

**AMENDMENT TO THE INTERLOCAL AGREEMENT
CREATING THE
GRAND WATER AND SEWER SERVICE AGENCY**

This Amendment to the Interlocal Agreement (“Amendment”) is entered into by and among the GRAND COUNTY WATER CONSERVANCY DISTRICT (the “Conservancy District”), a political subdivision of the State of Utah, organized and existing pursuant to authority of the Water Conservancy District Act, sections 17B-2a-1001 through -1008, Utah Code Annotated (2007), the GRAND COUNTY SPECIAL SERVICE WATER DISTRICT (the “Service District”), a political subdivision of the State of Utah, organized and existing pursuant to authority of the Utah Special Service District Act, sections 17A-2-1301 through -1332, Utah Code Annotated (2007), and the SPANISH VALLEY WATER AND SEWER IMPROVEMENT DISTRICT (the “Improvement District”), a political subdivision of the State of Utah, organized and existing pursuant to the Improvement District Act, sections 17B-2a-403 through -406, Utah Code Annotated (2007); (the Conservancy District, Service District, and Improvement District being sometimes referred to individually as a “District” or collectively as the “Districts”).

WITNESSETH:

WHEREAS, the Districts entered into an Interlocal Agreement pursuant to the Interlocal Cooperation Act (the “Act”), sections 11-13-101 through -314, Utah Code Annotated (2007), creating the Grand Water and Sewer Service Agency on September 28, 1998 (the Interlocal Agreement is referred to hereinafter as (“Agreement”) and the Grand Water and Sewer Service Agency is referred to hereinafter as (“Agency”);

WHEREAS, section VI of the Agreement provides that “[t]his Agreement may be changed, modified or amended, in writing, upon the agreement of the governing boards of the Districts”; and

WHEREAS, the Districts may need to expand the water and waste water facilities operated by the Agency to facilitate new growth within the boundaries of the Districts and will need to issue Agency Revenue Bond (“Bonds”) in order to finance the facilities expansion; and,

WHEREAS, the present ability of one of the Districts to withdraw from the Agreement upon short notice and without any provision for repayment of debt obligations existing as of the date of withdrawal may prevent the Agency from issuing bond and therefore the Districts desire to amend the Agreement according to the terms and conditions set forth below.

NOW THEREFORE, in consideration of the mutual covenants and promises by and among the Districts, and pursuant to the powers granted to each by the Constitution of Utah, the Act, and other statutes and laws of the State of Utah, the Districts agree as follows:

1. Section V of the Agreement shall be amended to read as follows:

V. TERMINATION OF AGREEMENT

(1) Termination

Any of the Districts may withdraw from the Agency upon two years written notice and with the express consent of the other two Districts, in accordance with the following conditions:

- a. Upon receipt of such notice, the Agency shall determine the amount of all outstanding debt and other financial obligations issued or incurred by Agency (exclusive of the Agency’s obligation to pay principal of and interest on District obligations under Section E(8)) (the “Bonds”) that were incurred during the existence of the Agency and are outstanding as of the date of such written notice of intent to withdraw.

b. The Agency will determine each member District's the proportionate share of all such Bonds based upon the structure of each such Bond, and so advise the Districts of their proportionate shares of the Bonds.

c. The District seeking to withdraw shall make satisfactory arrangements, including the consent of bond holders where necessary, to assume or timely repay its proportionate share of the outstanding Bonds in accordance with the terms and conditions of the outstanding Bonds and related Bond documents. Upon receipt of proof of satisfactory arrangements for repayment by the withdrawing District, the other two Districts will consent to the withdrawal. The remaining Districts will not unreasonably delay, withhold or condition their consent to withdrawal.

d. Until the withdrawing District's proportionate share of the Bonds is repaid, the withdrawing District will remain liable for its share of the Bonds.

(2) Relief from Future Agency Liability.

Upon repayment of its proportionate share of the Bonds outstanding as of the date of the notice of withdrawal, the withdrawing District shall be relieved of further liability with respect to the Bonds. A withdrawing District will not be liable for payment of any share of any debt or other financial obligation incurred by the Agency after the date of its written notice of withdrawal to the Agency.

(3) Agency Future Operation and Maintenance Obligation.

The Agency shall continue in existence and will continue to operate and maintain facilities of the remaining two Districts until all outstanding Bonds have been repaid. Upon repayment of all such Bonds, the Agency may dissolve upon the mutual consent of the remaining districts.

(4) Withdrawing District's Operation and Maintenance Obligation.

A withdrawing district, following the effective date of its withdrawal, shall be solely and separately responsible for providing the services of that District, and for the operation and maintenance of all water and sewer systems, buildings, facilities, equipment, grounds and improvements related thereto which are the separate properties of that District. This obligation is in addition to the withdrawing District's continuing obligation to pay its share of Bonds existing as of the date of withdrawal; even though the withdrawing District will no longer receive services from the Agency.

5. Termination of Agreement.

Upon dissolution of the Agency, this Agreement shall terminate and the remaining two Districts shall thereupon be solely and separately responsible for providing the services of each said District and the operation and maintenance of all water and sewer systems, buildings, facilities, equipment, grounds and improvements related thereto which are the separate properties of each District. The Agency may not dissolve until all Agency Bonds have been repaid or satisfactory arrangements have been made for the remaining individual District's to repay their proportionate share of such Debt existing as of the date of dissolution.

(6) Distribution of Assets upon Termination.

Upon termination of this Agreement, assets that are separately owned by the Agency, or the proceeds there from in the event of their sale, shall be divided among the Districts in equitable proportion to their initial capital contribution to the construction of the capital facilities, unless some other division is agreed to among the Districts, in writing, at the time of termination.

(7) Remainder of Agreement.


All other terms and conditions of the Agreement remain in full force and effect and are hereby ratified and confirmed by the Districts.

IN WITNESS WHEREOF, the parties have executed this Amendment this 16th day of October 2008.

GRAND COUNTY WATER CONSERVANCY DISTRICT

By: 
Chairman, Board of Directors

Approved as to form:


Attorney for Grand County Water
Conservancy District

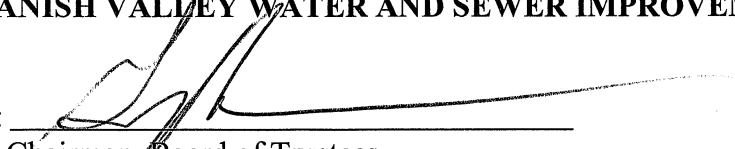
GRAND COUNTY SPECIAL SERVICE WATER DISTRICT

By: 
Chairman, Grand County Council, acting
as the Governing Authority of the District

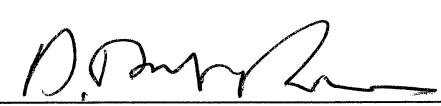
Approved as to form:


Attorney for Grand County Special Service
District

SPANISH VALLEY WATER AND SEWER IMPROVEMENT DISTRICT

By: 
Chairman, Board of Trustees

Approved as to form:


Attorney for Spanish Valley Water and
Sewer Improvement District