00</u>
Other Financing Sources (Uses)			
Repay developer advance	(1,000,000.00)	-	(1,000,000.00)
Developer advance	1,001,300.00	-	1,001,300.00
Total Other Financing Sources (Uses)	<u>1,300.00</u>	<u>-</u>	<u>1,300.00</u>
Net Change in Fund Balances	(1,001,200.00)	625.10	(1,001,825.10)
Fund Balance - Beginning	1,001,200.00	1,001,478.63	(278.63)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 1,002,103.73</u>	<u>\$ (1,002,103.73)</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TRAPPERS LOOP WATER IMPROVEMENT DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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Services Provided

On December 27, 2021, the County Commission of Weber County, Utah (the County), acting in its capacity as the creating authority for the Trappers Loop Water Improvement District (the District), adopted a resolution creating the District. On April 29, 2022, the Office of the Lieutenant Governor of the State of Utah issued a Certificate of Creation for the District.

The District was established to provide municipal water services, storm water collection, control, and drainage services, and sanitary sewer collection, transmission, and treatment services.

The District has no employees, and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be funded by the Develop. Advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds or other legally available revenues. The District also anticipated receiving a developer advance as matching revenues for the grant proceeds received for the purpose of funding sewer infrastructure.

Expenditures

Administrative Expenditures

Administrative and operations expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, district management, insurance, and other administrative expenses.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Recorded at the Request of:
Mountain Green Sewer Improvement District
5455 West Old Highway Road
Mountain Green, Utah 84050

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT MASTER DEVELOPMENT AGREEMENT SNOWBASIN RESORT

THIS MASTER DEVELOPMENT AGREEMENT (“Agreement”), is made and entered into effective this ____ day of _____, 2024 (the “*Effective Date*”), by and among MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT, a political subdivision of the State of Utah (the “*District*”), and SNOWBASIN RESORT COMPANY, a Wyoming corporation, 3925 Snowbasin Road, Huntsville, Utah 84317 (“*Snowbasin*”). (The District and Snowbasin, are sometimes referred to herein individually as a “*Party*” and collectively as the “*Parties*.”)

RECITALS

A. The District is an improvement district, organized and existing under and pursuant to the provisions of Utah Code Ann. § 17B-2a-401 et seq, the Utah Improvement District Act, and including all applicable provisions of Utah Code Ann. Title 17B, Chapter 1, Provisions Applicable to All Local Districts (collectively, including subsequent amendments and replacements, the “*Statute*”), authorized and established for the purpose of providing sanitary sewer collection, transmission and treatment services as provided for in the Statute. In furtherance of its authority, the District owns and operates a system of sanitary sewer collection lines, sewer transmission lines, sewer treatment lagoons and related equipment and facilities (the “*District System*”), all utilized in providing its services and otherwise for carrying out its purposes as established.

B. The District is authorized pursuant to the provisions of Section 17B-1-103(1) of the Statute: (i) to acquire or construct works, facilities, and improvements necessary or convenient to the full exercise of the District’s powers, and to operate, control, maintain, and use those works, facilities, and improvements; (ii) to enter into such other agreements as the District’s governing board of trustees (the “*Board*”) considers necessary, convenient, or desirable to carry out the purposes of the District; and (iii) to perform any act or exercise any power reasonably necessary for the efficient operation of the District in carrying out its powers and purposes.

C. Snowbasin owns and operates the existing Snowbasin ski resort (the “*Resort*”) in Weber County, and owns certain real property within Weber County and Morgan County, all of which is currently situated outside the District’s legal boundaries (the “*Snowbasin Property*”). Snowbasin plans to develop the Snowbasin Property in phases, over time, in conjunction with its intended expansion of the Resort, into a year-round destination resort which the Parties acknowledge may include approximately 4,900 total equivalent residential units (“*ERUs*”), at full build-out of the developable areas within the Snowbasin Property (each a “*Development Area*” and collectively, the “*Development Areas*”), including Development Areas A-G, consistent with Snowbasin’s phased plan for development, which is anticipated

to be completed in approximately 2070 (Development Areas A-G being collectively referred to herein as the “*Snowbasin Project*”), but the Parties acknowledge that Development Area G, with an estimated 300 ERUs, most likely will not be served by the District. The portion of the Snowbasin Property upon which the Snowbasin Project is proposed to be developed and as to which this Agreement applies is more particularly described and depicted in EXHIBIT “A” hereto.

D. Snowbasin has approached the District with respect to the District’s willingness to allow Snowbasin to extend the existing Snowbasin sanitary sewer system (the “*Existing Snowbasin System*”), to connect with the District System as it now exists or may exist in the future and provide sanitary sewer service for the existing Resort and the Snowbasin Project.

E. The Districts’ Board has found and determined that the District will benefit from the addition of the Snowbasin Project into the District’s legal boundaries and service area and that there is a demonstrable public benefit to providing sanitary sewer collection and treatment services to the Resort and the Snowbasin Project as a regional sanitary sewer and wastewater treatment provider and that such is preferred over the operation of multiple, smaller collection and treatment systems. As such, the District is willing to provide sanitary sewer collection and treatment services for the Resort and the Snowbasin Project in conformance with and subject to the provisions of this Agreement and the standards, rules, regulations and policies of the District, as duly amended, replaced and/or expanded from time-to-time (collectively, the “*District Rules and Regulations*”).

F. The Parties acknowledge that it may be more expensive for the District to serve the Development Areas compared to other areas within the District and, consequently, the Development Areas may constitute one or more separate service areas for purposes of charging impact fees and/or customer service fees.

G. This Agreement contains various general requirements and conditions for the design, construction and installation of the sanitary sewer collection and transmission systems to be developed by Snowbasin in connection with the Snowbasin Project, but the Parties recognize that the procedures governing the District’s review, approval, inspection and acceptance of said systems as a condition to the District providing sanitary sewer collection and treatment services to the Snowbasin Project will be pursuant to the District Rules and Regulations.

H.. It is the purpose and intent of the Parties that this Agreement, as a Master Development Agreement, is intended to apply to and govern the development of all Development Areas within the Snowbasin Project, as they are developed by Snowbasin in phases, over time, with the understanding and agreement that development of each subdivision parcel or parcels within a given Development Area (each a “*Development Parcel*”), will likewise proceed in phases over time, subject to the terms and provisions hereof and the District Rules and Regulations.

AGREEMENT

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

1. AGREEMENT TO PROVIDE SANITARY SEWER SERVICE TO THE RESORT AND THE SNOWBASIN PROJECT.

(a) Agreement to Provide Service. In order to provide the immediate certainty Snowbasin needs up front with respect to its planning for sanitary sewer service collection, transmission and treatment service for the Resort and the Snowbasin Project, and to facilitate the design and engineering of the sanitary sewer system facilities required for each Development Area within the Snowbasin Project (each, a “*Development Area Sewer System*,” as defined in Subsection 4(a) below), and collectively “*Development Area Sewer Systems*”), and the physical connection of a Development Area Sewer System with the then existing District System, the District hereby agrees to provide sanitary sewer collection and treatment services for each of Development Areas A through F of the Snowbasin Property as provided in this Agreement. It is acknowledged by the Parties that the District is not likely to serve Development Area G, with an estimated 300 ERUs, given its geographic location, but such Development Area may be considered for annexation and service by the District in the future if and when it becomes reasonably possible to do so, as mutually agreed at that time by the Parties. Consequently, until such time as the Parties mutually agree that Development Area G can and should be served by the District, and notwithstanding anything herein or elsewhere to the contrary, references in this Agreement to the Snowbasin Project or the Development Areas shall not include Development Area G. Service shall be provided by the District expressly subject to and in conformance with the authority of the Statute, the terms, covenants and conditions set forth in this Agreement, and in good faith pursuant to the requirements and procedures set forth herein and in the District Rules and Regulations, as amended from time-to-time.

(b) Current District System Capacity; Additional Treatment Plant Capacity.

(1) Relative Interests of Snowbasin and the District. The Parties mutually understand and agree: (i) that Snowbasin needs to have sewer treatment plant facilities in place and available to facilitate sewer treatment service by the District for the Snowbasin Project according to Snowbasin’s development schedule for the various phases within the Development Areas of the Snowbasin Project, and (ii) that the District must have sufficient time, in advance of the need for services, to plan for, design, finance, and construct the facilities and obtain the required discharge and other permits necessary to provide treatment services to the expanded Snowbasin Project and other planned developments within its service area based upon reasonable growth projections and relevant economic factors; with the understanding and agreement that the District must be able to generate revenues from impact fees, standby fees, service fees, and other charges sufficient to cover O & M expenses and satisfy its debt service obligations incurred in the construction and installation of new conveyance and/or treatment facilities. In accomplishing their respective objectives, the Parties agree to proceed in accordance with the provisions of this Subsection 1(b).

(2) Current Treatment Plant Capacity and Expansion Plan. The Parties acknowledge that approximately 1,230 ERUs currently are served by the District System, with capacity within the current treatment plant facility to accommodate the service of a total of 1,800 ERUs. The District’s current plan, subject to change, for expansion of its treatment plant facility is as follows:

<u>PHASE</u>	<u>TOTAL ERUs</u>	<u>COMPLETION*</u>
Phase 1 Expansion	4,615**	2025
Phase 2 Expansion	9,230***	2035

* Current Estimate, subject to Subsection 1(b)(3) below.

** Cumulative, including the initial 1,800 ERUs

*** Cumulative, including the Phase 1 Expansion

(3) Allocation and Reservation of Existing Treatment Capacity. The Parties hereby acknowledge that the District is moving forward with its Phase I sewer treatment plant expansion whether sanitary sewer service is to be provided by the District to Snowbasin for the expanded Resort; and that in the event Snowbasin proceeds with its Resort expansion project, it is further acknowledged and agreed that the excess capacity currently existing in the District System shall be available on a first-come, first served basis, for allocation to Snowbasin for the development of Development Area A, but that such capacity shall also be made available to other property owners developing property within the District's service area. The reservation of this allocated capacity shall be secured by Snowbasin and/or other developers by: (i) will-serve letters issued by the District upon application by Snowbasin and/or other developers as development plats are submitted in connection with their respective developments; (ii) the annexation into the District of the property to be served as described in each will-serve letter; and (iii) the yearly payment of lawfully adopted stand-by fees, all in conformance with the terms and conditions of this Agreement and then current District Rules and Regulations. Nothing in this Agreement shall obligate Snowbasin to connect onto the District's sewer system and receive sanitary sewer service from the District if Snowbasin elects not to move forward with its expanded Resort development; with the understanding and agreement that if Snowbasin does determine to proceed, the terms and provisions of this Agreement shall apply and be in full force and effect with respect to sanitary sewer service for the Snowbasin project.

(4) Allocation and Reservation of Capacity Subsequent to the Phase 1 Expansion. The District agrees, in good faith, to expeditiously advance its Phase 1 sewer treatment plant expansion, including, without limitation, the acquisition of discharge and other permits required by law, as currently planned. The Parties acknowledge the treatment capacity subsequent to completion of the Phase 1 expansion is expected to be sufficient to accommodate Snowbasin's development of all of Area A for a total of 1,700 ERUs for Development Area A, as well as other developments reasonably expected to occur within the District's current and projected service area. The reservation of capacity by Snowbasin shall be secured by: (i) sixty (60) will-serve letters, representing the estimated number of ERUs for the Existing Resort Facilities, as defined in Section 11(d)(1), to be issued by the District upon application by Snowbasin upon execution of this Agreement, (ii) additional will-serve letters issued by the District upon application by Snowbasin as development plats are submitted in connection with each of the above-described development phases; (iii) the annexation into the District of the property to be served as described in each will-serve letter; and (iv) the yearly payment of lawfully adopted stand-by fees, all in conformance with the terms and conditions of this Agreement and then current District Rules and Regulations. The table of current fees charged by the District is attached as EXHIBIT "B".

(5) Phase 2 Expansion and Beyond; Procedure.

(A) The District agrees to proceed in good faith to provide and maintain sewer treatment plant capacity, including, without limitation, the acquisition of discharge and other permits required by law, sufficient to treat all sanitary sewerage generated within the Snowbasin Project and allow the Snowbasin Project to proceed in accordance with its development plan for all additional Development Areas beyond those referenced in Subsection 1(b)(3) above, consistent with the terms and provisions of this Agreement and all applicable District Rules and Regulations, expressly subject to the provisions and procedures of this Subsection. Notwithstanding anything herein to the contrary, in making this commitment, subject to its obligation to proceed in good faith, the District does not obligate itself regarding the timing of completion of the Phase 2 Expansion, which shall be at the discretion of the District depending upon the facts and circumstances surrounding the same.

