

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 20, 2018**

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**GLOBAL WATER RESOURCES, INC.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of other jurisdiction  
of incorporation)

**001-37756**  
(Commission  
File Number)

**90-0632193**  
(IRS Employer  
Identification No.)

**21410 N. 19th Avenue #220, Phoenix, Arizona 85027**  
(Address of principal executive offices, including zip code)

**Registrant's telephone number, including area code: (480) 360-7775**

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

### *Cautionary Note Regarding Forward-Looking Statements*

This Current Report on Form 8-K contains forward-looking statements within the meaning of federal securities laws and which are subject to certain risks and uncertainties, including statements regarding the intended use of proceeds from the revolving credit facility described herein. These statements may be identified by the use of words such as “could,” “would,” “may,” “might,” “will,” “expect,” “likely,” “believe,” “continue,” “anticipate,” “estimate,” “intend,” “plan,” “project” and other similar expressions to identify some forward-looking statements, but not all forward-looking statements include these words. All forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, including those described in our Annual Report on Form 10-K for the year ended December 31, 2017. Accordingly, investors are cautioned not to place undue reliance on any forward-looking statements, which reflect management’s views as of the date of this Current Report on Form 8-K.

#### **Item 1.01 Entry Into Material Definitive Contract.**

##### *Loan Agreement*

On April 20, 2018, Global Water Resources, Inc. (the “Company”) entered into a loan agreement (“Loan Agreement”) with MidFirst Bank, a federally chartered savings association, on the terms and subject to conditions set forth in the Loan Agreement, for a revolving credit facility in the maximum principal amount of \$8.0 million. The Company intends to use the proceeds for future acquisitions and general corporate purposes.

Borrowings under the Loan Agreement will bear interest at a rate equal to the London Interbank Offered Rate (“LIBOR”) plus 2.25%. The scheduled maturity date is April 30, 2020, subject to certain prepayment requirements upon change of control.

The obligations under the Loan Agreement are guaranteed by Global Water, LLC and West Maricopa Combine, LLC, each a wholly owned subsidiary of the Company (together, the “Guarantors”). In addition, the obligations under the Loan Agreement are secured by a lien against the stock and equity interests of all direct and indirect subsidiaries of the Company and other property constituting collateral. For additional information, see “Guaranty Agreements” and “Pledge and Security Agreements” below.

The Loan Agreement contains a debt service coverage ratio financial maintenance covenant and contains certain restrictive covenants that limit, among other things, the Company’s ability to: create liens and other encumbrances; incur additional indebtedness; merge, liquidate or consolidate with another entity; dispose of or transfer assets; make distributions or other restricted payments; engage in certain affiliate transactions; and change the nature of the business. The foregoing covenants are subject to various qualifications and limitations as set forth in the Loan Agreement. Pursuant to the Loan Agreement, the revolving credit facility will be subject to certain customary events of default after which the revolving credit facility may be declared due and payable if not cured within the grace period or, in certain circumstances, may be declared due and payable immediately.

The foregoing summary of the terms of the Loan Agreement is qualified in its entirety by the Loan Agreement, which is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

##### *Guaranty Agreements*

On April 20, 2018, each of the Guarantors entered into a Guaranty Agreement (collectively, the “Guaranty Agreements”) for the benefit of MidFirst Bank, pursuant to which each Guarantor jointly and severally guaranteed the Company’s obligations under the Loan Agreement.

The foregoing summary of the terms of the Guaranty Agreements is qualified in its entirety by the Guaranty Agreements, each of which is attached as Exhibits 10.2 and 10.3 to this Current Report on Form 8-K and incorporated herein by reference.

### *Pledge and Security Agreements*

On April 20, 2018, each of the Company and the Guarantors entered into a Pledge and Security Agreement (collectively, the “Pledge and Security Agreements”) with U.S. Bank National Association, as collateral agent (the “Collateral Agent”) for MidFirst Bank, relating to the collateral securing the revolving credit facility.

The foregoing summary of the terms of the Pledge and Security Agreements is qualified in its entirety by the Pledge and Security Agreements, each of which is attached as Exhibits 10.4, 10.5, and 10.6 to this Current Report on Form 8-K and incorporated herein by reference.

### *Amendment No. 2 to Note Purchase Agreement and Amendment No. 1 to Security Agreements*

On April 20, 2018, the Company entered into Amendment No. 2 to Note Purchase Agreement dated May 20, 2016 and Amendment No. 1 to Security Agreements dated as of June 24, 2016 (the “Amendment Agreement”) with the Guarantors, the Collateral Agent, and each of the noteholders party thereto (the "Noteholders").

The Amendment Agreement amends the Note Purchase Agreement, dated May 20, 2016, by and among the Company and the Noteholders, for the purposes of, amongst others, modifying certain defined terms to reflect the revolving credit facility and making certain corrective changes. The Amendment Agreement also amends the separate Pledge and Security Agreements, each dated June 24, 2016 (collectively, the “Original Security Agreements”), entered into among the Company and the Guarantors and the Collateral Agent, for the purpose of making certain corrective changes.

The foregoing summary of the terms of the Amendment Agreement is qualified in its entirety by the Amendment Agreement, which is attached as Exhibit 10.7 to this Current Report on Form 8-K and incorporated herein by reference.

### **Item 2.03      Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information required by this item is included under "Loan Agreement" in Item 1.01 of this Current Report on Form 8-K and incorporated herein by reference.

### **Item 9.01      Financial Statements and Exhibits.**

#### **(d) Exhibits**

Exhibit No.	Description
10.1	<a href="#"><u>Loan Agreement, dated April 20, 2018, by and between Global Water Resources, Inc. and MidFirst Bank</u></a>
10.2	<a href="#"><u>Guaranty Agreement, dated as of April 20, 2018, by Global Water, LLC</u></a>
10.3	<a href="#"><u>Guaranty Agreement, dated as of April 20, 2018, by West Maricopa Combine, LLC</u></a>
10.4	<a href="#"><u>Pledge and Security Agreement, dated as of April 20, 2018, by and between Global Water Resources, Inc. and U.S. Bank National Association, as collateral agent</u></a>
10.5	<a href="#"><u>Pledge and Security Agreement, dated as of April 20, 2018, by and between Global Water, LLC and U.S. Bank National Association, as collateral agent</u></a>
10.6	<a href="#"><u>Pledge and Security Agreement, dated as of April 20, 2018, by and between West Maricopa Combine, LLC and U.S. Bank National Association, as collateral agent</u></a>
10.7	<a href="#"><u>Amendment No. 2 to Note Purchase Agreement dated May 20, 2016 and Amendment No. 1 to Security Agreements dated as of June 24, 2016, dated April 18, 2018, by and among Global Water Resources, Inc., Global Water, LLC, West Maricopa Combine, LLC, U.S. Bank, National Association, as collateral agent, and the noteholders party thereto.</u></a>

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GLOBAL WATER RESOURCES, INC.

Date: April 24, 2018

/s/ Michael J. Liebman

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Michael J. Liebman

Chief Financial Officer

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MIDFIRST BANK

TO

GLOBAL WATER RESOURCES, INC.

