

expansion or connection by Aqua of the water utility system serving the Service Area would be materially adversely affected thereby.

#### 10.4 Operations and Maintenance Contract

Following the execution of this Agreement by all parties, the parties shall use their reasonable efforts to arrange for Aqua to take over the operations of the water system in advance of, and in anticipation, of the Closing. The parties shall cooperate in connection with the timing of the termination of the agreement with the current operator, with the intention that Aqua, pending Closing, would provide its operational services for the same fee that was being paid under that agreement.

#### 10.5 Road Standards

The parties to this Agreement shall review Association's existing standards for the opening and restoration of roads and shall either confirm those standards or develop new standards that will apply to the repair of leaks and the installation of new pipelines. Once confirmed or established, those standards shall be complied with by Aqua and by any builders/developers or contractors that are working in the Lake Holiday community.

#### 10.6 Contingent Payments

For each calendar year after the calendar year in which the Closing occurs, limited to an overall period of fifteen (15) consecutive years, Aqua shall pay the Association the amount of Thirty-Eight Thousand Dollars (\$38,000.00) per year from the tapping fees collected that year, provided that the following shall have occurred:

For the first eight (8) calendar years after the calendar year in which the Closing occurs:

at least seventy (70) homes shall have connected to Aqua's water system serving the Service Area during that particular calendar year;

For years nine (9) through fifteen (15):

at least thirty (30) homes shall have connected to Aqua's water system serving the Service Area during that particular calendar year.

If the number of homes connected in any calendar year exceeds the minimum required number of 70 in each of the first 8 years and 30 in each of the following 7 years, that excess amount of homes shall be treated as being placed in the Excess Home Bank. Homes that are withdrawn from the Excess Home Bank shall reduce the number of homes that remain in the Excess Home Bank. For example, if 90 homes connect in each of the first 3 years, there shall be 60 homes in the Excess Home Bank. To continue this example, if in a subsequent year the number of new home connections is less than the number required to meet the required target for that year, the Association would be able to withdraw from the Excess Home Bank to make up the

deficit for that year, meeting the required number of homes connected and entitling the Association to the payment of \$38,000 for that year.

If the Association is entitled to a payment based on the number of homes connected in a particular calendar year, Aqua shall make that payment prior to February 1<sup>st</sup> of the following year. In no event shall the total payments for the fifteen (15) year period exceed Five Hundred Seventy Thousand (\$570,000.00).

#### 10.7 Improvement to Water Systems

(a) It is anticipated that Aqua will need to spend approximately \$4,000,000 on the water system in the first five years of its ownership of the Assets. The project priorities will be within the professional discretion of Aqua, consistent with Aqua's role as the utility responsible for providing water utility service to the Service Area. Aqua and Association will cooperate in the course of planning major system improvements, however, all decisions with respect to such improvements will be the sole responsibility of Aqua.

(b) Aqua intends to retain Will Detweiler as a consultant following Closing to coordinate transitional issues and to provide enhanced communications and services.

(c) Representatives of Aqua will be available to attend meeting of the Association on a periodic basis with reasonable advance notice.

#### 10.8 Compliance with Regulations and Standards

(a) Aqua shall be responsible for complying with the regulations and standards of the Virginia Department of Health Office of Water Programs and the Virginia Department of Environmental Quality, as they pertain to the water supply and water treatment systems, in satisfaction of Resolution No. 2002-6.

#### 10.9 Status of Pre-Paid Tapping Fees

Except as identified on Schedule 10.9, Seller and Association represent and warrant to Aqua that no builder, developer, lot owner, or any other person or entity has pre-paid tapping fees (or is entitled to any credit against a tapping fee) with respect to any lots that are not connected to the water or sewer systems as of the date of execution of this Agreement.

#### 10.10 Land for Water Facilities

Aqua and the Association shall cooperate to assist Aqua in obtaining the benefit of certain prior arrangements for the water utility at Lake Holiday to obtain reasonable land sites in Sections 5B, 5C, 9, 10, 11 and/or 12 and other areas of the development for the purpose of investigating well sites and installing wells, treatment buildings, tanks and booster stations, including the sites that were identified by Aqua's hydro geologist on the map that is attached hereto as Schedule 10.10.