(B) The Parties mutually agree to work together, in good faith, in evaluating and determining, in advance, the timing of the construction and installation of the additional expanded treatment plant capacity under its proposed Phase 2 Expansion and such other phased expansions of the District's treatment facilities as shall be necessary in the future to enable Snowbasin to proceed with development of each next succeeding Development Area in furtherance of its development plan for the Snowbasin Project, subject to and in accordance with the following procedure:

(i) The Parties shall meet annually, commencing in calendar year 2025, at the District office on a date and at a time mutually agreeable to the Parties, to review and discuss the prior year's actual ERU absorption within the Snowbasin Project and all other new developments and anticipated construction within the service area of the District; and to review and discuss the anticipated future absorption of ERUs within the Snowbasin Project and all other planned developments within the District's service area in light of then existing economic conditions and market demand, forecasts of future economic conditions and market trends, and other factors considered relevant by the Parties. The Parties shall thereupon mutually agree upon a growth projection and resulting sewer treatment capacity demand for the District ("*5-year Demand Projection*"), for the next succeeding 5-year period (the "*5-year Planning Window*"). The 5-year Demand Projection will be reviewed and adjusted each year by mutual agreement for the next succeeding 5-year Planning Window, thereby establishing a rolling 5-year Planning Window and a rolling 5-year Demand Projection year-to-year thereafter.

(ii) At such time as the Parties mutually determine that the Total ERU Capacity established through the Phase 1 Expansion will be reached by the end of the then current 5-year Planning Window as determined by the Parties, the District shall, in good faith, thereupon commence and vigorously pursue all proceedings necessary to effectuate the Phase 2 Expansion, including, without limitation: (i) the preparation and completion of a required capital facilities plan, impact and user fees and other studies; (ii) the design, plans and specifications for the construction of the improvements required to furnish the required system capacity; (iii) the financing of the required improvements; and (iv) the construction and completion of said improvements needed to satisfy Snowbasin's demand at the end of said 5-year Planning Window; thereby giving the District 5 years to complete the same.

(iii) This procedure shall continue for each future expansion phase of the District subsequent to the Phase 2 Expansion until such time as there is sufficient capacity in the District System to enable the District to serve all Development Phases for the Snowbasin Project.

(6) Service to Allocated ERUs. The District shall provide sanitary sewer service to Snowbasin for the ERUs as allocated in this Section 1(b) subject to the terms and conditions of this Agreement and in conformance with all then current District Rules and Regulations.

(c) County Sewer Service Authority. Upon execution of this Agreement, subject to the provisions of Section 19 herein and subject to the District not being in breach of the this Agreement, the District is hereby designated, for purposes of the County Land Use, Development and Management Act, Title 17, Chapter 27a of the Utah Code, to be the exclusive sanitary sewer authority with respect to the Snowbasin Project, or as much thereof as is annexed into the District as provided in this Agreement, as defined in Utah Code Ann. § 17-27a-103, and is thus authorized to review and sign plats and deliver will-serve letters as required herein, subject to the District Rules and Regulations, relating to the development of sanitary sewer systems within each of the various Development Areas within the Snowbasin Project as and after they are annexed into the District as provided in this Agreement.

2. **ANNEXATION OF THE SNOWBASIN PROPERTY.** As a condition to the District's obligation to provide sewer service for any development within a Development Area within the Snowbasin Project, that Development Area shall first be annexed into the legal boundaries of the District, in conformance with the following:

(a) **Phased Annexation.** Inasmuch as the Snowbasin Project is to be developed in phases, it is acknowledged and agreed that Development Areas shall be annexed in phases in connection with the development of each Development Area based on: market demand and (ii) an assessment by the District, in consultation with Snowbasin, of the District's operational risk and additional infrastructure and/or equipment requirements, in every respect subject to the terms of this Agreement as it may be amended from time-to-time in writing by the Parties.

(b) **Annexation Proceedings.** All annexations shall be processed and conducted in conformance with the applicable requirements of Utah Code Annotated Title 17B, Chapter 1, Section 401 et seq., including subsequent amendments and replacements thereto (the "*Annexation Statute*"). The proceedings shall be initiated by the filing of a petition for annexation by Snowbasin in conformance with the requirements of the Annexation Statute, and the Parties agree to act in good faith in pursuing the proceedings required to complete the annexation.

(c) **Reimbursement of All District Costs and Expenses.** Snowbasin shall reimburse to the District any and all costs and expenses incurred by the District including, without limitation, costs and expenses incurred for employees, attorneys, engineers, accountants and consultants services, in connection with the annexation of each Development Area or portion thereof, including the preparation of all documentation related to the annexations, and all proceedings related hereto, which obligation shall continue until such time as the subject Development Area property has been annexed into the District and all required documents have been recorded, subject to the following:

(1) Immediately upon the execution hereof, Snowbasin shall deposit with the District the sum of Twenty Thousand Dollars (\$20,000) as a deposit to be drawn upon in the event of non-payment of costs and expenses by Snowbasin as required pursuant to this Agreement (the "*Annexation Deposit*"). The Annexation Deposit shall be refreshed up to the sum of \$20,000, or such other amount as shall reasonably be agreed to in good faith by the Parties to adjust for inflation, prior to the commencement of each new annexation proceeding subsequent to the annexation of Area A.

(2) Snowbasin shall reimburse the District for all costs and expenses incurred by the District for each annexation proceeding pursuant to this Section within thirty (30) days after the date of the District's invoice. In the event Snowbasin shall fail to timely pay the amount due under any invoice, the District shall draw against the Annexation Deposit posted for that annexation in an amount equal to the unpaid invoice or the amount in the Annexation Deposit, if the amount on deposit is less than the unpaid invoice amount, and Snowbasin shall promptly thereafter pay sufficient funds into the Annexation Deposit to restore the Annexation Deposit to the contractually required amount until the applicable annexation has been completed and all related expenses have been paid for that annexation. Any amounts remaining in the Annexation Deposit for that annexation shall be paid back to Snowbasin, without interest. In the event an Annexation Deposit for any annexation is insufficient to pay an unpaid invoice, any unpaid amount shall be and remain due and payable and interest shall accrue thereon at the rate of eighteen (18%) per annum until paid in full. In such event, Snowbasin shall be obligated to replenish the Annexation Deposit for that annexation in full in addition to the payment of any other amounts which may then remain unpaid, as a condition to the District's final approval of that annexation.

(d) Consent of Trappers Loop Water Improvement District. The Trappers Loop Water Improvement District (“*TLWID*”) has, by execution of this Agreement below, manifested its consent to the annexation of all property situated within the legal boundaries of TLWID into the boundaries of the District, and has further consented and agreed that the District is authorized to provide sanitary sewer service within the boundaries of TLWID, subject to the provisions of Section 19 herein.

(e) Out of Area Service. Notwithstanding the foregoing, the District may, at its discretion, begin providing sewer service to all or part of any Development Area before it has been annexed into the District provided: (1) the failure to annex the area into the District is not due, in whole or in part, to any action or failure to act by Snowbasin; (2) adequate infrastructure is in place, and has been inspected and approved by the District, to serve the subject area, and title to the same has been conveyed to the District as provided in this Agreement; and (3) Snowbasin agrees to pay a reasonable “out-of-area” service fee as established by the District Board, which payment shall continue until the property has been annexed, at which time the obligation to pay the out-of-area service fee shall terminate and be replaced by an obligation to pay the service fees that apply to similarly situated District customers. Snowbasin covenants and agrees, as the property owner and/or otherwise, to file such petitions and aggressively pursue such actions as may be legally and reasonably required to enable all Development Areas to be annexed into and receive sanitary sewer service from the District in accordance with the requirements of this Agreement, at Snowbasin’s sole expense.

3. DEVELOPMENT APPLICATION; CONDITIONAL WILL-SERVE LETTER.

(a) Development Application. After it has been annexed into the District and prior to the development of any Development Parcel within a Development Area, Snowbasin shall be required to first complete and submit to the District a development application in the form and with the content required by the District (“*Development Application*”), setting forth, among other things, the number of ERUs requested to be served in connection with that Development Parcel to be developed within the Development Area. The Development Application shall be submitted prior to or in connection with the Preliminary Plan submittal pursuant to Section 5 herein.

(b) Will-serve Letter; Stand-by Fees. Upon receipt of a complete Development Application and approval of the same by the District for a Development Parcel, the District will submit to the building authority of Weber County or Morgan County, or a municipality, should the Development Parcel be located in a municipality, as the case may be (collectively, the “*County*”), a “will-serve” letter, stating that the Development Parcel is within the service area of the District and that the District is willing to provide sanitary sewer collection, transmission and treatment services to such Development Parcel for the number of ERUs to be served within the Development Parcel, as set forth in the District approved Development Application for that Development Parcel, subject to and in conformance with the District Rules and Regulations and the terms of this Agreement. Applicable annual stand-by fees shall be paid for the number of ERUs to be served as set forth in the Development Application in conformance with the District Rules and Regulations.

(c) Pre-purchase of ERUs. Snowbasin may pre-purchase guaranteed connections to the District System for additional ERUs beyond the number of ERUs within a particular Development Parcel within a Development Area that has been annexed into the District and for which impact fees have not already been paid to the District, not to exceed the number of potential ERUs to be served at full build-out of the portion of the Snowbasin Project that has been annexed into the District, as approved by the Board,

which approval will not be unreasonably conditioned, withheld or delayed, at the then current impact fee rate, and thereafter shall pay annual stand-by fees thereon, all in conformance with the provisions of the District Rules and Regulations as they may exist at the time of payment. Notwithstanding anything herein or elsewhere to the contrary, Snowbasin shall have no right to pre-purchase guaranteed connections through the payment of impact fees to the District for any portion of the Snowbasin Project that has not, as of the date of prepayment, been annexed into the District.

(d) Compliance with Law. Snowbasin shall comply with all applicable federal, state and local laws, statutes, ordinances, rules and regulations pertaining to Snowbasin's activities relating to the design, construction and installation of each Development Area Sewer System, as defined below, and any portion thereof, including, without limitation, the District's standards and specifications, all County ordinances, and the District Rules and Regulations, as they may exist from time-to-time.

(e) Required Impact Fee Payments. Except as specifically provided in Subsection 2(d) of this Agreement, an area shall have been annexed into the District and impact fees shall have been paid to the District for every ERU that is to be served by the District, including existing sewer connections, before the District will have any duty or obligation to serve the same. The District's engineers currently are preparing an Impact Fee Facilities Plan or Plans and an Impact Fee Analysis, which may establish the Development Areas as one or more separate service areas for impact fee purposes, and will be used to establish the initial impact fees to be paid on development activities within the Development Areas. The Impact Fee Facilities Plan(s), and impact fees that are based on the same and the applicable Impact Fee Analysis shall be based on a reasonable planning horizon consistent with Snowbasin's development schedule as submitted to the District, consistent with the provisions and procedures set forth in Subsection 1 herein. The timing of the adoption of new or amended impact fees in the future shall solely be at the District's discretion, in conformance with the requirements of the Impact Fees Act, currently found in Title 11, Chapter 36a of the Utah Code. Notwithstanding anything in this Agreement or elsewhere to the contrary, including in the Annexation Statute, the District shall have no obligation to annex any Development Area or portion of the Snowbasin Project and Snowbasin shall not have the right to pay or prepay any impact fee before the new Impact Fee Facility Plan or Plans have been adopted by the District Board, new impact fees have been established by the Board, and at least ninety one (91) days shall have passed after the adoption of the new or amended impact fee or fees. The District, in good faith, shall reasonably and expeditiously pursue the preparation of new Impact Fee Facility Plans and Impact Fee Analyses and adopt new impact fees as shall be required so as to enable Snowbasin to pursue its development plans in conformance with its intended development schedule, in accordance with the provisions of Section 1 herein provided, however, notwithstanding anything herein to the contrary, the District shall have no liability should Snowbasin's development plans be delayed as a result of any lawful undertaking of the District, including but not limited to the District's adoption of new and/or amended impact fees in accordance with applicable law.

4. DEVELOPMENT AREA SEWER SYSTEM.

(a) Development Area Sewer System Defined. A Development Area Sewer System is more particularly defined herein as the Snowbasin Project sanitary sewer system facilities required to be constructed, installed and paid for by Snowbasin to facilitate service to all lots and properties required to be served within a Development Area and shall include all on-site and off-site improvements required to collect and transmit sanitary sewerage generated within the Development Area to the District's sanitary sewer treatment facilities for treatment, each component of said system constituting a "project improvement" as defined in the Impact Fees Act and is more specifically described as follows:

(1) On-site Sewer System Facilities. All existing and future internal sewer main lines within the Development Area, all individual service lines extending to the property line of each lot or property required to be served, all sewer valves and valve boxes, all sewer pumps and pump stations, all pressure regulation systems, all sewer system manholes, and all other pipes, fittings, equipment and related facilities necessary to enable the District to provide sanitary sewer collection and treatment services to each individual lot or property to be served within each Development Area of the Snowbasin Project, excluding private sewer laterals on each private lot or property situated on the owner's side of the point of connection with sewer main lines (the "*On-site Sewer Facilities*"); and,

(2) Off-site Sewer System Facilities. All sanitary sewer facilities situated off-site of the Development Area, extending from the prescribed point or points of connection of the Development Area's On-site Sewer System and terminating at the point of connection with the District's existing sanitary sewer trunk lines and/or treatment facilities, as may be required to facilitate service to a Development Area, including all sewer main transmission and trunk pipelines, pump stations, pressure regulation systems, valves, manholes and all related equipment and facilities (the "*Off-site Sewer Facilities*").