\$8,000,000 Secured Revolving Credit Facility due April 30, 2020

—————  
LOAN AGREEMENT  
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Dated as of April 20, 2018

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**GLOBAL WATER RESOURCES, INC.**  
**Attn: Michael J. Liebman**  
**Chief Financial Officer**  
**21410 North 19th Avenue, Suite 220**  
**Phoenix, Arizona 85027-2738**  
***E-Mail-mike.liebman@gwresources.com***

\$8,000,000 Secured Revolving Credit Facility due April 30, 2020

MIDFIRST BANK  
Commercial Banking  
3030 East Camelback Road  
Phoenix, Arizona 85016  
E-mail—rory.nordvold@midfirst.com  
Fax—602-801-5110  
Attn: Rory Nordvold  
First Vice President

Execution Date: April 20, 2018

Ladies and Gentlemen:

Global Water Resources, Inc., a Delaware corporation (with any successor pursuant to Section 8.2 the “**Company**”), agrees with Midfirst Bank, a federally chartered savings association (the “**Bank**” and with the Company the “**Parties**”), as follows:

**SECTION 1. REVOLVER.** The Bank will provide the Company during the Availability Period a revolving credit facility in the maximum principal amount of \$8,000,000.00 (the “**Revolver**”), which will be primarily evidenced by and payable pursuant to this Agreement and a Multiple Advance Note executed by the Company and payable to the order of the Bank in the form of Schedule 1 (the “**Revolver Note**”). References to a “Schedule” are to a schedule attached hereto, and to a “Section” are to a Section hereof, in either case unless otherwise specified. Some capitalized terms used in this Agreement are defined in Schedule A.

**SECTION 2. CLOSING.** The execution and delivery of the initial Revolver Documents will occur as of the above date (the “**Execution Date**”) at the offices of Ryley, Carlock & Applewhite, P.C., Suite 1200, One North Central Avenue, Phoenix, Arizona 85004-4417, at a closing (the “**Closing**”) on the Execution Date or such later Business Day as may be approved by the Parties. At the Closing the Company will execute and deliver to the Bank the Revolver Note and the Bank will make or credit advance(s) from the Revolver: (a) to pay any initial Closing Costs not paid by the Company pursuant to Section 3.6; and (b) in such amount then available from the Commitment as has been requested by the Company by credit to an account designated by the Company and maintained with the Bank. If at the Closing the Company fails to tender the Revolver Note or any condition specified in Section 3 is not fulfilled to the Bank’s Good Faith satisfaction, the Bank may elect to be relieved of all further obligations under this Agreement.

**SECTION 3. CLOSING CONDITIONS.** The Bank's providing of the Commitment and obligation to advance any proceeds of the Revolver are subject to the fulfillment, prior to or at the Closing, of the following conditions:

**Section 3.1 Representations and Warranties.** All representations and warranties of any of Obligor in this Agreement or either of the initial Subsidiary Guaranties shall be correct at the Closing.

**Section 3.2 Performance; Default.** Each Obligor shall have performed and complied with all agreements and conditions in the Revolver Documents required to be performed or complied with by it prior to or at the Closing. From the Execution Date to and until the Closing, before and immediately after giving effect to the issuance of the Revolver Note, no uncured Default or Event of Default shall exist. Neither the Company nor any Subsidiary shall have entered into any transaction since September 30, 2017, that would have (absent a received consent or approval) been prohibited by Section 8 had Section 8 applied since such date.

**Section 3.3 Officer's Certificate.** The Company shall have delivered to the Bank an Officer's Certificate, dated as of the Closing, certifying: (a) that the conditions specified in Sections 3.1, 3.2 and 3.7 have been fulfilled; and (b) as to the (i) resolutions attached thereto and other corporate and company proceedings relating to the authorization, execution and delivery of the Revolver Documents, and (ii) Company Group's organizational documents then in effect.

**Section 3.4 Opinion of Counsel.** The Bank shall have received an opinion in form and substance satisfactory to the Bank, dated as of the Closing from Squire Patton Boggs (US) LLP, counsel for the Company, covering the matters in Schedule 3.4 and such other matters incident to the Revolver and Revolver Documents as the Bank may request in Good Faith, and the Company instructs its counsel to deliver such opinion to the Bank.

**Section 3.5 Law.** At the Closing the Bank's acquisition of the Revolver Note and providing of the Revolver pursuant to this Agreement will: (a) be permitted by the Laws of each jurisdiction to which the Bank is subject, without recourse to provisions permitting limited investments by banks without restriction as to the character of the particular investment or collateral; (b) not violate any applicable Law (including Regulation U of the Federal Reserve System); and (c) not subject the Bank to any tax, penalty or liability under or pursuant to any applicable Law which is not in effect on the Execution Date.

**Section 3.6 Closing Costs.** The Company shall have paid (or the Bank shall advance from the Revolver) on or before the Closing the Closing Costs, including the reasonable fees and disbursements of the Bank's counsel to the extent reflected in a statement rendered to the Company at least one Business Day prior to the Closing.

**Section 3.7 Structure.** Except as otherwise disclosed by Schedule 3.7, none of the Company Group shall have changed its name, form or jurisdiction of organization, or been a party to any merger or consolidation, or disposed of any substantial part of its assets, or succeeded to any substantial part of the assets or liabilities of any other Person, at any time following the date of the most recent financial statements referred to in Schedule 4.5.

**Section 3.8 Security Documents.** Each of the Security Documents (including a Collateral Agency Agreement) shall: (a) at Closing be in form and substance satisfactory to the Bank; (b) have been fully executed and delivered by each named signatory thereto; (c) be in full force and effect with all conditions precedent satisfied; and (d) have been filed, registered or published in any jurisdictions (or other actions taken) necessary to perfect any Liens thereof.

**Section 3.9 Subsidiary Guaranties.** Global Water and West Maricopa shall each have executed and delivered a Subsidiary Guaranty and both such Subsidiary Guaranties shall be in full force and effect.

**Section 3.10 Proceedings and Documents.** All corporate, company and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to the Bank, and the Bank shall have received all such counterpart originals or certified or other copies of such documents as the Bank may require in Good Faith.

**SECTION 4. REPRESENTATIONS AND WARRANTIES.** The Company represents and warrants to the Bank that:

**Section 4.1 Organization; Authority.** The Company is a corporation duly organized, validly existing and in good standing under the Laws of Delaware and is duly qualified as a foreign corporation and in good standing in each other jurisdiction in which qualification is required by Law, other than any jurisdictions as to which the failure to be so qualified or in good standing could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or lease the Properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Revolver Note and the Collateral Agency Agreement and to perform the provisions thereof.

**Section 4.2 Authorization.** This Agreement, the Revolver Note, the Security Agreement to be executed by the Company and the Collateral Agency Agreement have been duly authorized by all necessary action on the part of the Company, and constitute the legal, valid and binding Obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by: (a) bankruptcy, insolvency, reorganization, moratorium, receivership, conservatorship, arrangement or similar Laws affecting the enforcement of creditors' rights generally; and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

**Section 4.3 Disclosure.** This Agreement, the financial statements listed in Schedule 4.5 and any other documents, certificates and writings delivered to the Bank by or on behalf of the Company prior to the Closing in connection with the Revolver and identified in Schedule 4.3 (collectively "**Disclosure Documents**"), taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make any statements therein not misleading in light of the circumstances under which they were made. Except as may be disclosed in the Disclosure Documents, since December 31, 2016, there has been no change in the financial condition, operations, business, properties or prospects of the Company Group that could,

individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that is not described herein or in the Disclosure Documents.

#### **Section 4.4 Subsidiaries; Affiliates.**

(a) Schedule 4.4 contains (except as may be noted therein) complete lists of the: (i) Subsidiaries, showing as to each its name, jurisdiction of organization, and percentage of Equity Interests outstanding owned directly or indirectly by the Company Group; (ii) Company's other Affiliates, if any; and (iii) Company directors and senior officers.

(b) All outstanding shares of capital stock, membership interests or other Equity Interests of each Subsidiary shown in Schedule 4.4 as being owned by the Company Group have been validly issued, are fully paid and non-assessable and are owned by the Company or a Subsidiary free and clear of any Lien prohibited by Section 8.5.

