

JORDANELLE SPECIAL SERVICE DISTRICT

WATER RESERVATION POLICY

RESOLUTION NO. 2015-2

WHEREAS, the Jordanelle Special Service District (“District”), a special service district created by Wasatch County pursuant to Chapter 17D-1-101.1, et seq., Utah Code Annotated, was created in part to provide culinary and irrigation water delivery services to the area contained within the boundaries of the District within Wasatch County, Utah; and

WHEREAS, pursuant to the stated goals and policies of the District, to provide such water services, the District has entered into water contracts, acquired water shares or interests in water and secured water rights and delivery agreements in the name of the District in accordance with such goals and policies (“Water Supply”); and,

WHEREAS, in order to facilitate the anticipated development and growth within the boundaries of the District, and in order to provide the opportunity for property owners to secure and ensure a long-term water supply for future developments upon those properties for approval from Wasatch County, the District has adopted previous water reservation policy resolutions; and

WHEREAS, the District Administrative Control Board, pursuant to its creation documents, and statutory authorization and in furtherance of the goals and policies included in prior resolutions, including Resolution Nos. 99-15, 2001-15, 2001-15(a), 2003-12, 2009-17 and 2014-14, is desirous of and hereby does adopt by this Resolution, a Water Reservation Policy to further ensure that the intent of the District’s water reservation policy is affirmed and is applicable to all future Water Reservation Agreements between the District and property owners, or other entities within the boundaries of the District, wherein such owners or entities shall have

the opportunity to reserve a sufficient Water Supply for any anticipated growth and development of their properties within the District; and

WHEREAS, the Wasatch County Council, which is acting in its entirety, as the Administrative Control Board, has determined that this Resolution is adopted and is necessary to provide for the health, safety, convenience and general welfare of the property owners within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE ADMINISTRATIVE CONTROL BOARD OF THE JORDANELLE SPECIAL SERVICE DISTRICT, PURSUANT TO ITS AUTHORITY AS THE ADMINISTRATIVE CONTROL BOARD:

Section 1. Title. This resolution shall be and is entitled "Jordanelle Special Service District Water Reservation Resolution" ("Resolution").

Section 2. Effective Date. This Resolution shall become effective upon adoption by the Administrative Control Board of this Resolution and, as such, shall supplant and replace all other prior resolutions related to Water Reservation Agreements, specifically including but not limited to the following: Resolution Nos. 99-15, 2001-15, 2001-15(a), 2003-12, 2009-17 and 2014-14. Upon the effective date and adoption of this Resolution, all prior resolutions and policies, to the extent they are inconsistent with or do not comply with this Resolution, shall be rescinded and have no further force or effect as a policy of the District. However, any agreements, water reservation or contractual commitments of the District for reservation of the Water Supply pursuant to any prior resolutions of the District shall remain in effect to the extent they are consistent with and in compliance with this Resolution or determined by the District not to be related to this Resolution.

Section 3. General Purpose. It is the general purpose of this Resolution to establish a procedure and policy regarding the option to reserve an existing culinary and/or irrigation Water

Supply then held by the District for utilization by property owners, or entities located within the boundaries of the District, (or other areas pursuant to interlocal or interagency agreements), an annual quantity of Water Supply then available to the District at the time of the execution a Water Reservation Agreement for utilization by the property and developments thereon subject to the terms and conditions in a Water Reservation Agreement. A Water Reservation Agreement does not include the necessary commencement of development activity necessary for approval to connect to the District water system and shall be subject to any necessary approval of such necessary development activity by Wasatch County under its applicable policy and ordinances.

Section 4. Water Supply Included in the Water Reservation Agreements. Pursuant to this Resolution, the District, upon execution of a Water Reservation Agreement by a property owner(s), or agents of the property owners of those properties included in the Water Reservation Agreement identified by property parcel numbers shall, confirm that the District will make available, at delivery points specified in the Water Reservation Agreement only a Water Supply under then current applicable governmental approvals and subject to physical restrictions based on the request by the property owner(s) in the Water Reservation Agreement for a Water Supply equal to and based on an equivalent Residential Unit ("ERU"), which currently is defined as .9 acre feet of water annually. The Water Supply so reserved shall be reserved by the District for the entity entering into the Water Reservation Agreement to be made available at specified delivery points defined in the Water Reservation Agreement for utilization on the specified properties subject to any necessary capital improvements required to connect to the delivery points in an approval by Wasatch County.