All On-site Sewer Facilities and Off-site Sewer Facilities that are associated with or are part of a Development Area Sewer System shall be designed and constructed in conformance with the requirements of Subsection 4(c) and 4(d) herein.

(b) Development Area Sewer System Upsizing. The District does not anticipate asking or requiring Snowbasin to construct or install a component of any Development Area Sewer System that is larger or more expansive than what otherwise will be required to serve the Development Area or a designated development parcel, as applicable. Should, however, the District ask Snowbasin to upsize a sewer line or other portion of a Development Area Sewer System, the Parties will attempt in good faith to agree at that time regarding the requested upscaling, the amount to be paid by the District for the construction or installation of that portion of the Development Area Sewer System that is not required for service to the Development Area, and the mechanism for and timing of the payments and the construction of said improvements so as to coincide with Snowbasin's development schedule.

(c) Design of Development Area Sewer System; At Snowbasin's Sole Expense.

(1) Each Development Area Sewer System shall be designed in strict conformance with the requirements of this Agreement and all District design standards and specifications. In the absence of an applicable District design standard, a mutually agreeable standard from the American Public Works Association and/or the State of Utah Department of Environmental Quality or other recognized source will be utilized. Prior to construction of any component of the Development Area Sewer System, Snowbasin shall obtain the District's review and approval of the design and specifications. All components of the Development Area Sewer System shall be designed by Snowbasin at its sole cost and expense.

(2) The District agrees to expeditiously review all design plans and specifications submitted by Snowbasin; however, in the event current District staffing is not available to meet Snowbasin's review schedule, the District may retain duly qualified consulting engineers and other consultants as required to accomplish the review, at the expense of Snowbasin which shall be due and payable within thirty (30) days from the date of billing by the District.

(d) Construction within Public Streets; Dedication; Easements.

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(1) All components of each Development Area Sewer System required for the Snowbasin Project shall be installed in streets dedicated or to be dedicated as public streets and/or within easements and rights-of-way which have been granted or shall be granted to the District in conformance with the requirements of Subsection (2) below, prior to construction of any component of the Development Area Sewer System.

(2) If any component of a Development Area Sewer System is to be constructed and installed outside of a public street or existing or future dedicated public utility easement, Snowbasin, at no cost to the District, shall obtain and grant to the District such exclusive, perpetual easements and rights-of-way as shall be necessary or appropriate for the District to own, manage, operate, maintain, repair and replace that component of the Development Area Sewer System to be situated within said easement and right-of-way (an "easement"). In the event Snowbasin shall determine to sell, and it shall receive a bona fide offer from a third party to purchase any property of Snowbasin burdened by any such easement, upon which a functioning component of the Development Area Sewer System necessary for use by the District in providing sewer service to the Snowbasin Property is located at the time of the proposed sale, the Parties understand, acknowledge and agree that the District's easement(s) are and shall be perpetual and each purchaser of real property from Snowbasin shall take the property subject to any and all such easements located therein and thereon and the District's easements shall continue unabated.

Snowbasin shall give the District written notice of the sale and/or Transfer of such property at the address of the District as set forth herein.

(3) All easements shall be granted in conformance with the provisions of Subsection (2) above, subject to the following:

(A) The form and substance of all such grants of easement shall be in form and content acceptable to the District and shall be reviewed and accepted by the District prior to recordation by Snowbasin.

(B) All costs incurred by the District in connection with its review of the required easements shall be reimbursed by Snowbasin to the District pursuant to the requirements of Section 6 herein. All easements shall be recorded with the County Recorder by Snowbasin at its sole expense prior to transfer of the respective component of the Development Area Sewer System to the District as provided in Section 13 herein. The recorded final plat shall bear the entry, book and page number of all easements required by the District in connection with the Snowbasin Project. An exhibit map depicting the location of the easement as legally described in the grant of easement shall be attached to each grant of easement document.

5. PRELIMINARY PLAN

(a) Concurrently with or immediately after the submittal of the Development Application as set forth in Subsection 3(a) herein, Snowbasin shall submit to the District, for its review and approval, all construction drawings, specifications, plans and profiles for the Development Area Sewer System serving each Development Parcel within Development Area (the "*Preliminary Plan*").

(b) The Preliminary Plan shall be reviewed internally by the District and in consultation with its consulting engineer and attorney. Snowbasin shall cooperate with the District in the review of the Preliminary Plan and in revising and conforming it to satisfy the requirements of the District.

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6. DISTRICT REVIEW AND INSPECTION FEE; OTHER COSTS AND EXPENSES.

(a) Snowbasin shall pay to the District a Plan Review and Inspection Fee (the “*Review and Inspection Fee*”), for the Development Parcel for which an application has been submitted, in conformance with the following:

(1) The Review and Inspection Fee required to be paid hereunder is to cover the costs incurred by the District in reviewing any required grants of easement and/or the Preliminary Plan, and to cover the necessary inspections of the Development Area Sewer Systems provided for herein, including, without limitation, District administrative costs, internal personnel review costs, and consulting engineering and attorney’s fees, costs and charges, and other costs and expenses incurred and to be incurred by the District with regard to the purposes for which the fee is paid.

(2) Snowbasin shall pay a Review and Inspection Fee Deposit (the “*Review Deposit*”), at the time of submittal of the Preliminary Plan in an amount as reasonably estimated by the District’s engineer.

(b) In the event the actual costs incurred by the District for plan review and inspections exceed the amount of the Review Deposit, the District will bill Snowbasin for the difference, which shall be due and payable within thirty (30) days from the date of billing. Any amounts remaining in the Review Deposit after payment in full of all costs covered by the Review and Inspection Fee as set forth in Subsection 6(a)(1) above, shall be reimbursed back to Snowbasin, without interest.

(c) In addition, Snowbasin shall reimburse to the District any and all costs and expenses incurred by the District including, without limitation, costs and expenses incurred for services provided by attorneys, engineers, accountants and consultants in connection with the negotiation and/or implementation of this Agreement and any subsequent agreement between the Parties; the preparation of one or more Capital Facilities Plans, one or more Impact Fee Facilities Plans, one or more Impact Fee Analyses, and one or more Resolutions to adopt new impact fees; the negotiation, finalization and implementation of one or more agreements with the Trappers Loop Water and Sewer Improvement District (see Section 19 below); and all other costs and expenses which would not have been incurred by the District if it had not entered into this Agreement. Such amounts shall be paid within thirty (30) days after the District provides an invoice to Snowbasin. Any amount not paid by Snowbasin when due shall bear interest thereafter at the rate of eighteen percent (18%) per annum, both before and after judgment.

(d) Upon the written request of Snowbasin, the District will provide an itemized accounting of all expenses incurred by the District which Snowbasin is obligated to pay pursuant to this Section.

7. FINAL PLAN

(a) Snowbasin shall prepare and submit to the District a final set of construction drawings, specifications, plans and profiles in connection with each Development Area Sewer System necessary to serve each Development Parcel (the “*Final Plan*”), in conformance with the following:

(1) The Final Plan shall comply with the design and construction standards and specifications and incorporate all changes and requirements approved and mandated by the District pursuant to the Preliminary Plan review and approval process.

(2) The Final Plan submittal shall be reviewed internally by the District and in consultation with its consulting engineer and attorney. Snowbasin shall cooperate with the District in revising and conforming the Final Plan to the requirements of the District and its engineer.

(3) The Final Plan shall be approved and executed by the District and designated County officials prior to holding the pre-construction meeting required to be held pursuant to Subsection 9(a) herein. Construction or installation of a Development Area Sewer Systems shall not be commenced by Snowbasin or its contractors without the Final Plan for the subject Development Area having been approved and executed by the District. Notwithstanding the foregoing, Snowbasin may, if it so determines, proceed to move forward with development of the subject Development Area Sewer System at its own risk while the Final Plan is being finalized.

(b) Snowbasin shall deliver to the District, by electronic submittal, the CAD file for the subject Development Area Sewer System upon approval of the Final Plan.

8. FINAL PLAT. When a final plat is required, and the District is required to sign the plat, the following shall apply:

(a) The final mylar plat for subdivisions created within a Development Parcel within a Development Area (the "*Final Plat*"), shall be finalized, signed and recorded in conformance with either of the following sequence options:

(1) Pursuant to the provisions of U.C.A. Section 17-27a-604.5 (made applicable to the District pursuant to U.C.A. Section 17B-1-119), a Final Plat may be finalized, signed and recorded subsequent to completion of construction of each Development Area Sewer System, subject to: (i) the issuance of a Notice of Final Construction Approval; (ii) payment of all fees and charges due and owing in connection with the subject Development Area as provided herein; (iii) the posting of the required amount of Improvement Assurance in conformance with the requirements of Section 12 herein; and (iv) the issuance of a Notice of Final Acceptance of all components of the subject Development Area Sewer System pursuant to Section 10 herein.

(2) Notwithstanding the provisions of Subsection 8(a)(1) above, upon Snowbasin's written request to the District, the Final Plat may be finalized, signed and recorded prior to commencement of construction of the subject Development Area Sewer System subject to the posting of the required amount of Improvement Assurance in conformance with the requirements of Section 12 herein, prior to the issuance by the District of a Notice to Proceed with Construction pursuant to the provisions of Subsection 9(d) herein.

(b) Under either sequence as provided for in Subsection 8(a) above, after execution of the Final Plat by the District and full compliance by Snowbasin with all County (or municipal, if appropriate) final plat requirements, the Final Plat shall be recorded in the office of the applicable county recorder by Snowbasin at Snowbasin's sole cost and expense. Subsequent to the recording thereof, Snowbasin shall deliver by electronic submittal a copy of each fully-executed, recorded Final Plat to the District.

9. CONSTRUCTION OF DEVELOPMENT AREA SEWER SYSTEM.

(a) Pre-construction Meeting. After receiving approval by the District of the Final Plan and prior to the commencement of construction of each Development Area Sewer System, Snowbasin and its

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contractors shall be required to attend a pre-construction meeting, as scheduled by Snowbasin, to also be attended by District personnel and its consulting engineers, building officials of the County (or municipality, if appropriate) if required, and others as determined by the District or Snowbasin, for the purpose of reviewing the terms and provisions of this Agreement and the applicable provisions of the District Rules and Regulations, coordinating the construction and responding to questions. Unless otherwise stated, all references in this Section 9 to Snowbasin shall include Snowbasin and/or its construction contractors as applicable pursuant to any contract between Snowbasin and its contractors.

(b) Governmental Agency Permits. Prior to commencement of construction of each Development Area Sewer System, Snowbasin shall, at its sole cost and expense, secure, or cause to be secured, any and all approvals and permits which may be required by any other governmental agency having jurisdiction over the work.

(c) Insurance. During the period beginning with commencement of any construction work related to the subject Development Area Sewer System and ending on the date that is the end of the Warranty Period as defined below, Snowbasin shall require the construction contractor to furnish, or cause to be furnished, to the District satisfactory certificates of insurance from reputable insurance companies evidencing death, bodily injury and property damage insurance policies in the minimum amount of Two Million Dollars (\$2,000,000) single limit, naming the District, its officers, employees, agents and engineers ("District Insureds") as additional insureds. The minimum amount of insurance required hereunder shall increase by One Million Dollars (\$1,000,000) every ten years that this Agreement, as it may be amended, is in effect (at the commencement of year 11, Three Million Dollars (\$3,000,000); at the commencement of year 21, Four Million Dollars (\$4,000,000); etc). Certificates of insurance shall be submitted to the District at the Pre-construction Meeting referenced in Subsection 9(a) and periodically thereafter each time there is a change in coverage or any other material change in the policy. Snowbasin shall require that all contractors performing work in connection with the subject Development Area Sewer System shall be obligated to maintain adequate workman's compensation insurance and public liability coverage. The District shall be an additional named insured in all liability insurance policies that are obtained as required by this Agreement and all such policies shall require that a written notice be provided to the District at least thirty (30) days before any coverage change or cancellation and shall include a waiver of subrogation provision, all of which shall be in form and substance reasonably acceptable to the District. Snowbasin shall not commence any work in connection with the construction and installation of the subject Development Area Sewer System until the required certificates of insurance have been submitted to the District.

(d) Notice to Proceed with Construction. At such time as: (i) Snowbasin has paid the Review and Inspection Fee required in Subsection 6(a) herein; (ii) the District has approved and executed the Final Plan as required in Subsection 7(a) herein; (iii) Snowbasin has submitted the CAD file for the subject Development Area Sewer System as required in Subsection 7(b); (iv) Snowbasin and/or its contractor has obtained all required governmental agency approvals and permits as required in Subsection 9(b) herein; (v) Snowbasin and/or its contractor has delivered the certificates of insurance as required in Subsection 9(c) herein; and (vii) Snowbasin's contractor has posted the Improvement Assurance required pursuant to Subsection 12(b) herein; the District shall issue a written Notice to Proceed with construction.

(e) Construction of Development Area Sewer System; At Sole Expense of Snowbasin.

(1) Snowbasin shall be required to furnish all materials, equipment and labor as shall be necessary for the construction and installation of each Development Area Sewer System.

(2) All components of each Development Area Sewer System shall be constructed, installed and inspected by Snowbasin, at Snowbasin's sole cost and expense, in accordance with the approved design standards and specifications and the Final Plan.