(c) Each Subsidiary is a legal entity duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by Law, other than jurisdictions as to which the failure to be so qualified or in good standing could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate, company or other similar power and authority to own or lease the Properties it purports to own or lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is subject to any legal, contractual or other restriction (other than this Agreement, the Note Purchase Agreement and the agreements listed on Schedule 4.4(D) and customary limitations imposed by corporate Law or similar statutes) restricting the ability of such Subsidiary to pay dividends or make similar distributions of profits to any of the Company Group that owns outstanding Equity Interests of such Subsidiary.

**Section 4.5 Financial Statements; Liabilities.** The Company has delivered to the Bank copies of the financial statements listed on Schedule 4.5. All such statements (including any related schedules and notes) fairly present in all material respects the consolidated financial position of the Company Group as of the respective dates specified and the consolidated results of their operations and cash flows for the respective periods specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in any notes thereto (subject in the case of interim statements to normal year-end adjustments and the absence of footnotes). The Company Group does not have any Material liabilities not disclosed in the Disclosure Documents.

**Section 4.6 Laws; Other Instruments.** The execution, delivery and performance by the Company of this Agreement the Revolver Note, a Security Agreement and the Collateral Agency Agreement will not: (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any Property of the Company Group under, any (i) indenture, mortgage, deed of trust, loan, purchase or credit agreement, or lease, or (ii) corporate or company charter or by-laws, shareholder or operating agreement, or similar organizational agreement or

instrument, in each case of this clause (a) to or by which the Company or any Subsidiary or any of their Properties are bound or affected; (b) conflict with or result in a breach of any order, judgment, decree or ruling of any arbitrator or Governmental Authority to which any of the Company Group is subject; or (c) violate any Law applicable to any of the Company Group.

**Section 4.7 Governmental Authorizations.** Except for any consents, approvals, authorizations, registrations, filings or declarations that will have been obtained or made at or prior to Closing, no consent, approval or authorization of, or registration, filing or declaration with, the Arizona Corporation Commission or any other Governmental Authority is required in connection with the execution, delivery or performance by the Company or any Subsidiary Guarantor of this Agreement, any Security Document, the Revolver Note, or any Subsidiary Guaranty.

**Section 4.8 Litigation.**

(a) There are no actions, suits, investigations or proceedings pending or, to the best knowledge of the Company, threatened against or affecting any of the Company Group or any Property of any of the Company Group in any court or before any arbitrator or before or by any Governmental Authority that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in: (i) default under any agreement or instrument to which it is a party or by which it is bound; (ii) violation of any order, judgment, decree or ruling of any arbitrator or Governmental Authority to which any of the Company Group is subject; or (iii) violation of any applicable Law of any Governmental Authority (including any Environmental Law or Law referred to in Section 4.15), which default or violation could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 4.9 Taxes.** The Company and its Subsidiaries have filed all tax returns required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied on them or their Properties, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments: (a) the amount of which, individually or in the aggregate, is not Material; or (b) the amount, applicability or validity of which is being contested in Good Faith by appropriate proceedings and with respect to which the Company Group has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company Group in respect of U.S. federal, state or other taxes for all fiscal periods are adequate. The U.S. federal income tax liabilities of the Company Group have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all Fiscal Years up to and including the Fiscal Year ended December 31, 2016.

**Section 4.10 Property; Leases.** The Company and its Subsidiaries have good and sufficient title to their respective owned Properties that individually or in the aggregate are Material, including all such Properties reflected in the most recent audited balance sheet referred to in Section

4.5 or purported to have been acquired by the Company Group after the date thereof (except as disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by Section 8.5. All leases that individually or in the aggregate are Material are valid, subsisting and are in full force and effect in all material respects.

#### **Section 4.11 Licenses; Permits.**

(a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the best knowledge of the Company, no product or service of the Company or any Subsidiary infringes in any Material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any Subsidiary with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by any of the Company Group.

#### **Section 4.12 ERISA.**

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable Laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights or Properties of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal Law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) Neither the Company nor any ERISA Affiliate has ever maintained or contributed to a Plan subject to Title IV of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended Fiscal Year in accordance with Financial Accounting Standards

Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company Group is not Material.

(e) The execution and delivery of this Agreement and the issuance of the Revolver Note will not involve any transaction subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code.

**Section 4.13 Use of Proceeds; Margin Regulations.** The Company will apply the proceeds of the Revolver only to acquire assets to use in and/or expand its Water Business and for general corporate purposes. No such proceeds will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Federal Reserve System (12 CFR 221), buying, carrying or trading in any Securities under circumstances as to involve the Company in a violation of Regulation X of the Federal Reserve System (12 CFR 224), or to involve any broker or dealer in a violation of Regulation T of the Federal Reserve System (12 CFR 220). Margin stock does not constitute more than 5.00% of the value of the Consolidated Assets, and the Company Group has no present intention that margin stock will constitute more than 5.00% of the value of the Consolidated Assets. In this Section 4.13, “margin stock” and “purpose of buying or carrying” have the meanings assigned in Regulation U.

**Section 4.14 Existing Indebtedness; Future Liens.**

(a) Schedule 4.14(A) sets forth a list of all outstanding Indebtedness for borrowed money of the Company Group at December 31, 2017, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of such Indebtedness. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any Indebtedness for borrowed money of the Company or such Subsidiary, and no event or condition exists with respect to any Indebtedness for borrowed money of the Company or any Subsidiary that would permit (or with notice or the lapse of time or both would permit) one or more Persons to cause such Indebtedness for borrowed money to be payable before its stated maturity or regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 4.14(B), neither the Company nor any Subsidiary has agreed or consented to cause or permit any of its Property, now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness or to cause or permit in the future (on the happening of a contingency or otherwise) any of its Property, now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness prohibited by this Agreement.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision in, any instrument evidencing Indebtedness for borrowed money, any agreement relating thereto or any other agreement (including its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as disclosed in Schedule 4.14(C).

## Section 4.15 Corrupt Practices

(a) Neither the Company nor any Controlled Entity is: (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury (“**OFAC**”) (an “**OFAC Listed Person**”); (ii) an agent, department or instrumentality of, or otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly (x) any OFAC Listed Person, or (y) any Person, entity, organization, foreign country or regime subject to any OFAC Sanctions Program; or (iii) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions, including the Trading with the Enemy Act, International Emergency Economic Powers Act, Comprehensive Iran Sanctions, Accountability and Divestment Act (“**CISADA**”) or any similar Law with respect to Iran or any other country, Sudan Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order relating to any of the foregoing (“**U.S. Economic Sanctions**”) (each OFAC Listed Person and other Person, entity, organization and government of a country described in clauses (i), (ii) or (iii) or a Canada Blocked Person, a “**Blocked Person**”). Neither the Company nor any Controlled Entity has been notified that its name appears or may in the future appear on a state or provincial list of Persons that engage in investment or other commercial activities in any country subject to U.S. Economic Sanctions or sanctions under Canadian Economic Sanctions Laws.

(b) No proceeds of the Revolver constitute or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly: (i) in connection with any investment in, or any transaction or dealing with, any Blocked Person; or (ii) otherwise in violation of U.S. Economic Sanctions or sanctions under Canadian Economic Sanctions Laws.

(c) Neither the Company nor any Controlled Entity: (i) has been found in violation of, charged with or convicted of money laundering, drug trafficking, terrorist related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States or Canadian law or regulation governing such activities (“**Anti-Money Laundering Laws**”), or any U.S. Economic Sanctions violations or violations of Canadian Economic Sanctions Laws; (ii) to the Company’s actual knowledge after due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or U.S. Economic Sanctions violations or violations of Canadian Economic Sanctions Laws; (iii) has been assessed civil penalties under any Anti-Money Laundering Laws or U.S. Economic Sanctions or violations of Canadian Economic Sanctions Laws; or (iv) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Law. The Company has established procedures and controls it reasonably believes are adequate (and otherwise comply with applicable Law) to ensure the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws and U.S. Economic Sanctions or Canadian Economic Sanctions Laws.

