

## SERVICE BOUNDARY AGREEMENT

This "SERVICE BOUNDARY AGREEMENT" ("**Agreement**") is made and entered into and effective by and between Johnson Water Improvement District, a Special Service District, ("**JWID**") and Roosevelt City of Roosevelt, Utah, a Municipal Corporation ("**Roosevelt**"), on this 1st day of July, 2019 ("**Effective Date**"). JWID and Roosevelt are herein referred to individually as a "**Party**" and collectively as the "**Parties.**"

### Recitals

A. Whereas, JWID is a Utah special service district owning, operating, and maintaining infrastructure to supply water to areas located within portions of Roosevelt City and unincorporated Duchesne County for industrial and culinary uses ("**JWID's Service Area**").

B. Whereas, Roosevelt owns, operates, and maintains infrastructure to provide water and sewer services to its residents.

C. Whereas, Roosevelt has approved connections to provide industrial and culinary water to individuals and/or entities within JWID's Service Area.

D. Whereas, both JWID and Roosevelt have covenanted to their respective bondholders that they "will resist all attempts by other political subdivisions to annex all or any part of the territory now or hereafter in [JWID or Roosevelt] or served" by their respective water systems.

E. Whereas, both JWID and Roosevelt recognize that their covenants to bondholders that they "will resist all attempts ... to annex" applies only to water service areas and not to Roosevelt City's ability to generally annex new areas into the City.

F. Whereas, both JWID and Roosevelt have covenanted to their respective bondholders that they will "not sell, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof" for their respective water systems.

G. Whereas, the Parties desire to enter into this Agreement as a means to enhance residential and business growth by cooperatively working together to ensure the availability of quality culinary and industrial water while also resolving their dispute concerning encroachments on JWID's Service Area.

H. Whereas, the Parties also desire to avoid duplication and overlapping water systems and service and the waste of public resources attendant to overlapping and duplicating service areas.

NOW, THEREFORE, for the mutual promises herein contained and other good and valuable consideration herein described, the receipt and adequacy of which is hereby acknowledged, JWID and Roosevelt agree, and covenant as follows:



## Agreement

1. **JWID Service Area.** The Parties acknowledge and agree that JWID's Service Area is that area designated on the JWID Final Local Entity Plat on file with the Lieutenant Governor's Office and approved by the Duchesne County Surveyor ("**JWID's Service Area**"). Roosevelt agrees to honor and respect the boundaries of JWID's Service Area and, except as provided in Section 2, below, shall not provide any culinary or industrial water to any residences, businesses, or any other customers located within JWID's Service Area without the express written consent of JWID, which may only be provided by the JWID Board of Trustees. The provisions of this Section 1 shall survive termination of this Agreement.

2. **Authorized Services within JWID Service Area.** Notwithstanding Section 1, above, the Parties acknowledge and agree that, as of the Effective Date of this Agreement, Roosevelt is authorized to provide exclusive service of culinary or industrial water to existing and future residences and/or businesses that are located within the Service Agreement Boundary, as defined in **Exhibit A**, which is attached hereto and incorporated herein (the "**Service Agreement Boundary**").

3. **Service to Industrial Park.** As of the Effective Date of this Agreement, JWID shall terminate service and transfer to Roosevelt all infrastructure in the Industrial Park Area, defined as that land located within Sections 25, T2S, R2W, USM and 30, T2S, RI W, USM, located within the **Service Agreement Boundary** as depicted on **Exhibit A**, attached hereto and incorporated herewith (the "**Industrial Park Area**"). Roosevelt shall be authorized to provide all water services to all customers located within the Industrial Park Area. Roosevelt shall be responsible for all construction and costs associated with the transfer of such infrastructure, and JWID transfers such infrastructure "AS IS," "WHERE IS," without expressed or implied warranties of any kind, with JWID expressly disclaiming any warranties as to the SUITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

4. **Meters.** Roosevelt shall use their current software to send to JWID on a monthly basis, a spread sheet via an e-mail attachment showing the meter data of all connections within the Service Agreement Boundary. This data shall include: 1. the account number, 2. name of the customer, 3. the MXU (or other radio number) 4. address of the connection, 5. the current reading, 6. the prior reading, and 7. the usage amount for each connection.

5. **Payment to JWID.** Roosevelt shall determine the total quantity of water delivered by it within JWID's Service Area, as authorized by this Agreement, by reading each individual connection meter located inside the Service Agreement Boundary on a monthly basis to determine usage and then adding the usage from all connections to determine the total amount of water used inside of the Service Agreement Boundary. Roosevelt City shall compensate JWID each calendar quarter. Payments shall be due thirty (30) days after each quarter ends. The initial rate of compensation shall be \$.50 per thousand gallons delivered ("**Water Delivery Rate**"). The initial Water Delivery Rate shall not be adjusted during the first three years following the Effective Date of this Agreement. At the conclusion of the third year of this Agreement, the Water Delivery Rate



shall become subject to modification every subsequent time JWID changes the rate charged to its residential customers in a percentage equal to the percentage of increase or decrease to JWID residential customers. Modifications shall become effective upon 90 days written notice or whenever the corresponding increase to JWID residential customers takes effect, whichever is later. Increases shall not exceed five (5) percent in any one-year period.