(3) Snowbasin agrees that all work performed in connection with the construction and installation of each Development Area Sewer System shall be of the highest quality and be performed in a safe, workmanlike manner.

(4) District officials and its engineers and inspectors shall have a reasonable right of access to the Development Area work site and any portion thereof during the period of construction and during the Warranty Period addressed in Subsection 12(a) herein, to inspect and observe the various components of each Development Area Sewer System and any work thereon, and for all other purposes necessarily incident to this Agreement

(5) District representatives will comply with Snowbasin's standard safety rules while on the Development Area work site.

(f) Periodic Inspection, Testing and Approvals.

(1) The District and its engineers shall have the right to perform periodic inspections and testing of the various components of each Development Area Sewer System while the same are being installed by Snowbasin or its contractors. The District agrees that its staff, engineers and inspectors shall be reasonably available to perform the required inspections and testing as requested by Snowbasin and/or its contractor or as desired by the District, and to perform such inspections and testing as expeditiously as reasonably possible. Snowbasin agrees to request any inspection with, at a minimum, 48 hours prior written notice.

(2) No work on Development Area Sewer System components requiring any excavation shall be covered over unless and until the same has been inspected and approved by the District's representatives and other governmental entities having jurisdiction over the particular component of the Development Area Sewer System involved. If any excavation is backfilled prior to inspection and approval, Snowbasin, upon request from the District, shall be obligated, at Snowbasin's sole cost and expense, to re-open the trench for inspection and the same shall not be re-covered until the appropriate inspections have been performed and all required approvals have been received.

(3) The District shall conduct such tests as it shall deem necessary, and all tests specified by the District's engineer to be performed shall be at Snowbasin's sole cost and expense in conformance with the provisions of Section 6 herein.

(4) Snowbasin shall promptly repair and/or replace any work and /or materials found by the District during the course of its inspections to be defective or which is otherwise not in conformity with the District's design standards and specifications, as required by the District consistent with the Final Plan approved by the District, all at Snowbasin's sole cost and expense.

(5) Snowbasin shall promptly correct and/or redo any work that fails to conform to the requirements of the District's construction standards and specifications, and shall remedy any defects due to faulty materials, equipment, or workmanship, as required by the District, at Snowbasin's sole cost and expense.

(6) Snowbasin shall reimburse to the District all costs and expenses incurred by the District due to inspections and construction management, including the time and expenses of consultants and District personnel. All such amounts shall be paid within thirty (30) days after the District provides an invoice to Snowbasin. Any amount not paid by Snowbasin when due shall bear interest thereafter at the rate of eighteen percent (18%) per annum, both before and after judgment. Should Snowbasin fail timely to pay any invoice, an inspection and construction management deposit may be established by the District and shall be funded by Snowbasin in such amount as shall reasonably be established by the District before Snowbasin shall be allowed to proceed with the further installation of any Development Area Sewer System and before the District will be required to inspect and/or approve the same.

(g) Maintenance and Up-keep During Construction. During construction of a Development Area Sewer System, Snowbasin shall keep, or shall cause its representatives, agents and contractors, to keep, the Development Area and all affected public streets and other areas affected by the construction free and clear from any unreasonable accumulation of debris, waste materials, and any nuisances arising from the construction of each Development Area Sewer System, and shall contain construction debris and implement reasonable dust control measures so as to minimize scattering via wind and/or water.

(h) Completion of Construction; Final Construction Approval.

(1) After completion of construction of a Development Area Sewer System, or any portion thereof as determined by the District, the District shall perform a final completion inspection (the "*Final Completion Inspection*"). Snowbasin shall complete any punch-listed items identified during the Final Completion Inspection to the District's reasonable satisfaction as a condition to the District's approval thereof. All County, state and other approvals, as required, shall be obtained as a condition precedent to District approval.

(2) The actual interconnection of each Development Area Sewer System with the District System shall be done by and at the cost of Snowbasin under the direct supervision of the District.

(3) At such time as Snowbasin has fully completed and the District has finally approved the punch-list items identified in the Final Completion Inspection, and all of subject Development Area Sewer System has been interconnected to the District System, the District shall issue its written notice of final construction approval on all construction ("*Notice of Final Construction Approval*").

(4) The Improvement Assurance Warranty Period set forth in Subsection 12(a) herein shall commence to run upon the issuance by the District of the Notice of Final Construction Approval.

(5) Subsequent to the issuance of the Notice of Final Construction Approval, the District shall prepare or cause to be prepared, or the District, at its sole discretion, may cause Snowbasin to prepare or cause to be prepared, final "as-built" drawings for all components of the subject Development Area Sewer System for electronic submittal to the District. As-builts shall be electronically submitted by the District to the Utah Division of Environmental Quality if required. If requested by the District for audit purposes, Snowbasin shall provide to the District an itemization of all construction costs expended by Snowbasin in connection with the construction of each Development Area Sewer System.

10. FINAL ACCEPTANCE OF THE DEVELOPMENT AREA SEWER SYSTEM. The District shall issue its written notice of final acceptance of the subject Development Area Sewer System ("*Notice of Final Acceptance*"), upon satisfaction of the following:

- (a) The issuance by the District of a Notice of Final Construction Approval pursuant to Subsection 9(h)(3) herein;
- (b) Receipt by the District of the Final Plat, in conformance with the provisions of Section 8 herein;
- (c) The posting with the District of the Improvement Assurance, as defined in Subsection 12(b), at such time as the same is required to be posted with the District in conformance with the requirements of Subsection 12(a)(1) or Subsection 12(a)(2) herein, as the case may be; and
- (d) Snowbasin demonstrating, to the District's satisfaction, that all material, labor, and other costs associated with the subject Development Area Sewer System have been paid in full and there are no liens or encumbrances related thereto.

11. IMPACT FEES.

- (a) Impact Fees Act Compliance. All impact fees levied by the District shall be planned-for, enacted, collected, accounted for, and appropriate refunds and credits shall be given to Snowbasin when due in conformance with the requirements of the Utah Impact Fees Act, Title 11, Chapter 36a, of the Utah Code, as amended or replaced from time-to-time (the "Impact Fees Act"), and other applicable law.
- (b) Update to Capital Facilities Plan. Snowbasin shall be obligated to pay the actual reasonable costs incurred by the District to update its current Capital Facilities Master Plan, Impact Fee Facilities Plan, and Impact Fee Analysis as required by the Impact Fees Act.
- (c) Payment of Impact Fees. Impact fees due and owing shall be paid to the District in conjunction with the issuance of building permits for homes, commercial buildings and other structures to be connected to the District System. Impact fees shall be paid before the District shall have any obligation to serve an existing structure on the Snowbasin Property.
- (d) Impact Fees to be Paid for Connection of the Currently Existing Resort Facilities and Future Resort Facilities to the District System.

(1) Impact Fees Related to Existing Resort Facilities.

(a) The Parties hereby acknowledge and agree that the District's obligation hereunder to provide sanitary sewer service to all of Development Area A would include service to the Existing Resort Facilities at Snowbasin ("*Existing Resort Facilities*"), situated within the Existing Resort Area (the "*Existing Resort Area*"), all as depicted in EXHIBIT "C" hereto. The Parties hereby agree that the sewer impact fees to be due and owing for the Existing Resort Facilities within the Existing Resort Area shall be calculated and assessed based upon an average daily flow rate of the peak month, based upon actual metered data (a moving average of daily rates of flow over a thirty consecutive days; or over a period of one month whichever produces a higher rate of flow. The daily sewer volume shall be divided by 355 gallons per day to identify the average daily ERU for the Existing Resort Facilities).

(b) The Parties agree that the impact fees required to be paid by Snowbasin for connection of the Existing Resort Facilities to the District System shall be calculated by the District at the then current impact fee rate, based upon the final adjusted number of ERUs represented thereby as determined in Subsection 11(d)(1)(a) above.

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(2) Impact Fees Related to Future Resort Facilities. The Parties hereby acknowledge that Snowbasin intends to construct new facilities in addition to the Existing Resort Facilities within the Existing Resort Area which may include, without limitation, additional restrooms, restaurants, etc. and related facilities ("*Future Resort Facilities*"), which are generally intended to be operated only during the ski season at the Resort. Prior to connection of any Future Resort Facilities to the District System, impact fees shall be required to be paid to the District, the amount of which shall be based upon the calculated number of ERUs represented by the Future Resort Facilities, as determined by the District and Snowbasin in conformance with the provisions of Utah Administrative Code 317-3-1, 1.1 G,1, taking into account for purposes of the calculation the limited seasonal use of said facilities, at the District's then current applicable impact fee rate.

12. WARRANTY OF CONSTRUCTION; IMPROVEMENT ASSURANCE

(a) Improvement Assurance Warranty; Warranty Period. Snowbasin and Snowbasin's contractor(s) shall be obligated to warrant and guaranty that all Snowbasin Project Systems shall be free of defects in materials or workmanship for a period of one (1) year from the date of commencement of the Improvement Assurance warranty period as provided in Subsection 9(h)(4) herein or such longer period as may specifically be required by applicable law (the "*Warranty Period*").

(1) If, at any time during the Warranty Period, any materials or workmanship furnished by Snowbasin, including Snowbasin's contractors and subcontractors, shall prove to be defective or be found to be in disrepair, Snowbasin shall, upon written notice from the District, promptly repair or replace the defective materials and/or work to the reasonable satisfaction of the District.

(2) During the Warranty Period, Snowbasin shall be required to keep all manholes, valve and meter boxes, drains and lines in good repair and free from asphalt and concrete and all rock, dirt and other debris in order to assure that the District has unobstructed access for periodic inspections during the Warranty Period.

(b) Improvement Assurance. Snowbasin's Improvement Assurance warranty obligation which is required to be posted with the District pursuant to the provisions of Subsection 10(d) hereunder, shall be secured by: (i) the posting of Improvement Assurance with the District in the form of: (i) a bond that is reasonably acceptable to the District; (ii) a letter of credit that is reasonably acceptable to the District; (iii) the establishment of a cash escrow account with a reputable bank or surety company licensed to do business in the State of Utah that is reasonably acceptable to the District; or (iv) other security as shall be approved by the District and its attorney (the "*Improvement Assurance*"). The Improvement Assurance shall be in an amount equal to ten percent (10%) of Snowbasin's engineer's original estimated cost of completion which, for the purpose of this Agreement, shall be defined to be Snowbasin's contractor's bid or offering price for construction and completion of the subject Development Area Sewer System (the "*Snowbasin's Original Bid Price*"), as reviewed and approved by the District, adjusted by subsequent change orders, if the change orders increase, in the aggregate, Snowbasin's Original Bid Price by five percent (5%) or more. Notwithstanding the foregoing, if the District determines, in its sole discretion, that Snowbasin's Original Bid Price for the subject Development Area Sewer System is unreasonably high or low, the District's engineer's estimate shall be used as the basis for calculating the amount of the Improvement Assurance that is due and payable hereunder. A complete written Itemization of Snowbasin's Original Bid Price shall be provided by Snowbasin to the District prior and as a condition to the issuance by the District of a Notice to Proceed with Construction as defined in Subsection 9(d) herein ("*Original Bid Price Itemization*"). Notwithstanding the foregoing, in the event Snowbasin can prove,

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following final completion of construction, that the actual cost of construction of the subject Development Area Sewer System is less than Snowbasin's Original Bid Price as shown on the Original Bid Price Itemization by five percent (5%) or more, then, upon written approval of the District, the Improvement Assurance shall be recalculated as ten percent 10% of the proven actual cost of completion of the subject Development Area Sewer System. The Improvement Assurance shall be posted with the District prior to the District's issuance of the Notice of Final Construction Approval as defined in Subsection 9(h)(3) herein

(c) Release of Improvement Assurance. At the end of the Warranty Period, and upon request by Snowbasin, the District shall perform a final inspection of the subject Development Area Sewer System (the "*Final Warranty Inspection*"). The Final Warranty Inspection shall include, but not be limited to, a televised inspection of all sanitary sewer lines within the subject Development Area Sewer System. Snowbasin shall be required to repair or replace any defective materials and/or work then existing related to the subject Development Area Sewer System to the satisfaction of the District. Upon completion of the Final Warranty Inspection and final approval by the District, the District shall issue a written notice of termination of warranty and release of improvement assurance ("*Notice of Termination of Warranty and Release of Improvement Assurance*") to Snowbasin, whereupon the Improvement Assurance, as determined per Subsection 12(b) above, shall be released by the District to Snowbasin.

13. TITLE TRANSFER; OPERATION AND MAINTENANCE.

(a) Transfer of Title to Development Area Sewer System and Related Easements to the District. The Notice of Final Acceptance, upon issuance, shall constitute a written bill of sale and acknowledgment by the Parties that all of Snowbasin's right, title, estate and interest in and to the subject Development Area Sewer System, as defined in Subsection 4(a) herein, are thereby transferred by Snowbasin to the District. Snowbasin shall also deliver to the District such other documents of conveyance as may reasonably be requested by the District from time-to-time, in recordable form as appropriate. Snowbasin shall at the same time grant and/or otherwise assign to the District such recordable easements and rights-of-way, as required in Subsection 4(d) herein for the subject Development Area Sewer System. Title transfer and the resulting obligations of the District as set forth herein shall be expressly subject to Snowbasin's Improvement Assurance obligations set forth in Section 12 herein. At the District's request, and at Snowbasin's expense, title insurance shall be issued by a reputable title insurance company that is reasonably acceptable to the District, insuring the District's ownership, free of financial and other encumbrances that are not acceptable to the District, of the District's easements, rights-of-way and/or fee title, as applicable.