(d) Neither the Company nor any Controlled Entity: (i) has been charged with, or convicted of bribery or any other anti-corruption related activity under any applicable Law in a U.S.

or any non-U.S. country or jurisdiction, including the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act 2010 (collectively, “**Anti-Corruption Laws**”); (ii) to the Company’s actual knowledge after due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Corruption Laws; (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws; or (iv) has been or is the target of sanctions imposed by the United Nations or European Union;

(e) To the Company’s actual knowledge after due inquiry, neither the Company nor any Controlled Entity has, within the last five years, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or commercial counterparty for the purposes of: (x) influencing any act, decision or failure to act by such Governmental Official in his or her official capacity or for such commercial counterparty; (y) inducing a Governmental Official to do or omit to do any act in violation of the Governmental Official’s lawful duty; or (z) inducing a Governmental Official or commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage in violation of any Law or which would cause any holder to be in violation of any Law applicable to such holder; and

(f) No part of the proceeds of the Revolver will be used, directly or indirectly, for any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage. The Company has established procedures and controls it reasonably believes are adequate (and otherwise comply with Law) to ensure the Company and each Controlled Entity is and will be in compliance with all current and future Anti-Corruption Laws.

**Section 4.16 Status under Certain Statutes.** Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, Public Utility Holding Company Act of 2005, ICC Termination Act of 1995 or Federal Power Act, all as amended.

**Section 4.17 Environmental Matters.**

(a) Neither the Company nor any Subsidiary has knowledge or has received notice of any claim and no proceeding has been instituted asserting any claim against the Company or any of its Subsidiaries or any of their Properties now or formerly owned, leased or operated by any of them, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to Properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on Properties now or formerly owned, leased or operated by any of them in a manner which is contrary

to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) Neither the Company nor any Subsidiary has disposed of any Hazardous Materials in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(e) All buildings on real property now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

**Section 4.18 Collateral.** The Security Documents are effective to grant to the Collateral Agent for the ratable benefit of the Secured Parties legal, valid and enforceable first priority Liens on all Collateral. As of the Closing: (a) the security interests in the Collateral granted to the Collateral Agent (for the benefit of the Secured Parties) pursuant to the Security Documents will constitute, as to all such Collateral, legal, valid and enforceable security interests and Liens under the UCC of the states of Delaware (with respect to the Company and Global Water) and Arizona (with respect to West Maricopa), subject to no other Lien; and (b) all actions as are required pursuant to the Security Documents or applicable Law will have been taken to establish and perfect the Collateral Agent's rights in and to, and the first priority of its Liens and security interests on all of the Collateral to secure the Obligation and Notes, including any recording, filing, registration, possession, control, delivery to the Collateral Agent, giving of notice or similar action.

## **SECTION 5 COMPANY INFORMATION.**

**Section 5.1 Financial and Business.** The Company shall deliver to the Holder:

(a) *Quarterly Statements* — Within 60 days (or such earlier date by which such statements are required, filed or delivered under the Note Purchase Agreement or SEC requirement) after the end of each Fiscal Quarter ending on or after December 31, 2017 (other than the last Fiscal Quarter of each Fiscal Year): (i) a consolidated balance sheet of the Company Group as at the end of such Fiscal Quarter, and (ii) consolidated statements of income and cash flows of the Company Group for such Fiscal Quarter and (in the case of the second and third Fiscal Quarters of any Fiscal Year) for the portion of the Fiscal Year then ended; setting forth in comparative form the figures for the corresponding periods in the previous Fiscal Year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all Material respects, the financial position of the Company Group and its results of operations and cash flows, subject to changes resulting from year-end adjustments and the absence of footnotes;

(b) *Annual Statements* — Within 120 days (or such earlier date by which such statements are required, filed or delivered under the Note Purchase Agreement or SEC requirement) after the end of the 2017 and each subsequent Fiscal Year: (i) a consolidated balance sheet of the Company Group as at the end of such Fiscal Year, and (ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company Group for such Fiscal Year, setting forth in comparative form the figures for the previous Fiscal Year, all in reasonable detail, prepared in

accordance with GAAP, and accompanied by an opinion thereon (without a “going concern” or similar qualification or exception and without qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the Company Group and its results of operations and cash flows and have been prepared in conformity with GAAP, that the examination of such accountants in connection with such statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *Default or Event of Default* — Promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given notice or taken action with respect to a claimed default hereunder or that any Person has given notice or taken action with respect to a claimed default of the type referred to in Section 9(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(d) *ERISA* — Promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, notice setting forth the nature thereof and the action, if any, the Company or an ERISA Affiliate proposes to take with respect thereto: (i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; (ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or (iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(e) *Governmental Authority* — Promptly, and in any event within 30 days of receipt thereof, copies of any written notice to the Company or any Subsidiary from any Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(f) *Requested Information* — With reasonable promptness, such other information (which may include tax returns) relating to the business, operations, affairs, financial condition or Properties of the Company Group or its ability to perform its Obligations as from time to time may be reasonably requested by the Bank.

**Section 5.2 Officer's Certificate.** Each financial statement delivered to the Bank pursuant to Section 5.1(a) or 5.1(b) shall be accompanied by a certificate of a Senior Financial Officer:

(a) *Covenant Compliance* — Setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with the requirements of Sections 8.5(m), 8.6, 8.7 and 8.8(g) during the quarterly or annual period covered by the statements then being furnished (including with respect to each provision that involves mathematical calculations the information from such statements that is required to perform such calculations), and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under such Section, and of the amount, ratio or percentage then in existence. If the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to Section 17.2) as to the period covered by any such statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election; and

(b) *Event of Default* — Certifying such Senior Financial Officer has reviewed the terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company Group from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and such review has not disclosed the existence during such period of any Default or Event of Default or, if any such Default or Event of Default existed or exists (including any resulting from the failure to comply with any Environmental Law), specifying its nature and period of existence and what action the Company has taken or proposes to take with respect thereto.

**Section 5.3 Visitation.** The Company shall permit representatives of the Bank:

(a) *No Default* — If no Default or Event of Default then exists, at the expense of the Bank and with prior notice to the Company, to visit the principal executive office of the Company during normal business hours, discuss the affairs, and finances of the Company Group with the Company's officers, and (with the consent of the Company which shall not be unreasonably withheld or delayed) with its independent public accountants (with the understanding only one discussion with those accountants each Fiscal Year will be permitted pursuant to this Section 5.3(a)), and (with the consent of the Company which shall not be unreasonably withheld or delayed) to visit the other offices and Properties of the Company Group as often as may be reasonably requested; and

(b) *Default* — If a Default or Event of Default exists, at the expense of the Company to visit and inspect any offices or Properties of the Company Group to examine its records, reports and other papers, make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company Group), all at such times and as often as may be requested.

**Section 5.4 Electronic Delivery.** Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by

the Company pursuant to any of Sections 5.1(a), (b) or (c) and Section 5.2 shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(i) such financial statements satisfying the requirements of Section 5.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 5.2 are delivered to the Bank by e-mail; or

(ii) the Company shall have timely filed Form 10-Q or Form 10-K, satisfying the requirements of Section 5.1(a) or Section 5.1(b), as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of Section 5.2 available on its home page on the internet, which on the Execution Date is located at <http://www.gwresources.com> as of the date required in such Section 5.1(a) or Section 5.1(b), as the case may be.

*provided however*, that in the case of clause (ii), the Company shall have given the Holder prior notice, which may be by e-mail or in accordance with Section 14, of such posting or filing in connection with each delivery, *provided further*, that upon request of the Holder to receive paper copies of such forms, financial statements and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to the Holder.