6. **JWID's Installation of Infrastructure.** When installing infrastructure within Roosevelt City limits after the Effective Date, JWID shall comply with all adopted Roosevelt City Standards in existence at the time of installation, including, but not limited to, fire flow and upgrades to existing infrastructure. JWID shall provide the City with advance notice of the installation and an opportunity to inspect the installation upon completion.

7. **Fire Flow Reporting and Upgrades.** JWID agrees to test and document flow of all JWID owned fire hydrants located within Roosevelt City boundaries on an annual basis. JWID further agrees to provide test results to Roosevelt within thirty (30) days of JWID's receipt of the results. JWID agrees to bring all existing JWID lines into compliance with Roosevelt City Fire Flow standards within five (5) years of the Effective Date of this Agreement.

8. **JWID's Cooperation for Delinquent Accounts.** Upon receipt of written notice from the City that a JWID customer is delinquent in payment fees to the City, JWID shall notify the customer that a failure to pay the delinquent charges shall result in an interruption of water service from JWID. In the event the City notifies JWID that the delinquency has not been cured within seven (7) days of JWID's notice, JWID shall discontinue water service to the delinquent customer until the City notifies JWID that the delinquency has been cured.

9. **Assurance of Best Efforts for Growth within Roosevelt City.** Any individual or entity applying for a water connection in a location where Roosevelt City's boundaries, as they may be amended, overlap JWID's boundaries but that is outside of the Service Agreement Boundary described in Section two (2), above, shall apply for service with JWID. JWID hereby agrees to respond, in writing, to all applications for service meeting these criteria within sixty (60) days of JWID's receipt of a complete application by either committing to provide water or declining to provide water. In the event JWID agrees to provide water pursuant to this Section, JWID shall provide a connection that is fully functional no later than six (6) months after the issuance of a building permit provided all connection fees have been paid. In the event that JWID either: 1) declines to provide water in writing; or 2) does not respond in writing within sixty (60) days of JWID's receipt of a complete application; or 3) fails to provide a fully functional connection within the time frame set forth in this Section, then Roosevelt City shall be allowed to install all necessary infrastructure and provide the connection. The Service Agreement Boundary shall then be amended to include all connections authorized pursuant to this Section 9 and all terms of this Agreement shall apply to the amended boundaries.

10. **Axia Cobble Hollow Pit Meter.** JWID shall be paid the rate specified in Section 5 for all water sold to at the Axia Cobble Hollow Pit meter, starting at the day the meter was installed, regardless of the fact that the meter's installation preceded the Effective Date of this Agreement.



After the Effective Date of this Agreement the price paid to JWID for any water sold through the Axia Cobble Hollow Pit Meter to any entity other than Axia Energy or its successors must be approved by the board of JWID.

11. **Bondholder Consent.** JWID and Roosevelt have shared the contents of this Agreement with their respective bondholders and obtained the consent of their respective bondholders to redefine their respective Systems and where applicable to transfer portions of their systems in consideration for the covenants contained herein.

12. **Dispute Resolution.** In the event of a dispute between the Parties related to this Agreement, the Parties shall submit this matter to formal mediation before any judicial action may be initiated thereon, unless an immediate court order is needed. If the statute of limitations period will run before mediation can reasonably be completed, the Parties agree that they will enter into a tolling agreement to toll the statute of limitations in case formal mediation is unsuccessful. The Parties will endeavor to reasonably agree upon a mediator and to mediate in good faith.

13. **Sunset Provision.** The Parties acknowledge that the utility of this Agreement may evolve over the course of time and that it is appropriate that such evolution be addressed by modifications to the Agreement. Boundaries may change, operational and financial requirements may evolve, time periods in Sections 5 and 9 may need to be adjusted. Accordingly, the parties shall meet within ninety (90) days of December 31, 2035, to review all provisions of this Agreement, except for the provisions of Section 1, which shall survive termination of this Agreement, to determine whether the Agreement should be renewed, modified or terminated.

14. **Liquidated Damages.** In the event a party violates the provisions of Section 1, above, that Party shall forfeit ownership of the connection determined to be a violation of this Agreement to the non-violating party. Any connection forfeited pursuant to this Section 14 shall be invoiced and collected by the non-violating party. The forfeiting party shall be responsible to supply water in a quantity and quality comparable to that of its own equivalent customers and shall be entitled to no compensation from the customer or from the receiving party.

15. **No Third-Party Beneficiaries.** This Agreement is not intended to be a third-party beneficiary contract for the benefit of any third parties. This Agreement shall not be construed as the creation of a joint venture, partnership, or joint undertaking between JWID and Roosevelt.

16. **Notice.** Any notice provided for or concerning this Agreement shall be in writing and shall be deemed sufficiently given when personally delivered or sent by U.S. Mail to the respective addresses of Roosevelt and JWID as set forth below:

If to JWID:

Johnson Water Improvement District  
3748 W Highway 87  
Roosevelt, Utah 84066