(b) Transfer of Existing Snowbasin Sanitary Sewer Infrastructure to the District. Prior, and as a condition to, the District providing sanitary sewer services to Snowbasin, Snowbasin shall transfer and convey, by bill of sale all of Snowbasin's right, title and interest in and to the Existing Snowbasin System, as defined in Recital D, including all sanitary sewer infrastructure, and grant and/or otherwise assign to the District all easements required in connection therewith (collectively, the "*Existing Sewer Facilities*"), utilized by Snowbasin as of the Effective Date in providing sanitary sewer service to the existing Snowbasin Resort properties. Prior to transfer of the Existing Sewer Facilities to the District, Snowbasin shall provide to the District as-built drawings, and such other documentation and information as Snowbasin may have in its possession with respect to the various components of the Existing Sewer Facilities, and the District shall have the right to review the drawings and documentation and inspect said facilities. In the event improvements are required to be made to bring the Existing Sewer Facilities up to Utah Plumbing Code standards or the District's standards, Snowbasin, at its sole cost and expense, shall be required to make said improvements to the reasonable satisfaction and approval of the District, which

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approval shall not be unreasonably withheld, conditioned or delayed, prior to transfer of the same to the District. Notwithstanding anything contained herein or elsewhere to the contrary, however, existing Snowbasin sanitary sewer infrastructure shall not be conveyed to the District until the District has received and reviewed documentation and other information necessary for an evaluation of needed upgrades (including a TV inspection of the entire Existing Snowbasin System) and Snowbasin has brought the existing sanitary sewer infrastructure up to a standard that is reasonably acceptable to the District.

(c) Perpetual Operation and Maintenance. Upon issuance of the Notice of Final Acceptance by the District, and the transfer of the Existing Sewer Facilities to the District, the District shall take title to and thereafter perpetually own, operate, maintain, repair, replace and be responsible for all aspects of the On-site Sewer System Facilities and Off-site Sewer Facilities constituting the Development Area Sewer System, including the Existing Sewer System Facilities, up to the point of connection of the service lateral serving each lot with the sanitary sewer main line in the street or District easement. The individual lot and property owners shall own, operate, maintain, repair, replace and be responsible for all related sewer facilities and equipment serving their individual lot or property on the lot or property owner's side of the connection point.

(d) Operation and Maintenance Standard. The District shall operate, maintain, repair and replace the components of all On-site Sewer System Facilities and the Off-site Sewer System Facilities, including the Existing Sewer Facilities, at least to the same general standard and in the same manner as all other District System components utilized by the District in providing service to other similarly situated areas, developments and customers within and served by the District.

14. **OWNERSHIP OF CAPACITY**. Notwithstanding the provisions of Subsection 13(a) herein, 100% of the capacity of the Development Area Sewer System transferred to the District shall be expressly reserved for use by Snowbasin, or its assignees, for the benefit of the Snowbasin Project, and no capacity within the Development Area Sewer System developed by Snowbasin shall be allocated to and authorized by the District for use by any other entity for any other development or purpose except as provided in Subsection 4(b) herein.

15. **SERVICE TO INDIVIDUAL CONNECTIONS**. Subsequent to transfer of a Development Area Sewer System and related easements to the District as provided in Section 13, and notwithstanding anything to the contrary in this Agreement, the District shall have no obligation to provide any service until the individual lot and property owners to be served, including customers currently being served by the Existing Snowbasin System, have signed up for service with the District, have provided any required deposit, and have paid all required fees, including impact fees, to the District. Upon adherence thereafter to the District Rules and Regulations as they may be constituted from time-to-time, upon compliance with all of the terms and conditions set forth in this Agreement, and with all other applicable requirements of the District, the District shall, subject to Section 19 below, be obligated to provide sanitary sewer service to individual owners of lots and properties within the respective Development Areas within the Snowbasin Project that have been annexed into the District on the same basis as other similarly situated customers within the service area of the District in accordance with the District Rules and Regulations. Snowbasin understands and agrees that the District's charges may not be equal for all customers within the District and that the District has the right to establish one or more service areas with differing rates and fees, based upon differences in the costs required to serve the various areas. The Parties acknowledge, however, that the District is not obligated to establish multiple service areas. Service to all individual connections within the Snowbasin Project shall be provided in conformance with the following:

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(a) Service to the Snowbasin Property. The District shall use reasonable diligence at all times in providing regular, uninterrupted service to each of the Development Areas within the Snowbasin Project that have been annexed into the District; provided, however, that the District shall not be liable for damages, breach of contract, or otherwise, to Snowbasin, lot or property owners, or anyone else for failure, suspension, diminution, or other variations of service occasioned by, or in consequence of, planned or emergency maintenance, replacement and/or repair activities and/or any cause beyond the reasonable control of the District, including, without limitation, acts of God or the public enemy, fires, floods, earthquakes, or other catastrophes, the application of governmental laws and/or regulations, strikes or failure or breakdown of transmission, treatment or other facilities.

(b) Service Fees. The District shall have the right to impose sewer service fees and charges for sewer services rendered and to establish within the Snowbasin Property different service divisions or zones, such that sewer service fees for each ERU may be calculated and imposed based on the actual operating costs of the Existing Snowbasin System and the Development Area Sewer System and their contribution to the cost of the overall District System, based upon the average daily flow rate of the peak month. Sewer service fees and charges shall, in all respects, be governed by the District Rules and Regulations as well as all then current applicable requirements of Title 17B, Chapter 1, Section 643, Title 17B, Chapter 1, Part 9 of the Utah Code and other applicable state and local laws, rules, regulations and ordinances, consistent with principles of equal protection under the law. The average daily rate of sewer flow based upon actual metered data for the peak month, shall be determined in conformance with the provisions of Utah Administrative Code 317-3-1, 111, G,2, and shall be recalculated and adjusted annually by the Parties within 30 days of the annual anniversary of the date of first connection to the District System.

(c) Permit and Inspection Charges. Snowbasin shall be obligated to pay the then currently adopted permit and inspection charges applicable to the Snowbasin Project and for the connection of an ERU to the District System.

(d) District Rules and Regulations. Sanitary sewer collection and treatment services shall at all times be provided to the Snowbasin Property in conformance with and subject to all then current District Rules and Regulations.

16. REPRESENTATIONS AND FURTHER OBLIGATIONS OF THE PARTIES.

(a) Snowbasin Representations and Obligations. Snowbasin represents, warrants and agrees that:

(1) it is a corporation duly organized and existing under the laws of the state of Wyoming and is qualified to conduct business in the state of Utah;

(2) it is authorized to enter into this Agreement and such other agreements as may be required to accomplish the purposes of the Parties as set forth in this Agreement, and to carry out its obligations hereunder and thereunder; and that such will not conflict with or result in a breach of the terms, conditions, provisions, or restrictions of any existing law, court or administrative decree, order, or regulation, or agreement or instrument to which Snowbasin is a party or by which it is otherwise bound;

(3) it has negotiated in good faith the terms, conditions and provisions of this Agreement and it will negotiate in good faith the terms, conditions and provisions of such other agreements and documents as may be required to be executed by and between Snowbasin and the District in effectuating the purposes of the Parties as set forth herein;

(4) it will cooperate with the District, and its engineers, consultants, and other officials designated by the District with respect to the design of each Development Area Sewer System so as to facilitate sanitary sewer service for the Snowbasin Project;

(5) it will participate, as requested by the District, in such meetings as may be required and in good faith support the District as requested in effectuating the purposes of the Parties as set forth herein;

(6) it is not currently aware of any laws, regulations, or policies that would prevent Snowbasin from receiving sanitary sewer service from the District for the Snowbasin Project or prohibit Snowbasin from entering into this Agreement and such other agreements as may be required to effectuate such service; and

(7) it will advise, consult, and work cooperatively with the District, in good faith, in resolving such issues as may arise, and otherwise perform such actions as may be necessary in the implementation of the goals and objectives of this Agreement.

(c) District Representations and Obligations. The District represents and agrees that:

(1) it is an improvement district and a body corporate and politic of the State of Utah, duly organized and existing under applicable law;

(2) it is authorized by law to enter into this Agreement and such other agreements as may be required to accomplish the purposes of the Parties as set forth in this Agreement, and to carry out its obligations hereunder and thereunder; and that such will not conflict with or result in a breach of the terms, conditions, provisions, or restrictions of any applicable existing law, court or administrative decree, order, or regulation of which the District is aware, or agreement or instrument to which the District is a party or by which it is otherwise bound;

(3) it will make such reasonable changes to the District Rules and Regulations and to its Capital Facilities Plan and/or Impact Fee Facilities Plan, and in good faith enter into such agreements as shall be deemed by the District to be necessary to accomplish the purposes of the Parties set forth in this Agreement so as to facilitate the development of, and provide sanitary sewer service to, the Snowbasin Project in conformance with the provisions and procedures set forth in this Agreement;

(4) it has negotiated in good faith the terms, conditions and provisions of this Agreement and that it will negotiate in good faith the terms, conditions and provisions of such other agreements and documents as may be required to be executed by and between Snowbasin and the District in effectuating the purposes of the Parties as set forth herein;

(5) it will reasonably cooperate with Snowbasin, and its engineers, consultants, and other officials designated by Snowbasin in the design of the Development Area Sewer Systems and in connection with such modifications as may be required relative to the District System so as to enable the

District to provide sanitary sewer collection and treatment service to the Snowbasin Property for each Development Area that is annexed into the District as provided in this Agreement;

(6) it will participate, as reasonably requested by Snowbasin, in meetings with other agencies from whom permits, consents and other approvals may be required for sewer service in connection with the Snowbasin Project, including, without limitation, the Utah Department of Transportation, the Utah Department of Environmental Quality, the U.S. Forest Service, the U.S. Bureau of Reclamation, Weber County, Morgan County, and all utility and other providers of services necessary for the Snowbasin Project, and that it will, in good faith, support Snowbasin as reasonably requested in connection with the obtaining of such permits, consents and approvals as may be required provided, however, that the District shall not incur any risk, cost or liability in doing so;

(7) it is not currently aware of any laws, regulations, or policies that would prevent the District from providing sanitary sewer service for the Snowbasin Property after it has been annexed into the District and prohibit it from entering into this Agreement and such other agreements as may be required to effectuate such service; and

(8) it will advise, consult, and work cooperatively with Snowbasin, in good faith, in resolving such issues as may arise, and otherwise perform such actions as may reasonably be necessary in the implementation of the goals and objectives of this Agreement.

17. INDEMNIFICATION. Each Party agrees to defend, indemnify and hold the other Party, and its respective corporate affiliates, officers, employees, agents and consultants (the "Indemnified Parties") free and harmless from and against any and all liability, loss, damage, costs, and/or expenses, including reasonable attorney's fees and court costs, arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person as a result of construction activities by such Party, its agents, employees or contractors, and any claim by any contractor or other person for any amount due and owing by such Party to said contractor or person. It is agreed that neither Party shall be responsible for, and this indemnity shall not apply to (i) any negligent acts or omissions of the Indemnified Party (ii) any liability, loss, damage, cost or expense, including attorney's fees and court costs, arising in connection with any work performed by third-parties, such as public or private utility companies, that are not under the control of or under contract with such Party, or (iii) any criminal action, omission, or misconduct by any agent, employee or contractor of such Party. At the end of the Warranty Period provided for in Section 12 herein, and the District's final approval and acceptance of the Development Area Sewer System, the indemnity obligations of Snowbasin set forth herein shall cease to apply with respect to any work or activity in connection with the subject Development Area Sewer System performed by Snowbasin, its agents, employees or contractors on or before that date, but not otherwise.

18. DEFAULT AND TERMINATION; IMPROVEMENT DISTRICT AGREEMENT.

(a) Default and Termination. In the event either Party shall fail to perform its obligations hereunder or comply with the terms and provisions hereof, and such failure remains uncured for a period of ninety (90) days after receiving written notice of default from the non-defaulting Party (the "*Cure Period*"), and provided that (i) such default cannot reasonably be cured within the Cure Period, and (ii) the defaulting Party shall have commenced to cure such default within the Cure Period and thereafter uses reasonable good faith efforts to cure the same, then the Cure Period shall be extended for so long as shall be required for the defaulting Party to exercise and complete good faith reasonable efforts to cure the default. If, however, the default remains uncured for a period of one hundred twenty (120) days in the {02252418-1 }

aggregate, or such greater time as the non-defaulting Party may allow, then the non-defaulting Party may, at its election, pursue all rights and remedies which it may have at law and/or in equity, including but not limited to injunctive relief, specific performance and/or actual damages, and termination of this Agreement.