## **SECTION 6. POST-CLOSING ADVANCES; PREPAYMENTS; COMMITMENT.**

**Section 6.1 Advances.** Advances from the Revolver after the Closing and during the Availability Period will be available upon written request of a Senior Financial Officer (or other individual who has been authorized to do so by the president or the chief financial officer of the Company by written authorization delivered to the Bank and not thereafter revoked by a Senior Financial Officer). Unless otherwise agreed by the Parties, advances will be credited to a deposit account maintained by the Company with the Bank. The Bank may, but will not be obligated to, honor any request for an advance from the Revolver: (a) while an uncured Default or Event of Default exists; or (b) which would cause the OPB to exceed the then effective Commitment. All advances from the Revolver will be evidenced by and payable pursuant to the Revolver Note and this Agreement, guaranteed by the Subsidiary Guaranties and secured by the Security Documents.

### **Section 6.2 Prepayment; Change in Control.**

(a) *Notice.* The Company shall, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control, give notice of such Change in Control to the Bank. Such notice shall contain and constitute an offer to prepay the Obligation and simultaneously terminate the Commitment and be accompanied by the certificate described in Section 6.2(e).

(b) *Offer to Prepay.* The offer contemplated by Section 6.2(a) shall be an offer to prepay, in accordance with this Section 6.2, all but not less than all of the Obligation and terminate the

Commitment on a date specified in such offer (the “**Proposed Prepayment Date**”) which shall be a Business Day not fewer than ten Business Days or more than 45 days after the Change in Control.

(c) *Acceptance/Rejection.* The Bank may accept or reject the offer made pursuant to this Section 6.2 by notice to the Company not later than ten Business Days after receipt of the offer. Failure by the Bank to respond to an offer made pursuant to this Section 6.2 will constitute an acceptance of such offer.

(d) *Prepayment.* Prepayment of the Revolver pursuant to this Section 6.2 shall be at 100% of the OPB, with interest and Unused Fees accrued to the date of prepayment and any unreimbursed transaction expenses. The prepayment shall be made on the Proposed Prepayment Date.

(e) *Officer’s Certificate.* Each offer pursuant to this Section 6.2 shall be accompanied by a certificate executed by a Senior Financial Officer and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 6.2; (iii) the principal amount offered to be prepaid; (iv) the interest and Unused Fees that would accrue on the Proposed Prepayment Date; (v) that the conditions of this Section 6.2 required to be performed as of the date thereof have been performed or fulfilled; and (vi) in reasonable detail, the nature and date or proposed date of the Change in Control.

**Section 6.3 Asset Dispositions.** If the Company elects to make a Debt Prepayment Application described in and pursuant to the Note Purchase Agreement, then within ten Business Days after receipt by the Bank of notice from the Company of the effective Disposition Date: (a) the Bank may elect by notice to the Company to reduce the Commitment by an amount equal to 6.5% of the total dollar amount of any related payments of Net Proceeds Amount to Note holders; and (b) the Company shall make any prepayment on the Revolver necessary to reduce the OPB to no more than the revised Commitment.

**SECTION 7. AFFIRMATIVE COVENANTS.** From the Execution Date until the Closing and thereafter as long as any of the Obligation or Commitment is outstanding, the Company agrees that:

**Section 7.1 Laws.** Without limiting Section 8.4, the Company shall, and shall cause each of its Subsidiaries to, comply with all Laws to which each of them is subject, including ERISA, Environmental Laws, the USA PATRIOT Act and the other Laws referred to in Section 4.15, and obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective Properties or conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such Laws or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 7.2 Insurance.** The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective Properties and businesses against casualties and contingencies of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations

engaged in the Water Business or a similar business and similarly situated, other than any failure to maintain such insurance that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 7.3 Maintenance of Properties.** The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective Properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided that* this Section 7.3 shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its Properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 7.4 Taxes and Claims.** The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges or levies imposed on them or any of their Properties, income or franchises, to the extent the same have become due and payable and before they become delinquent, and all claims for which sums have become due and payable that have or might become a Lien on Properties of the Company or any Subsidiary, *provided that* neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or claim if: (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in Good Faith and appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary; or (b) the nonfiling or nonpayment, as the case may be, of all such taxes, assessments, charges, levies and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 7.5 Corporate Existence.** Subject to Section 8.2, the Company will at all times preserve and keep its corporate existence in full force and effect. Subject to Sections 8.2 and 8.8, the Company will at all times preserve and keep in full force and effect the corporate, limited liability company or other applicable existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the Good Faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

**Section 7.6 Books and Records.** The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and in conformity in all material respects with all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect in all material respects all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

**Section 7.7 Subsidiary Guarantors.** Subject to Section 8, the Company will cause each of its Subsidiaries (except for any Foreign Subsidiary or Foreign Holding Company) that guarantees or otherwise becomes liable at any time, whether as a borrower or additional or co-borrower or otherwise, for or in respect of any Indebtedness under the Term Note Facility or any Material Credit Facility to concurrently therewith:

(a) enter into an agreement in form and substance satisfactory to the Bank providing for the guaranty by such Subsidiary, on a joint and several basis with all other such Subsidiaries, of (i) the prompt payment in full when due of all amounts payable by the Company pursuant to the Revolver Note (whether for principal, interest or otherwise) and this Agreement, and the Notes if elected by the Company or required by the holders of the Notes, including all indemnities, fees and expenses payable by the Company thereunder, and (ii) the prompt, full and faithful performance, observance and discharge by the Company of each and every covenant, agreement, undertaking and provision required pursuant to the Revolver Note or this Agreement to be performed, observed or discharged by it;

(b) deliver the following to the Bank (i) an executed counterpart of such Subsidiary Guaranty, (ii) a certificate signed by an authorized officer of such Subsidiary containing representations and warranties on behalf of such Subsidiary to the same effect, *mutatis mutandis*, as those contained in Sections 4.1, 4.2, 4.6, 4.7, 4.10 and 4.11 of this Agreement (but with respect to such Subsidiary and such Subsidiary Guaranty rather than the Company), (iii) all documents reasonably requested by the Bank to evidence the due organization, continuing existence and good standing of such Subsidiary and the due authorization by all requisite action on the part of such Subsidiary of the execution and delivery of such Subsidiary Guaranty and the performance by such Subsidiary of its obligations thereunder, and (iv) an opinion of counsel reasonably satisfactory to the Bank covering such matters relating to such Subsidiary and such Subsidiary Guaranty as the Bank may reasonably request; and

(c) at the election of the Company and by notice to the Bank, any Subsidiary Guarantor may be discharged from its obligations under its Subsidiary Guaranty and be automatically released from its obligations thereunder without the need for the execution or delivery of any other document by the Bank, *provided that* (i) if such Subsidiary Guarantor is a guarantor or otherwise liable for or in respect of the Term Note Facility and/or any Material Credit Facility, then such Subsidiary Guarantor shall have been released and discharged (or will be released and discharged concurrently with the release of such Subsidiary Guarantor under its Subsidiary Guaranty) from its liability for or in respect of all such Indebtedness, (ii) at the time of, and after giving effect to, such release and discharge, no Default or Event of Default shall be existing, (iii) no amount is then due and payable under such Subsidiary Guaranty, (iv) if in connection with such Subsidiary Guarantor being released and discharged from any Indebtedness described in the preceding clause (i) any fee, debt repayment or other consideration is given or paid to any holder of such Indebtedness, the Bank may elect to receive equivalent *pro-rata* consideration substantially concurrently therewith, and (v) the Company shall simultaneously provide to the Bank a certificate of a Responsible Officer certifying as to the matters set forth in the preceding clauses (i) through (iv). In the event of any such release, for purposes of Section 8.7, all Indebtedness of such Subsidiary shall be deemed to have been incurred concurrently with such release. If the Bank makes an election pursuant to the preceding clause (iv), the Bank shall reduce the Commitment by an amount not exceeding the consideration received by

it, and the Company shall make any principal payment on the Revolver necessary to assure the OPB does not exceed the reduced Commitment.