Section 5. Options of Property Owners. The decision to execute a Water Reservation Agreement and ensure the District's availability of a Water Supply for property is solely and wholly an option for any property owner(s) or agent(s). All property owners, or entities within

the boundaries of the District, shall have and do continue to have the option to either enter into a Water Reservation Agreement pursuant to the terms of this Resolution, and/or acquire and deliver to the District water rights or water interests sufficient to satisfy the delivery and operational standards of the District for accepting the water rights or interests necessary for utilization by the District to satisfy any or all of the water delivery requirements of the proposed development as required by Wasatch County as the approving entity for such development. Any and all property owners or entities proposing development within the boundaries of the District shall retain and have this option or a combination of the option of delivering water rights and/or entering into a Water Reservation Agreement pursuant to this Resolution to satisfy the water requirements for their proposed development under the approval process of Wasatch County.

Section 6. Water Reservation. The fee charged by the District to reserve a Water Supply shall be based solely on the cost of service and includes any direct continuing costs, allocable indirect costs, and amounts to create and maintain reserve for repair and replacement for such costs. The amounts charged shall be directly allocable to the District's continuing obligation to maintain and secure a sufficient Water Supply to be made available for utilization by property owners within the District. Direct and allocable indirect costs are based on then existing and continuing contractual obligations of the District, including maintenance of the water sources and other directly related obligations which shall continue as specified in the District's annual budgeting process. These costs are continuing obligations of the District pursuant to its commitment and purpose under this Resolution and are not specific capital facility development costs which will be necessary to get approval from Wasatch County for development on the property.

Section 7. Initiation of a Water Reservation Agreement. If a property owner, or owners and other entities representing the property owner or owners as agents, desire, at their option, to

reserve and ensure the future available Water Supply from the District from the District's then existing Water Supply by entering into a Water Reservation Agreement, the entity so applying shall file an application with the District identifying the following:

(a) The properties included in the proposed area for use of the Water Supply to be reserved identified by the current property parcel numbers;

(b) The entity proposing to enter into the Water Reservation Agreement, which is either the owner of record of such parcels and/or parties who have agency or contractual relationships with the owners to pursue the possible development of the property;

(c) The specification of the amount of Water Supply based on Equivalent Residential Units so desired by the applicant for development on the parcels so identified. The actual quantity of water necessary for any development shall be based upon the standards then applicable state standards.

Section 8. Initial Payment. Upon execution of the Water Reservation Agreement, the District shall identify the potential water source(s) and delivery point(s) for such a proposed development, subject to the District's operation of its water facilities system and its ability to deliver from the specified delivery points. The Water Reservation Agreement does not and shall not guarantee or ensure that there are any capital facilities for water treatment, water transport, water storage or other necessary facilities to deliver water to the applicant's property from the specified delivery points. This obligation shall remain with and is a part of the obligation of the applicant to identify the necessary water treatment, transport, water storage and/or other necessary capital facilities to deliver water so reserved from the specified delivery points. It shall be the obligation of the applicant, through the planning process with Wasatch County and the Wasatch County Special Service Area No. 1, to review with the District all proposed water quantity, treatment, transport, storage and delivery facilities necessary for approval for compliance with

the engineering and design standards of the District presented by the applicant to both Wasatch County and the District for review and approval by the District prior to any commitment by the District to make available the reserved Water Supply under applicable review standards of Wasatch County. There shall be no guaranty of availability of any one delivery point among the specified delivery points at the time of entering into a Water Reservation Agreement unless there is approval by Wasatch County and the District of the necessary facilities to the development.

Section 9. Payment Obligations. Upon execution of the Water Reservation Agreement, the applicant shall pay the current year pro-rated annual charge for reservation of the Water Supply from the areas specified in the delivery points for the Water Reservation Agreement. Subsequent to the initial pro-rata payment, each calendar year's required annual charge for reservation of Water Supply is billed in advance and is due upon receipt at the beginning of each calendar year. In addition, the applicant shall pay on the anniversary date of the execution of the Water Reservation Agreement, an escrowed amount equal to four (4) year's annual payment at the then current annual rate, which shall be deposited by the District in an escrow reserve account dedicated to ensure future payments of the annual fees specified in the Water Reservation Agreement. Notwithstanding the anniversary date as noted above, upon the occurrence of platting or other determination approved by Wasatch County which authorizes a development dependent upon a Water Supply specified in the Water Reservation Agreement or a portion thereof, the necessary escrowed funds shall be retained by the District to secure future payments to the District for the Water Supply so dedicated up until and to the point when individual property owners have purchased such properties so platted or transferred from the applicant. Any authorization to commit the applicable Water Supply shall be subject to approval by Wasatch County and the District of a commitment to construct any necessary water delivery facilities to the proposed development. The entity holding the Water Reservation Agreement

