

AGENCY AGREEMENT

THE GRAND COUNTY WATER CONSERVANCY DISTRICT ("Conservancy District") and THE GRAND COUNTY SPECIAL SERVICE WATER DISTRICT ("Service District") were both formed for the purpose of developing and conserving the water supply available in the Grand County area, and to facilitate the development of water storage projects in that area. With the assistance of the Utah State Board of Water Resources, the Mill Creek Development Project ("Project") was designed. On August 16, 1979, the two districts jointly entered into an agreement with the State Board of Water Resources to finance construction of the Mill Creek Development Project according to the terms set forth in that agreement. On September 4, 1979, the two districts jointly let the construction contract for the project. It has been, and is, the intention of both districts to jointly participate in the construction and operation of the project, and that the project will be jointly owned and operated by both districts upon completion of the construction and repayment of the obligation to Water Resources. The joint construction and operation of the project will proceed on the following terms:

1. The Service District will provide 59.5% of the funds for construction and/or repayment of the construction obligations to Water Resources. The Conservancy District will provide 40.5% of the necessary funds. The Conservancy District shall be the managing and supervising entity for the construction of the Mill Creek Project. For accounting purposes in the construction and management of the project, all disbursements and income from the project shall be credited to the two districts in the following manner:

Service District	59.5%
Conservancy District	40.5%

2. Title to the project shall be jointly held with the ownership interests of the two districts corresponding to the percentages stated above. Liability on obligations relating to

the construction and operation of the project shall be divided in a like manner.

3. Bank accounts for the construction of the project and repayment of construction obligations shall be kept in the name of the Conservancy District, with a ledger showing the allocation of funds between the two districts on the basis described above. All disbursements shall be charged against the account of each district in the proportions stated above. Only funds relating to the construction and repayment obligations and the joint operation of the project shall be kept in this account. Funds derived from or used for other purposes not related to the construction or operation of the project shall be kept in a separate account kept by each district. Legal, consulting and engineering fees incurred in relation to construction are to be treated as construction expenses.

4. The Service District hereby appoints the Conservancy District as its agent for the approval of construction progress payments for the period of construction. The Service District also appoints the Conservancy District as its agent for purposes of making payments on the construction obligation incurred by both districts in the August 16, 1979 agreement between the districts and the State Board of Water Resources. This appointment as agent shall last for the duration of the obligation.

5. In matters unrelated to the construction of the Mill Creek Project, the two districts shall retain their separate identities and functions and shall not be jointly operated unless and until a joint operation agreement is entered into.

6. The Conservancy District shall have the primary responsibility for the operation of the project during the construction and pay-out period, but shall consult with the Service District in order to operate the project for the mutual benefit of both districts and the fulfillment of their joint and individual needs to the extent possible.

7. This agreement may be terminated upon the consent of both districts and will terminate of its own terms at the conclu-

sion of the pay-out period described in the agreement with Water Resources. Neither district may terminate its participation in this agreement prior to the satisfaction of the obligation with Water Resources without first making adequate provision for the payment of its portion of that obligation.

8. The Service District agrees to deposit an amount sufficient to meet its share of the obligation described in the August 16, 1979 agreement with Water Resources in the construction account as soon as its tax collection is completed each year, and to maintain a sufficient tax levy to meet its share of the obligation for the duration of the obligation to Water Resources. The Conservancy District shall have no obligation to pay more than its share of any payment to Water Resources or to the Contractor out of its portion of the joint bank account.

9. In the event of a breach of this agreement by either district, the other district may seek specific performance or money damages in a court of competent jurisdiction.

DATED this 15th day of October, 1979.

THE GRAND COUNTY WATER CONSERVANCY
DISTRICT

By Ken E. McDougald
Ken E. McDougald
President & Chairman of the Board

THE GRAND COUNTY SPECIAL SERVICE
WATER DISTRICT

By Ken E. McDougald
Ken E. McDougald
Chairman

I, David J. Bretzke, Secretary of The Grand County Water Conservancy District, attest that the foregoing instrument was signed by Ken E. McDougald as President and Chairman of the Board of Directors of The Grand County Water Conservancy District and that he signed the foregoing instrument pursuant to

authority granted by the Board of Directors in a resolution duly passed on the 15th day of October, 1979.

David J. Bretzke
David J. Bretzke
Secretary

The undersigned, a Notary Public, hereby duly acknowledges that he/she witnessed the signatures of Ken E. McDougald as President and Chairman of the Board of The Grand County Water Conservancy District and David J. Bretzke as the secretary of said entity.

Bulah Crossman
NOTARY PUBLIC
Residing at: Moab, Utah

My Commission Expires:

November 15, 1982

I, E.L. Schumaker, Secretary of The Grand County Special Service Water District, attest that the foregoing instrument was signed by Ken E. McDougald as Chairman of The Grand County Special Service Water District and that he signed the foregoing instrument pursuant to authority granted by the Board of Directors in a resolution duly passed on the 15th day of October, 1979.

E.L. Schumaker
E.L. Schumaker
Secretary

The undersigned, a Notary Public, hereby duly acknowledges that he/she witnessed the signatures of Ken E. McDougald as Chairman of The Grand County Special Water District and E.L. Schumaker as the secretary of said entity.

Bulah Crossman
NOTARY PUBLIC
Residing at: Moab, Utah

My Commission Expires:

November 15, 1982