**Section 7.8 Collateral.** The Company shall take all actions necessary to insure that the Collateral Agent, on behalf of the Secured Parties, has and continues to have in all relevant jurisdictions duly and validly created, attached, perfected and enforceable first priority Liens on all Collateral. The Company shall cause the Obligation to constitute direct senior secured obligations of the Company and to be senior in right of payment and to rank senior in right of security with respect to all Collateral granted in the Security Documents to all other Indebtedness of the Company; *provided, however,* if the Company incurs Indebtedness permitted hereunder (including the Term Note Facility) such Indebtedness may be secured equally and ratably with the Indebtedness evidenced by the Revolver Note pursuant to documentation reasonably acceptable to the Bank in substance and form, including an intercreditor agreement and opinions of counsel to the Company and/or any such Subsidiary, as the case may be.

**SECTION 8. NEGATIVE COVENANTS.** From the Execution Date until the Closing and thereafter as long as any of the Obligation or Commitment is outstanding, the Company agrees that:

**Section 8.1 Transactions with Affiliates.** The Company will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or group of related transactions (including the purchase, lease, sale or exchange of Property or rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and on fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

**Section 8.2 Merger; Consolidation.** The Company will not, nor will it permit any Subsidiary Guarantor to, consolidate or merge with any other Person or Transfer all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

(a) the successor formed by such consolidation or survivor of such merger or Person acquiring such assets, as the case may be, shall be a solvent corporation, limited partnership or limited liability company organized and existing under the laws of the United States or state thereof (including the District of Columbia), and, if the Company or such Subsidiary Guarantor is not such a corporation, limited partnership or limited liability company (i) such corporation, limited partnership or limited liability company (if it involves the Company) shall have executed and delivered to the Bank its assumption of the due and punctual performance and observance of each covenant and agreement of the Company under the Revolver Documents or (if it involves a Subsidiary Guarantor) shall have executed and delivered to the Bank its assumption of the due and punctual performance and observance of each covenant and condition of the Subsidiary Guaranty, and (ii) in either case, such corporation, limited partnership or limited liability company shall have caused to be delivered to the Bank an opinion of independent counsel reasonably satisfactory to the Bank to the effect that all documentation effecting such assumption is enforceable in accordance with its terms;

(b) each Obligor under any Subsidiary Guaranty or Security Document outstanding when such transaction or each transaction in such a series of transactions occurs reaffirms its obligations under the Revolver Documents and the Bank's Liens on the Collateral in writing at such time pursuant to documentation reasonably acceptable to the Bank; and

(c) immediately before and immediately after giving effect to such transaction or each transaction in any such series of transactions, no Default or Event of Default shall have occurred and be continuing.

No such Transfer shall have the effect of releasing any Obligor or Collateral that shall theretofore have become such in the manner prescribed in this Section 8.2 from its liability under any Revolver Document.

**Section 8.3 Business.** The Company will not and will not permit any Subsidiary to engage in any business other than the Water Business.

**Section 8.4 Terrorism Sanctions.** The Company will not and will not permit any Controlled Entity: (a) to become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or Person that is the target of sanctions imposed by the United Nations or European Union; (b) directly or indirectly to have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving proceeds of the Revolver) with any Person if such investment, dealing or transaction (i) would cause any holder of the Revolver Note to be in violation of any Law applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions or Canadian Economic Sanctions Laws; or (c) to engage, nor shall any Affiliate of either engage, in any activity that could subject such Person or the Bank to sanctions under CISADA or any similar Law with respect to Iran or any other country subject to U.S. Economic Sanctions or Canadian Economic Sanctions Laws.

**Section 8.5 Limitation on Liens.** The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (on the happening of a contingency or otherwise) any Lien on or with respect to any Property (including any goods or accounts receivable) of the Company or any Subsidiary, now owned or held or hereafter created or acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for taxes, assessments or other governmental charges not yet due and payable or the payment of which is not at the time required by Section 7.4;

(b) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;

(c) Liens incidental to the conduct of business or the ownership of Properties (including landlords', carriers', warehousemen's, mechanics', materialmen's and other similar Liens for sums

not yet due and payable or, if due and payable, which are being contested in Good Faith pursuant to appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP), and Liens to secure the performance of bids, tenders, leases or trade contracts, or to secure statutory obligations (including under workers compensation, unemployment insurance and other social security Laws), surety or appeal bonds or other Liens incurred in the ordinary course of business and not in connection with borrowing money;

(d) leases or subleases granted to others, easements, rights-of-way, licenses, encroachments, restrictions and similar charges or encumbrances, in each case incidental to the ownership of Property or ordinary conduct of business by the Company Group, or Liens incidental to minor survey exceptions and the like, *provided that* such Liens do not, in the aggregate, materially detract from the value of such Property;

(e) Liens securing Indebtedness of a Subsidiary to the Company;

(f) Liens existing as of the Closing reflected in Schedule 8.5;

(g) Liens incurred after the Closing to secure the purchase price or costs of acquiring, constructing or improving Property (other than accounts receivable or inventory) useful and intended to be used in carrying on the business of the Company or a Subsidiary, including Liens existing on such Property at the time of acquisition, construction or improvement thereof or Liens incurred within 365 days of such acquisition or completion of such construction or improvements, *provided that* (i) any such Lien shall attach solely to the Property acquired, constructed or improved; (ii) at the time of acquisition, construction or improvement of such Property (or, in the case of any Lien incurred within 365 days of such acquisition or improvement, at the time of the incurrence of the Indebtedness secured by such Lien), the aggregate amount remaining unpaid on all Indebtedness secured by Liens on such Property, whether or not assumed by the Company or a Subsidiary, shall not exceed the lesser of (y) the cost of such acquisition, construction or improvements, or (z) the fair market value of such Property (as determined in Good Faith by one or more officers of the Company to whom authority to enter into the transaction has been delegated by the board of directors of the Company); and (iii) at the time of such incurrence and after giving effect thereto, no Default or Event of Default would exist;

(h) any Lien existing on Property of a Person immediately prior to its being consolidated with or merged into the Company or a Subsidiary or its becoming a Subsidiary, or any Lien existing on Property acquired by the Company or any Subsidiary at the time such Property is so acquired (whether or not the Indebtedness secured thereby is assumed), *provided that* (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of Property, (ii) each such Lien shall extend solely to the Property so acquired and, if required by the instrument originally creating such Lien, other Property which is an improvement to or acquired for specific use in connection with such acquired Property, and (iii) at the time of such incurrence and after giving effect thereto, no Default or Event of Default would exist;

(i) any extension, renewal or replacement of any Lien permitted by the preceding Sections 8.5(e) through 8.5(h), *provided that* (i) no additional Property is encumbered by such Lien, (ii) the unpaid principal amount of the obligations secured thereby is not increased on or after the date of extension, renewal or replacement, and (iii) at such time and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing;

(j) Liens relating to customary rights of setoff, revocation, refund or chargeback of financial institutions under deposit or similar agreements where the Company or its Subsidiary maintains deposits in the ordinary course of business;

(k) Liens securing the Revolver, Term Note Facility and Collateral Agency Agreement;

(l) Liens securing Indebtedness of the Company or any Subsidiary under any Material Credit Facility, *provided that* notwithstanding the foregoing, the Company shall not, and shall not permit any of its Subsidiaries to, secure pursuant to this Section 8.5(l) any Indebtedness under any Material Credit Facility unless and until the Revolver (and Term Note Facility) shall concurrently be secured equally and ratably with such Indebtedness pursuant to documentation reasonably acceptable to the Bank (and Collateral Agent and any required holders of Notes) in substance and in form, which may include an intercreditor agreement and opinions of counsel to the Company and/or any such Subsidiary, as the case may be, reasonably acceptable to the Bank, Collateral Agent and any required holders of Notes; and

(m) other Liens securing Indebtedness of the Company Group not otherwise permitted by Sections 8.1(a) through 8.1(l), *provided that* Priority Debt shall not at any time exceed 5% of Consolidated Assets (determined as of the end of the then most recently ended Fiscal Quarter), *provided further that* notwithstanding the foregoing the Company shall not, and shall not permit any Subsidiary to, secure pursuant to this Section 8.5(m) any Indebtedness outstanding under or pursuant to any Material Credit Facility unless and until the Revolver (and Term Note Facility) shall concurrently be secured equally and ratably with such Indebtedness pursuant to documentation acceptable to the Bank (and Collateral Agent and any required Note Holders) in substance and form, including an intercreditor agreement and opinions of counsel to the Company and/or any such Subsidiary, as the case may be, reasonably acceptable to the Bank.