(b) Reconveyance of Development Area Sewer System Facilities. Subject to the provisions of Section 19 below, in the event this Agreement is terminated for any reason and only to the extent that the District ceases to serve the Snowbasin Property, and effective as of the date of termination, or such other date as the Parties may agree, then, unless the Parties agree otherwise: (i) all On-site Sewer System Facilities and Off-site Sewer System Facilities constituting the Development Area Sewer System and/or the Existing Snowbasin System, shall at no cost to the District be reconveyed by the District to Snowbasin, the Trappers Loop District, or to such other entity as Snowbasin may dictate which shall be authorized, by law and relevant regulations, to own, manage and operate said facilities; (ii) Snowbasin or the new owner of the Development Area Sewer System and/or the Existing Snowbasin System shall disconnect the same from the District System and, at no cost or risk to the District, shall restore or repair the point of disconnection in accordance with applicable law, rule and/or regulation and subject to the District's inspection and approval of the same; and (iii) all easements and rights-of-way granted by Snowbasin to the District shall thereupon terminate.

(c) Mediation. Unless terminated for cause by Snowbasin or terminated without cause by the District, if this Agreement is terminated for any reason other than upon mutually acceptable terms after connection of the Existing Snowbasin System and/or the Development Area Sewer System has been made to the District System, the Parties agree to mediation in an effort to resolve such financial consequences to the District that may result from improvements made to the District System, including the expansion of pipelines and treatment facilities directly related to the Snowbasin Project that will not be utilized as a result of the termination. Snowbasin and the District shall each be responsible for one half of the cost of a mutually agreeable mediator, and all Parties agree to proceed with mediation promptly and in good faith.

19. AGREEMENT WITH TRAPPERS LOOP IMPROVEMENT DISTRICT.

(a) The Parties understand and acknowledge that TLWID has been duly formed with authority to provide within the Snowbasin Property water service, and sanitary sewer service should it be deemed advisable to do so. The Parties agree that to the extent it is deemed advisable and beneficial to the District and Snowbasin; then, notwithstanding the provisions of Section 15, this Agreement may in the future be amended, upon the written agreement of the Parties, whereby the District and TLWID may agree by a separate interlocal agreement between them to have certain sanitary sewer system improvements transferred by the District to the TLWID and certain of the Existing Snowbasin System and/or the Development Area Sewer Systems conveyed to the TLWID to be owned, operated, maintained, repaired and replaced by TLWID, with TLWID providing certain sewer services as the Parties may then deem mutually beneficial. The District agrees that its approval of the implementation of the provisions of this Section will not be unreasonably conditioned, withheld or delayed, provided that the District is made whole and held harmless regarding the same.

(b) Unless the District and TLWID have agreed via an interlocal agreement that all of the Existing Snowbasin System (including Development Area Sewer Systems, as applicable), is to be conveyed to and operated by TLWID, as stated above, Snowbasin covenants and agrees to use its best efforts to cause and enable annexations into the District to take place in an orderly manner as provided in Section 2 of this Agreement. In the event the District and TLWID agree via an interlocal agreement that

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only a portion of the Existing Snowbasin System and/or the Development Area Sewer Systems is/are to be conveyed to and operated by TLWID, Snowbasin covenants and agrees to use its best efforts to cause and enable annexations into the District to take place regarding areas that will not be served by TLWID as provided in the referenced interlocal agreement, in an orderly manner as provided in Section 2 of this Agreement.

20. ASSIGNABILITY. Snowbasin may assign its rights and delegate its duties hereunder to a third party purchaser of all or a portion of the Snowbasin Project, subject to the terms, conditions and provisions of this Agreement. In the event of an assignment, the assignee shall be jointly and severally liable with Snowbasin for the performance of each and every obligation of Snowbasin contained in this Agreement unless, prior to the assignment, an agreement satisfactory to the District, delineating and allocating between Snowbasin and the assignee the various rights and obligations of Snowbasin hereunder, has been approved by the District. Prior to any assignment, Snowbasin shall obtain and deliver to the District a written statement executed by the assignee, duly acknowledged by a notary public, wherein the assignee affirms that it has reviewed and is familiar with the terms, conditions and provisions of this Agreement, and covenants and agrees to be bound hereby.

21. MISCELLANEOUS PROVISIONS

(a) Notice. All notices required or desired to be given hereunder shall be in writing and shall be deemed to have been given on the date of personal service upon the Party or by email to the intended Party or, if mailed, by certified mail, return receipt requested, postage prepaid, and addressed to the Parties at the following addresses:

TO THE DISTRICT:

Name: William C. Coutts
 Address: 5455 West Old Highway Road
 Mountain Green, Utah 84050
 Email: coutter21@yahoo.com
 Phone: (817) 676-8496

WITH A COPY TO:

Name: Mountain Green Sewer Improvement District
 Attn. General Manager
 Address: 5455 West Old Highway Road
 Mountain Green, Utah 84050
 Email: manager@mgsid.com
 Phone: (801) 876-3416

TO SNOWBASIN:

Name: Bruce Fery
 Address: 555 South Main Street
 Salt Lake City, Utah 84111
 Email: bfery@grandamerica.com
 Phone: (801) 258-6610

Either Party may change its address for notice hereunder by giving written notice to the other Party in accordance with the provisions of this Section.

(b) Attorney's Fees. The Parties each agree that should either Party default in any of the covenants or agreements contained herein, the defaulting Party shall pay all costs and expenses, including reasonable attorney's fees and court costs, which may arise or accrue from the enforcement of this Agreement, or in pursuing any remedy provided for hereunder or by the statutes, or other laws of the State of Utah, whether such remedy is pursued by filing suit or otherwise, and whether such costs and expenses are incurred with or without suit or before or after judgment.

(c) Entire Agreement. This Agreement, the Exhibits attached hereto and the documents referenced herein, contain the entire agreement by and between the Parties with respect to the subject matter hereof, and supersede any prior promises, representations, warranties, inducements or understanding between the Parties which are not contained herein.

(d) Section Headings/Tense. The section and subsection headings contained in this Agreement are intended for convenience only and are in no way to be used to construe or limit the text herein. As used herein, the singular tense shall include the plural tense, and vice versa, as appropriate, and any gender shall include all other genders.

(e) Non-liability of District Officials. No officer, representative, agent, consultant or employee of the District shall be personally liable to Snowbasin, or any successor-in-interest or assignee of Snowbasin, in the event of any default or breach by the District, or for any amount which may become due to Snowbasin, or its successors-in-interest or assignees, or for any obligation arising under this Agreement.

(f) No Third-party Rights. The obligations of Snowbasin and the District set forth in this Agreement shall not create any rights in or obligations to any other person or party except to the extent otherwise specifically provided herein.

(g) Binding Effect; Covenants Run with the Land. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective officers, agents, employees, representatives, affiliates and assigns, including, without limitation, any separate affiliated entity of Snowbasin which is involved with or assumes or undertakes to fulfill any responsibility or obligation imposed upon Snowbasin pursuant to this Agreement, and any county, city or other governmental entity or entities that assumes the responsibility to provide sanitary sewer service to the Snowbasin Project should the District no longer provide sanitary sewer service to the Snowbasin Project. The covenants contained herein shall be deemed to bind and run with the property within the Snowbasin Property, and the Parties agree that this Agreement, or a notice of this Agreement, shall be recorded in the offices of the Recorders of Weber and Morgan Counties.

(h) Jurisdiction. The Parties hereby agree that any judicial action associated with this Agreement shall be taken in the Judicial District Court of Morgan County, Utah.

(i) No Waiver. Any Party's failure to enforce any of the provisions of this Agreement shall not constitute a waiver of the right to enforce such provision in the future. A provision may be waived only in writing by the Party intended to be benefitted by the provision, and a waiver by a Party of a breach hereunder by the other Party shall not be construed as a waiver of any succeeding breach of the same or another provision.

(j) Severability. If any portion of this Agreement is held to be unenforceable, any enforceable portion thereof and the remaining provisions of this Agreement shall continue in full force and effect.

(k) Time of the Essence. Time is expressly made of the essence with respect to the performance of each and every obligation hereunder.

(l) Force Majeure. Any prevention, delay or stoppage of the performance of any obligation under this Agreement which is due to strikes; labor disputes; inability to obtain labor, materials, equipment or reasonable substitutes therefore; adverse market conditions; acts of nature; governmental restrictions, regulations or controls; judicial orders; enemy or hostile government actions; wars; terrorist attacks; civil commotions; fires; health pandemics; or other casualties or other causes beyond the reasonable control of the Party obligated to perform hereunder, shall excuse performance of the obligation by that Party for a period equal to the duration of that prevention, delay or stoppage. Any Party seeking relief under the provisions of this Subsection shall notify the other Party pursuant to the notice provisions hereof of a force majeure event within ten (10) days following occurrence of the claimed force majeure event.

(m) Knowledge. The Parties have each read this Agreement and have executed it voluntarily after having been apprised of all relevant information and risks and having had the opportunity to obtain legal counsel of their choice.

(n) Supremacy. In the event of any conflict between the terms of this Agreement and those of any other agreement, contract, or document referred to herein, excluding governmental laws, ordinances, rules, regulations, standards and/or specifications, this Agreement shall govern.

(o) No Relationship. Nothing in this Agreement shall be construed to create any partnership, joint venture, or other fiduciary relationship between the Parties.

(p) Amendment. This Agreement may be amended only in a writing signed by the District and Snowbasin.

(q) Incorporation of Recitals and Exhibits. The Recitals first set forth above and all Exhibits attached hereto are incorporated by reference as though fully set forth herein.

(r) MOU Superseded. The Parties hereby acknowledge and agree that this Agreement supersedes and replaces, in its entirety, that certain Memorandum of Understanding executed by the Parties dated effective as of November 11, 2021 (the “MOU”).

(s) Construction. This Agreement is the result of negotiations between the Parties, neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms, conditions and provisions hereof shall be construed in accordance with their usual and customary meanings. Each Party hereby waives the application of any rule of law which otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the Party or the Party’s attorney who prepared the executed Agreement or any earlier draft of the same. 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. The words “include”, “included” and

“including” as used in this Agreement shall respectively mean “include without limitation”, unless expressly stated otherwise.

(t) 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.

(u) Warranty of Authority. Each individual executing this Agreement on behalf of a Party thereby warrants that he/she has the requisite authority to execute this Agreement on behalf of the said Party and the said Party has agreed to be and is bound hereby.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement by and through their respective, duly authorized representatives as of the Effective Date.

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT

By: _____
William C. Coutts, Chair, Board of Trustees

SNOWBASIN RESORT COMPANY

By: _____
Bruce Fery, Chief Executive Officer

CONSENT OF TRAPPER'S LOOP WATER IMPROVEMENT DISTRICT

Trapper's Loop Water Improvement District (the "*TLWID*"), has considered and hereby duly and irrevocably consents to the annexation of all property situated within the legal boundaries of TLWID into the boundaries of the Mountain Green Sewer Improvement District (the "*MGSID*"), and further consents and agrees that MGSID is authorized to provide sanitary sewer service within the boundaries of TLWID as the sole and exclusive provider of such services, subject to the provisions of Section 19 of the foregoing Agreement. In consenting to annexations into MGSID and consenting and agreeing that MGSID is exclusively authorized to provide sanitary sewer service within the boundaries of TLWID, TLWID acknowledges and agrees that MGSID is relying on said consent and agreement in entering into the foregoing Agreement, and would not enter into the foregoing Agreement if TLWID had not waived and relinquished its right to provide sanitary sewer service within TLWID's boundaries and consented that MGSID may annex any and all property located within TLWID. In particular, this consent and waiver is intended to satisfy the consent requirement of Utah Code Ann. § 17B-1-202(4)(a), which declares that "a local district ... may not after its creation provide to an area the same service that may already be provided to that area by another political subdivision, unless the other political subdivision gives its written consent." (Emphasis added).

Dated this ____ **day of** _____, 2024.

TRAPPERS LOOP WATER IMPROVEMENT DISTRICT

By: _____
Jim Hill, Chair, Board of Trustees

STATE OF UTAH)
 : ss.
County of _____)

On the _____ day of _____, 2024, appeared before me William C. Coutts, personally known to me, or proved to me on the basis of satisfactory evidence, to be Chair of the Board of Trustees of Mountain Green Sewer Improvement District, who duly acknowledged that the within and foregoing instrument was signed on behalf of said District by authority of its Board of Trustees, and that said District executed the same.

NOTARY PUBLIC

STATE OF UTAH)
 :ss.
County of Salt Lake)

On the ____ day of _____, 2024, personally appeared before me Bruce Fery, known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument on behalf of Snowbasin Resort Company, a Wyoming corporation, who duly acknowledged to me that said corporation duly executed the same.