shall not pledge, infer or otherwise represent that the Water Supply so reserved can be available to the entity, or its assigns, for use of the reserved Water Supply without the additional required approval of Wasatch County and the District of the commitment of the entity to construct the necessary water facilities required for approval of any proposed development on the entities' identified properties. The escrow balance, comprised of four (4) years' water reservation fees, will be analyzed at the end of each calendar year. If water reservation fees increase or amounts are used to meet the outstanding obligations in the Water Reservation Agreement, the District will bill for the calculated shortfall which is immediately due. If water reservation fees decrease or properties have sold, the District will refund the calculated excess in accordance with the then current budget.

Section 10. Transfer of Approved Water Reservation Water Supply. Upon such purchase or transfer of the Water Supply or a portion thereof, the District shall assign and transfer all obligations, including the fixed costs for the then applicable water reservation fees, administrative costs and repair and replacement obligations to the property owners so acquiring the property for the assigned Water Supply. Upon connection into the District water delivery system and the ability to deliver water from the District to the development on the property, the cost of service and the cost of the obligations shall include that portion of the existing costs for the applicable Water Supply reserved in the Water Reservation Agreement so transferred to those individual owners and included in the District budget for the operations budget and delivery of service by the District.

Section 11. Water Reservation Standby List. Pursuant to the Resolution, in order to ensure that all property owners within the District's boundaries have access the option to reserve a Water Supply, the District shall adopt a Water Reservation Standby List. Any property owner within the boundaries of the District who has not determined to enter into a Water Reservation

Agreement, but has a desire, at their option, to enter into a Water Reservation Agreement, such option shall be available when the District has determined the point at which the Water Supply then currently held by the District for utilization has been reserved. The District shall publish such notice. Any property owner may notify the District in writing of their intent and desire to be included in a Water Reservation Standby List. The notice shall be based on a specified amount of Equivalent Residential Units proposed by the property owner for the specified property. Upon receipt of such notice, the District shall record in the Water Reservation Standby List for those properties the amount of Water Supply requested. The fee for such a standby listing shall be \$5,000.00 per year payable to the District at the first and subsequent year for such a requested listing. If the District has available Water Supply to be utilized by those entities on the Water Reservation Standby List, the District shall notify in writing the property owners in the order of priority of so signing up as to the availability and the amount of water available for entering into a Water Reservation Agreement. Those parties shall have thirty (30) days from the date of notice to enter into a Water Reservation Agreement according to the terms of this Resolution. If the property owners do not so enter into a Water Reservation Agreement during that notice period, their right to do so under the Water Reservation Standby List shall be terminated and the next entities on that list shall be notified of such availability in accordance with this section of the Resolution.

Section 12. Termination. Any party entering into a Water Reservation Agreement may, upon notice to the District, terminate a portion or all of their reserved Water Supply under the following conditions:

(a) Such notice shall be given with a notice becoming effective at the expiration of whatever year is current with their current payment schedule.

(b) The termination shall allow for the party entering into the Water Reservation Agreement the right to reimbursement for a portion of any escrowed funds, excluding current year reservation fees and any penalties and interest outstanding.

Section 13. Transferability. Any party entering into a Water Reservation Agreement shall have the right to transfer the reserved Water Supply within the boundaries of any of the specified properties in their Water Reservation Agreement of any and all of the then current Equivalent Residential Unit commitments. Such transfers shall be effective upon notice to the District of such transfer and the transfer property identified in such a proposal in accordance with the forms provided by the District for such transfers. No Water Reservation Agreement Water Supply may be transferred to other specified properties once there is an assignment of the Water Supply or a portion of the Water Supply to properties which have been platted and/or conveyed to third parties for development as discussed herein above.

Section 14. Fees for Connected and Approved Properties. Any Water Supply assigned to a platted property or property approved for development shall continue to have the obligations to pay the applicable reservation fees related to the Water Supply so reserved.

Once a property is connected to the District water system and has the capability of receiving water service, the fees charged by the District will include the then on-going operation and maintenance fees for delivery of the Water Supply and a base fee equivalent to the then applicable reservation fees for the Water Supply to the connection to the District water system.