**Section 8.6 Debt Service Coverage Ratio.** The Company will not permit the ratio of Consolidated EBITDA to Consolidated Debt Service for any period of four consecutive Fiscal Quarters ended or ending on or after December 31, 2017, to be less than 1.10 to 1.00.

**Section 8.7 Priority Debt.** The Company will not at any time permit the aggregate amount of all Priority Debt to exceed 5.0% of Consolidated Assets (Consolidated Assets to be determined as of the end of the then most recently ended Fiscal Quarter).

**Section 8.8 Transfer of Assets.** The Company will not, nor permit any Subsidiary to, Transfer any Property to any other Person except:

(a) Transfers of (i) inventory or similar Property in the ordinary course of business, (ii) used, worn-out, obsolete or surplus Property no longer used or useful in the business of the Company Group (including the abandonment or other disposition of intellectual property that is, in the

reasonable judgment of the Company, no longer economically practicable to maintain or used or useful in the Water Business), and (iii) cash and cash equivalents;

(b) Transfers of Property to the extent such Property is exchanged for credit against the purchase price of similar replacement Property, or the proceeds of such sale are applied with reasonable promptness to the purchase price of such replacement Property;

(c) Transfers of Property (i) between Obligor, and (ii) between Subsidiaries that are not Subsidiary Guarantors;

(d) the issuance of Equity Interests by the Company or by any Subsidiaries to the Company or to any Subsidiary Guarantor;

(e) the granting of Liens not prohibited by Section 8.5;

(f) leases or subleases or licenses or sublicenses in the ordinary course of business to third Persons not interfering in any material respect with the business of the Company Group;

(g) any Transfer of Property that, with all other Property of the Company Group previously Transferred pursuant to this Section 8.8(g) during (i) the four Fiscal Quarter period ending with the Fiscal Quarter in which such Transfer occurs, do not represent more than 10% of Consolidated Assets on the last day immediately prior to the Fiscal Quarter in which such determination is made, or (ii) during the period beginning on the Execution Date and continuing through the date of such Transfer, do not represent more than 20% of Consolidated Assets on the last day of the Fiscal Quarter ending immediately prior to the Fiscal Quarter in which such determination is made.

To the extent the Net Proceeds Amount with respect to any Transfer to a Person (other than an Affiliate or Subsidiary) is applied to Senior Indebtedness or a Property Reinvestment Application within one year after such disposition, then such Transfer (or, if less than all such Net Proceeds Amount is applied as contemplated above, the *pro rata* percentage thereof corresponding to the Net Proceeds Amount so applied), only for the purpose of determining compliance with Section 8.8(g) as of any date, will not be an asset disposition.

**Section 8.9 Restricted Payments.** The Company will not declare or make or incur any liability to declare or make any Restricted Payment unless at such time and immediately after giving effect to such action: (a) no Default or Event of Default would exist; and (b) the ratio of Consolidated EBITDA to Consolidated Debt Service at the end of each of the four consecutive Fiscal Quarters most recently ended (calculated in each such case based on the four consecutive Fiscal Quarters then ended) is not less than 1.25:1.00.

**Section 8.10 Restrictive Agreements.** No member of the Company Group will, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition on the ability of any Subsidiary to pay dividends or make other distributions with respect to any of its Equity Interests or to make or repay loans or advances to the Company or any other Subsidiary or to guaranty the Indebtedness of the Company or any Subsidiary.

**SECTION 9. EVENTS OF DEFAULT.** An “Event of Default” will exist if any of the following conditions or events occurs and is continuing:

(a) the Company defaults in the payment of any OPB when due and payable, whether at Maturity or any other date fixed for payment by declaration or otherwise; or

(b) the Company defaults in the payment of any interest or Unused Fee accrued on the Revolver for more than five Business Days after such interest or Unused Fee becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 5.1(b) or (d) or Sections 8.1, 8.2, 8.5, 8.6, 8.7, 8.8, 8.9 or 8.10; or

(d) any Obligor defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 9(a), (b) and (c)) or in any other Revolver Document and such Default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such Default, and (ii) the Company receiving notice of such Default from the Bank (any such notice to be identified as a “Notice of Default” and to refer to this Section 9(d)); or

(e) (i) any representation or warranty in writing by or on behalf of the Company or by any officer of the Company in any Revolver Document or writing furnished in connection with the transactions contemplated hereby is false or incorrect in any Material respect on the date as of which made, or (ii) any representation or warranty in writing by or on behalf of any Subsidiary Guarantor or by any officer of such Subsidiary Guarantor in any Revolver Document or writing furnished in connection with any such Revolver Document is false or incorrect in any Material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary is in default (as principal, guarantor or surety) in the payment of any principal of or premium or make-whole amount or interest on any outstanding Indebtedness, where such Indebtedness is in an aggregate principal amount of at least \$15,000,000.00, beyond any period of grace provided with respect thereto, (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$15,000,000.00 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be) due and payable before its stated maturity or its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or right of the holder of Indebtedness to convert such Indebtedness into Equity Interests), (x) the Company or any Subsidiary has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$15,000,000.00, or (y) one or more Persons have the right to require the Company or any Subsidiary so to purchase or repay such Indebtedness; or

(g) the Company or any Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or similar Law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or any substantial part of its Property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes action for the purpose of any of the foregoing; or

(h) a Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or any substantial part of its Property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, or any such petition is filed against the Company or any of its Subsidiaries and not dismissed within 60 days; or

(i) one or more final judgments or orders for the payment of money aggregating in excess of \$15,000,000.00 (to the extent such amount is not insured against loss by an insurance company rated not less than “A” by A.M. Best Company and the Company has promptly filed a claim for recovery and such claim has not been finally rejected), including any such order enforcing a binding arbitration decision, are rendered against one or more of the Company Group and are not, within 60 days after entry, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate “amount of unfunded benefit liabilities” (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed an amount that could reasonably be expected to have a Material Adverse Effect, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in the preceding clauses (i) through (vi), individually or with any other such event or events, could reasonably be expected to have a Material Adverse Effect. As used in this Section 9(j), the terms “**employee benefit plan**” and “**employee welfare benefit plan**” have the meanings assigned in section 3 of ERISA; or

(k) any Subsidiary Guaranty shall cease to be in full force and effect, any Subsidiary Guarantor or any Person acting on behalf of any Subsidiary Guarantor shall contest in any manner the validity, binding nature or enforceability of any Subsidiary Guaranty, or the obligations of any Subsidiary Guarantor under any Subsidiary Guaranty are not or cease to be legal, valid, binding and enforceable in accordance with the terms of such Subsidiary Guaranty; or

(l) any Security Document ceases to give the Collateral Agent a perfected first priority Lien in any of the Collateral purported to be covered thereby for any reason; or any Security Document, at any time after its execution and delivery and for any reason, ceases to be in full force and effect; or any Obligor contests in writing the validity or enforceability of any Security Document; or any Obligor denies in writing that it has any further liability or obligation under any Security Document or purports to revoke, terminate or rescind any Security Document, other than, for each of the foregoing, as expressly permitted hereunder or thereunder (including by amendment, waiver and/or consent) or satisfaction in full of the Obligation; or

(m) the Company or any Subsidiary fails to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations for any Utility Subsidiary as would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

## **SECTION 10. REMEDIES ON DEFAULT.**

### **Section 10.1 Acceleration; Commitment.**

(a) If an Event of Default with respect to the Company described in Section 9(g) or 9(h) (other than an Event of Default described in Section 9(g)(i) or described in Section 9(g)(vi) by virtue of the fact that such clause encompasses Section 9(g)(i)) has occurred, all of the Obligation then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Bank may at any time at its option, by notice to the Company, declare all the Obligation then outstanding to be immediately due and payable.