NOTARY PUBLIC

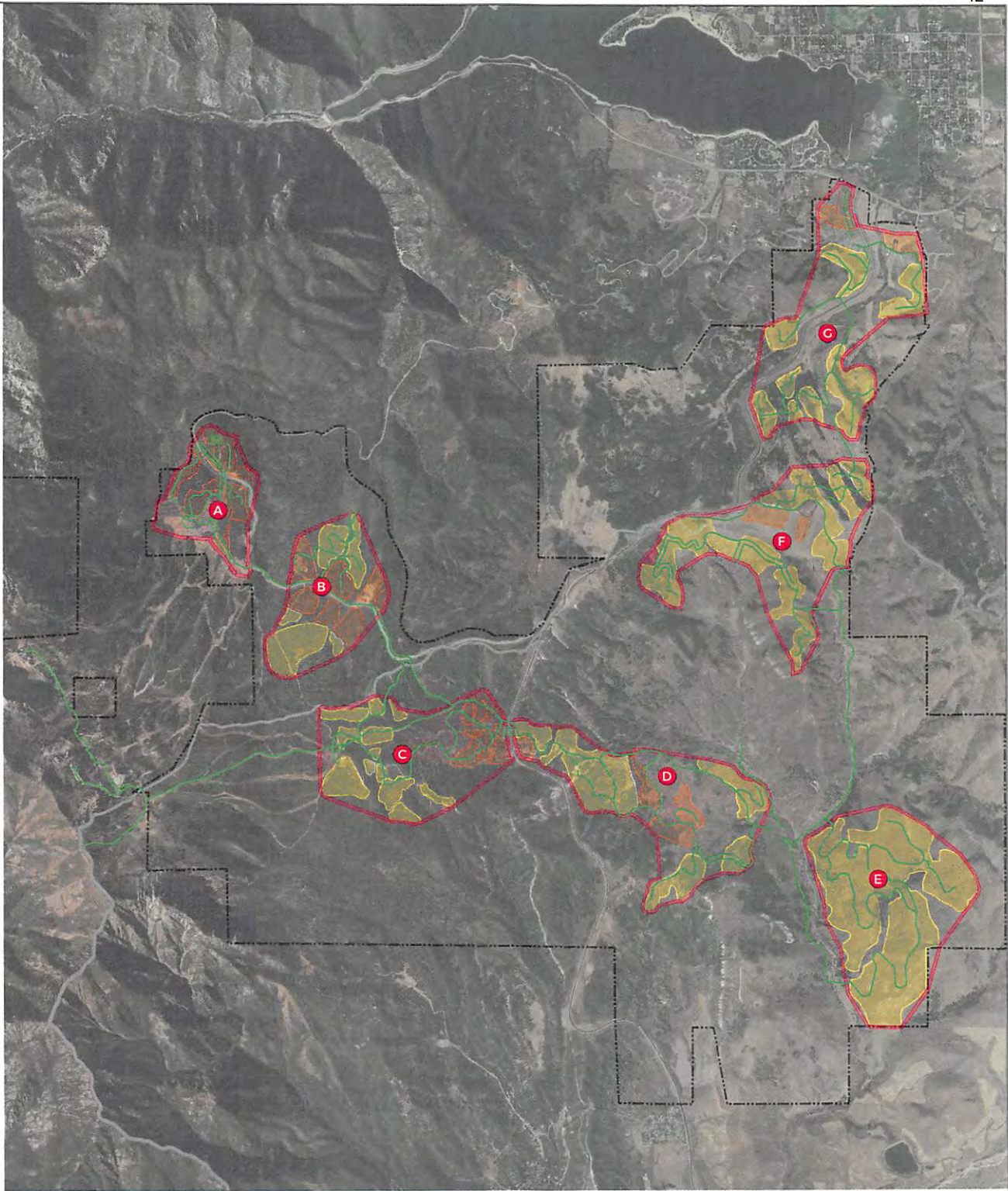
STATE OF UTAH)
 : ss.
County of _____)

On the _____ day of _____, 2024, appeared before me Jim Hill, personally known to me, or proved to me on the basis of satisfactory evidence, to be Chair of the Board of Trustees of Trappers Loop Water Improvement District, who duly acknowledged that the within and foregoing Consent of Trappers Loop Water Improvement District was signed on behalf of said District by authority of its Board of Trustees, and that said District executed the same.

NOTARY PUBLIC

EXHIBIT “A”

Snowbasin Project Area



LEGEND		SNOWBASIN FUTURE LAND USE	
A	DEVELOPMENT AREAS		MULTI-FAMILY
—	WEBER/MORGAN COUNTY BOUNDARY		SINGLE FAMILY
—	DEVELOPMENT AREA BOUNDARIES		MIXED USE
—	SNOWBASIN PROPERTY BOUNDARY		



SNOWBASIN RESORT FUTURE DEVELOPMENT PLAN



EXHIBIT “B”**Table of Current Fees**



Summary of Fees

Fee Table Summary	Units	Cost
Monthly service fee per ERU	EA	\$ 50.00
Service Lateral inspection*	EA	\$100.00
Service Lateral re-inspection	EA	\$50.00
Impact Fees:		
See ordinance for details:		
Mountain Green Area	EA	\$11,795.25
Wasatch Peaks Area	EA	\$11,294.91
Will Service Application		
For up to 10 ERU's	EA	\$150.00
\$10 for each additional ERU	EA	
Plus First Year Standby Fee	Below	Below
Standby fee for each ERU each year	EA/YR	\$100.00
Development improvements		
5% as reviewed by construction cost estimate or roughly	As reviewed	5% or
Manhole ~\$2,000	EA	\$2,000.00
8" main ~\$20/LF	LF	\$20.00
Individual Laterals ~\$1,000	EA	\$1,000.00

**Additional fees will be paid to MGSID by a Developer to compensate MGISD for its time, effort and expense for general project coordination and construction inspection of extension or modification of the Public Wastewater System required for the Developer's project. All fees will be paid by Developer prior to Final Project Approval*

Mountain Green Sewer Improvement District
5455 W Old Hwy Rd
Morgan, UT 84050

Invoice

Date	Invoice #
3/6/2024	2024-27720

Bill To
Snowbasin

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Contract Charge Annexation Deposit (See section 2 C-1 of Development Agreement)		20,000.00	20,000.00
		Total	\$20,000.00
		Payments/Credits	\$0.00
		Balance Due	\$20,000.00



Will Service Application

5455 W. Old Highway Road, Mtn. Green, UT 84050,
Office 801.876.3416

Owner (name/phone/email) SnowBasin Resort Company/

Contact (if different) Bruce Fery / 801-258-6610 / bfery@grandamerica.com

Current Mailing Address 555 South Main St, SLC, UT 84111

Project Name SnowBasin Resort

Number of ERU's (homes) 60

Fee \$ 150.00 + (# ERU over 10: 50 X \$10) = Fee \$ 650.00

Annual Standby Fee \$ 100 X # ERU's 60 = + Standby Fee \$ 6,000.00

Total Fees for Will Service Application Total Fees \$ 6,650.00

 (initial) Concepts drawings attached/emailed:

Concept drawings shall include at a minimum a concept lay-out of the sewer main lines and laterals with sufficient detail so as to reasonably verify slope and depth of the sewer lines relative to area grades. The submitted drawings are to follow all applicable federal, state and local laws as necessary for approval. In the event a water main is to be installed, that must be shown on the plans as well to ensure the minimum separation is maintained.

 (initial) I and the project (as shown above) will comply with MGSID standards. I recognize an annual stand-by fee will be due from my approval date or prior. The annual standby fee is due on all lots completed or not (Including lots that have paid impact fees) until the monthly fee is paid consistently. Failure to pay annual standby fee will result in cancellation of current will service agreement. Any significant changes to the concept drawing will subject the will service to additional review.

Signature: _____ : Printed name _____ : Date _____

Staff processing only:

Acknowledged/Received by Staff: _____ Date: _____ Fees Paid: _____

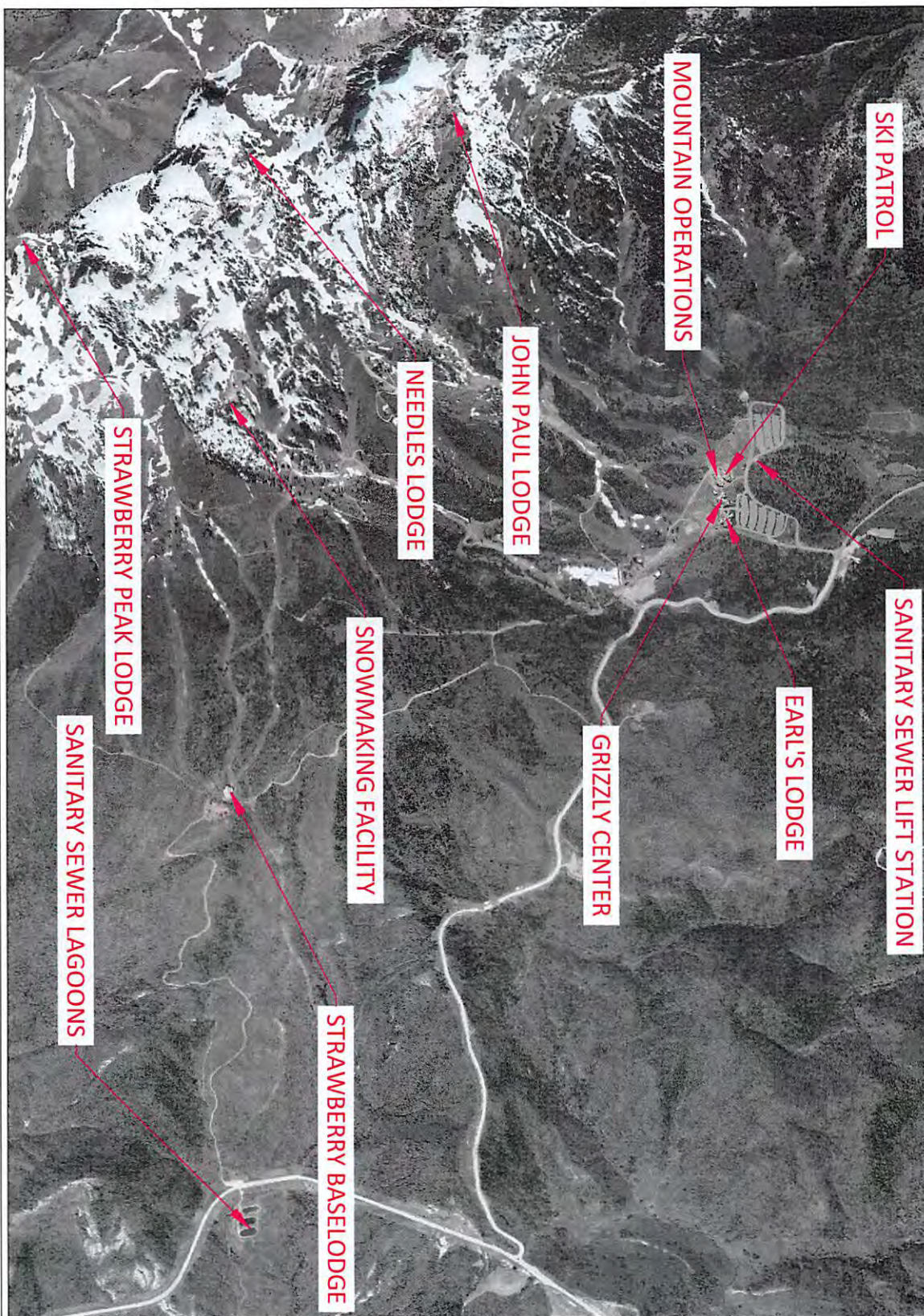
Will Service: _____ Approved _____ Not approved _____ Date approved by board _____

Date will service start/ #ERU / year _____/_____/_____

Notes/Special conditions: _____

EXHIBIT “C”

Depiction of Existing Resort Facilities and Existing Resort Area



SCALE

HORIZONTAL: 1" = 30'



A horizontal scale bar with alternating black and white segments. The segments are labeled with the following values: 0, 7.5, 15, 30, and 45.

SHEET NUMBER
C

SNOWBASIN RESORT
EXISTING FACILITIES
EXHIBIT C

TCC JOB NO: 23-300-102

DATE: 03.01.2024

TALISMAN
CIVIL CONSULTANTS
1588 SOUTH MAIN STREET
SUITE 200
SALT LAKE CITY, UT 84115
801.743.1300



Exhibit C – Weber County Property

WEBER COUNTY SNOWBASIN PROPERTY

The Snowbasin Resort owns approximately 3,800 acres within Weber County as a part of the Snowbasin Resort.

The Snowbasin Property Map illustrates the primary roads, project boundaries, County line and ski area boundary within Weber County.

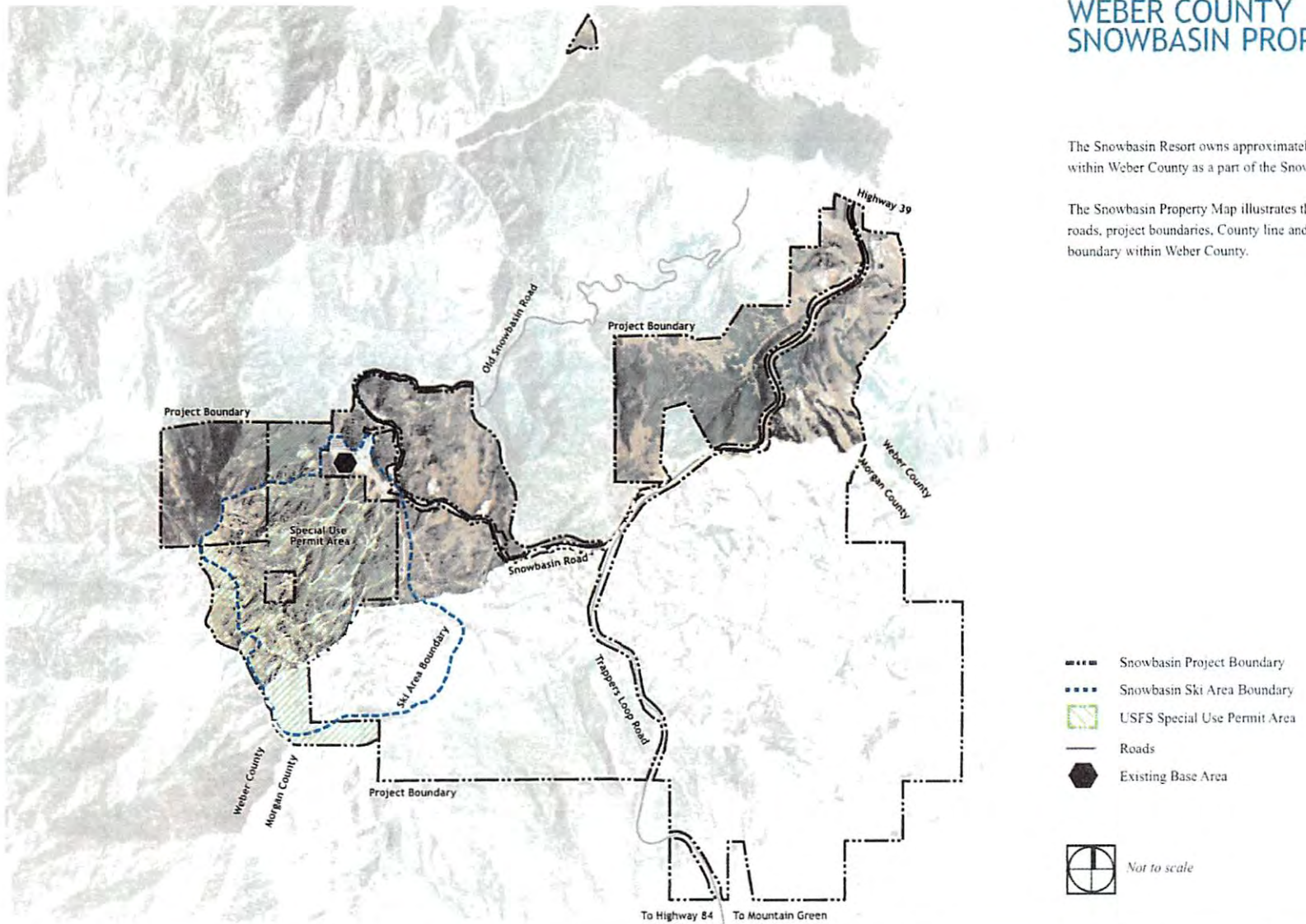
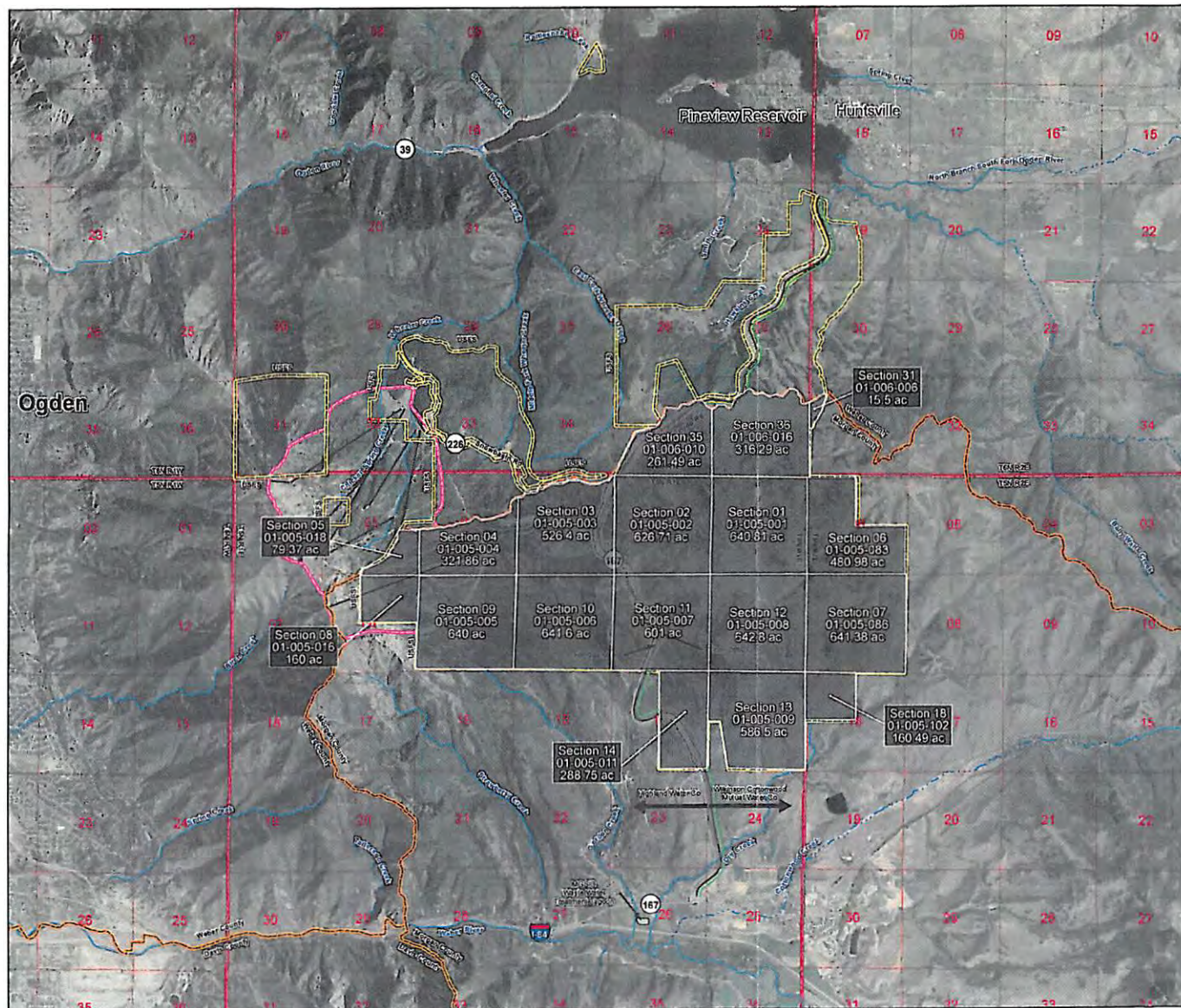


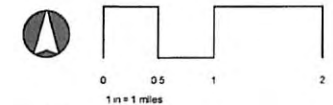
Exhibit C – Morgan County Property

EXHIBIT A (2) SUBJECT PROPERTY LEGAL DESCRIPTION MAP



Legend

- Existing Ski Lifts
- Fiber Optic Line
- HP Gas Line
- Snowbasin Ski Boundary
- Snowbasin Property Boundary
- County Boundary
- Townships & Ranges
- Sections



Notes

1 Aerial Courtesy of:
Utah AGRC 2005 National
Agricultural Imagery Program (NAIP)
(Morgan & Weber County)



APPLICATION FOR INDIVIDUAL PUBLIC OFFICIAL BOND

The submission of this application by the Applicant and its owners is authorization to the Company to obtain a credit report on the Applicant and its owners. The Company reserves all rights and legal duties associated with this application and any and all bonds issued as a result; including, but not limited to the right to handle or settle any claim or suit in good faith and the Company's decision shall be binding on the Applicant and its owners. This Agreement shall be in addition to and not in lieu of or in replacement of all other indemnity agreements.

Applicant Name (Exactly as shown on License or Bond) Please print or type				Social Security #	Date of Birth
Residence Address (Street and Number)		(City)	(State)	(Zip)	(Telephone #)
Billing Address (Street and Number)		(City)	(State)	(Zip)	(Telephone #)
Email Address			Amount of Bond	Effective Date	
Public Position			Years in Position	Previous Surety ☐ Yes ☐ No If yes, give name and reason for change.	
Complete Name and Address of Obligatee/Public Entity					

Elected ☐	Date:	Term of Office:	Premium will be paid: ☐ Annually? ☐ for term?	Member #/Agency Customer ID (if applicable)
Appointed ☐				

Please complete for bonds over \$150,000

Will Applicant Sign Checks? ☐ Yes ☐ No	Is countersignature required? ☐ Yes ☐ No By Whom?	Regular Audits? ☐ Yes ☐ No By Whom?
Are bank accounts reconciled by someone not authorized to deposit or withdraw from the accounts? ☐ Yes ☐ No	Applicant's Net Worth \$	Ever Discharged From any employment? ☐ Yes ☐ No Why?

For bonds over \$500,000, please also provide signed indemnity, applicant's resume, agent's recommendation, and a copy of the most recent audit, including the auditor's report on controls.

Agent's Recommendation of Applicant

INDEMNITY

The undersigned applicant and indemnitors hereby request Western Surety Company, Universal Surety of America, Surety Bonding Company of America and any affiliated company, their successors or assigns (with such company/companies referred to herein as the "Company") to become their surety. The undersigned applicant and indemnitors agree that an electronic signature, e-signature, electronic image and/or digital copy of any signature shall be considered an original and shall be admissible in a court of law to the same extent as an original signature. The undersigned applicant and indemnitors hereby represent and warrant: (a) they have a substantial, material, and/or beneficial interest in obtaining bonds; (b) all information provided to the Company is true, accurate and complete; and (c) they hold the title shown with their signature and that they are authorized by the business entity to execute this document. The undersigned applicant and indemnitors authorize the Company to verify this information at the time of application and as needed, on an ongoing basis and to obtain additional information from any source, including obtaining credit reports at the time of application, in any review or renewal, at the time of any potential or actual claim, or for any other legitimate purposes as determined by the Company in its reasonable discretion, and jointly and severally agree:

- (1) To pay premiums, including renewal premiums and any other charges, to the Company or its agents, when due.
- (2) To completely INDEMNIFY the Company from and against any liability, loss, cost, attorneys' fees and expenses whatsoever which the Company shall at any time sustain as surety or by reason of having been surety on this bond or any other bond issued for any applicant and or indemnitor, or for the enforcement of this agreement, or in obtaining a release or evidence of termination under such bonds, regardless of whether such liability, loss, costs, damages, attorneys' fees and expenses are caused, or alleged to be caused, by the negligence of the Company.
- (3) To furnish the Company with satisfactory and conclusive termination evidence that there is no further liability on this bond or any other bond issued for applicant.
- (4) Upon demand by the Company for any reason whatsoever, to deposit current funds with the Company in an amount sufficient to satisfy any claim against the Company by reason of such suretyship.
- (5) That the Company shall have the right to handle or settle any claim or suit in good faith and the Company's decision shall be binding and conclusive on the undersigned. An itemized statement of loss and expense incurred by the Company, shall be prima facie evidence of the fact and extent of the liability of the undersigned to the Company.
- (6) That the Company may decline to become surety on any bond and may cancel or amend any bond without cause and without any liability which might arise therefrom.
- (7) That the Company shall, without notice, have the right to alter the penalty, terms and conditions of any bond issued for undersigned, and this agreement shall apply to any such altered bond. The liability for the undersigned shall not be affected by the failure of the undersigned to sign any bond, nor any claim that other indemnity or security was obtained, nor by the release of any indemnity, nor the return or exchange of any collateral obtained and if any party signing this agreement is not bound for any reason, this agreement will still be binding on each and every other party.
- (8) That if a contract or performance bond is issued hereunder, the undersigned hereby assign to the Company any monies now due or hereafter becoming due under the contract, including all deferred payments and retained percentage, supplies, tools, plants, equipment and materials due or used on the contract.
- (9) At the Company's discretion, this indemnity agreement shall be governed in all respects by the laws of the State of South Dakota and the undersigned applicant and indemnitors consent to the jurisdiction of the courts of the State of South Dakota and the United States District Court for the District of South Dakota in all actions or proceedings arising from or relating to this indemnity agreement.
- (10) That this indemnity may be terminated by the undersigned, or any one or more parties so designated, upon written notice sent registered mail to the office of the Company at Sioux Falls, South Dakota 57103, of not less than twenty (20) days. In no event, shall any termination notice operate to modify, bar, discharge, limit, affect or impair the liability of any party hereto, for any bonds, undertakings and obligations executed prior to the date of the Company's receipt and notice of such termination.
- (11) In the event of any payment by the Company, to pay the Company interest on such amounts at the highest legal rate from the date such payments are made.

Signed this _____ day of _____, _____

"Indemnitor"

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

For your protection California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Agency _____
Address _____ Street
City State Zip
Agent's Code _____ - _____

AGENT: Check here if this correspondence was previously faxed or emailed to CNA Surety. ☐