(c) If any Event of Default exists, the Bank may at its option permanently terminate the Commitment.

Upon the Revolver becoming due and payable under this Section 10.1, whether automatically or by declaration, the Revolver Note will forthwith mature and the entire OPB, plus (x) all accrued and unpaid interest thereon (including interest accrued at the Default Rate) and (y) accrued Unused Fees, will be immediately due and payable, without presentment, demand, protest or further notice, all of which are hereby waived.

**Section 10.2 Other Remedies.** If any Default or Event of Default exists, the Bank may proceed to protect and enforce its rights by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of, or for an injunction against a violation of, any Revolver Document, or in aid of the exercise of any power granted therein or by Law or otherwise.

**Section 10.3 Rescission.** At any time after the Revolver has been declared due and payable pursuant to Section 10.1(b) or the Commitment has been terminated pursuant to Section 10.1(c), the Bank, by notice to the Company, may rescind and annul any such declaration and its consequences. No rescission and annulment under this Section 10.3 will affect any subsequent Event of Default or Default or impair any right consequent thereon.

**Section 10.4 Waivers; Election of Remedies; Expenses.** No course of dealing and no delay on the part of the Bank in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice the Bank's rights, powers or remedies. No right, power or remedy conferred by any Revolver Document on the Bank shall be exclusive of any other right, power or remedy now or hereafter available at Law, in equity or otherwise. Without limiting the obligations of the Company under Section 11, the Company shall pay to the Bank on demand such further amount as shall be sufficient to cover all reasonable out of pocket costs and expenses of the Bank incurred in any enforcement or collection under this Section 10, including reasonable attorneys' fees, expenses and disbursements.

**SECTION 11. TRANSACTION EXPENSES.** Whether or not any transactions contemplated hereby are consummated, the Company will pay all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by each Holder in connection with such transactions and any amendments, waivers or consents under or in respect of any Revolver Document (whether or not such amendment, waiver or consent becomes effective), including the costs and expenses: (a) incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under any Revolver Document or in responding to any subpoena or other legal process or informal investigative demand issued in connection with any Revolver Document, or by reason of being a holder of the Revolver Note; and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the Revolver. The Company shall pay, and save the Bank and each other holder of the Revolver Note harmless for, from and against all claims in respect of any fees, costs or expenses of brokers and finders (other than any retained by the Bank in connection with its acquisition of the Revolver Note). The obligations of the Company under this Section 11 will survive the payment or transfer of the Revolver Note, the enforcement, amendment or waiver of any provision of the Revolver Document, and the termination of this Agreement.

**SECTION 12. SURVIVAL; INTEGRATION.** All representations and warranties herein, which are made only as of the date hereof and the Closing, will survive the execution and delivery of this Agreement and the Revolver Note and payment of the Revolver, and may be relied on by any Holder, regardless of any investigation at any time by or on behalf of the Bank or any other Holder. All statements contained in any certificate or otherwise delivered by or on behalf of any Obligor pursuant to this Agreement will be representations and warranties of the Company under this Agreement. The Revolver Documents embody the entire agreement of the Parties (and Subsidiary Guarantors) at the Closing and supersede all prior agreements relating to the Revolver.

## **SECTION 13. AMENDMENT; WAIVER.**

**Section 13.1 Amendments.** The Revolver Documents may be amended, and the observance of any term thereof waived (either retroactively or prospectively), only with the consent of the Parties and any Subsidiary Guarantors party thereto (or, in the case of the Collateral Agency Agreement, as provided therein).

**Section 13.2 Solicitation of Bank.** The Company will provide the Bank sufficient information, sufficiently far in advance of the date a decision is required, to enable the Bank to make an informed decision with respect to any proposed amendment, waiver or consent in respect of any Revolver Document.

**Section 13.3 Binding Effect.** Any amendment or waiver consented to as provided in this Section 13 or any other Revolver Document applies to the Bank and any subsequent Holder and is binding on them and the Company. No such amendment or waiver will extend to or affect any Obligation, Default or Event of Default not expressly amended or waived or impair any related right. No course of dealing between any of the Obligors and the Bank or any subsequent Holder and no delay in exercising any rights under any Revolver Document shall operate as a waiver of any such rights.

**SECTION 14. NOTICES.** Except to the extent provided in Section 5.4, all notices, requests, approvals, declarations, waivers, amendments and other communications hereunder shall be in writing and sent by: (a) facsimile or electronic mail if the sender on the same day sends a confirming copy of such item by a nationally recognized overnight delivery service (charges prepaid); (b) registered or certified mail with return receipt requested (postage prepaid); (c) a nationally recognized overnight delivery service (with charges prepaid); or (d) hand delivery. Any such item must be sent: (a) if to the Bank or any subsequent Holder, to the Bank's address or number on page 1 or at such other address as has been specified to the Company; or (b) if to any of the Obligors to the Company at its address or number on page 1 to the attention of Michael J. Liebman, Chief Financial Officer, or at such other address as the Company has specified to the Bank. Notices under this Section 14 will be effective when received.

**SECTION 15. REPRODUCTION.** This Agreement and all documentation relating thereto, including (a) consents, waivers and modifications hereafter executed, (b) documentation received at Closing, and (c) financial statements, certificates and other information previously or hereafter furnished to the Bank, may be reproduced by the recipient by any photographic, photostatic, electronic, digital or similar process and the recipient may destroy any original so reproduced. To the extent permitted by applicable Law, any such reproduction will be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence or such reproduction was made in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction will likewise be admissible in evidence. This Section 15 will not prohibit any Party from contesting any such reproduction to the extent it could contest the original or introducing evidence of the inaccuracy of any such reproduction.

**SECTION 16. CONFIDENTIAL INFORMATION.** For purposes of this Section 16, "Confidential Information" means information delivered to the Bank by or on behalf of the Company Group in connection with the transactions contemplated by this Agreement and/or that

is proprietary in nature and was clearly marked, labeled or otherwise adequately identified when received by the Bank as being confidential information of the Company Group, *provided that* such term does not include information that: (a) was publicly known or otherwise known to the Bank prior to such disclosure; (b) subsequently becomes publicly known through no act or omission by the Bank or any Person acting on the Bank's behalf; (c) otherwise becomes known to the Bank other than through disclosure by the Company or any Subsidiary; or (d) constitutes financial information delivered to the Bank under Section 5.1 that is otherwise publicly available. The Bank will maintain the confidentiality of Confidential Information in accordance with procedures adopted by the Bank in Good Faith to protect confidential information of third parties delivered to the Bank, *provided that* the Bank may deliver or disclose Confidential Information to: (i) its Affiliates and its and their respective directors, officers, employees, agents, attorneys, trustees and contracted personnel (to the extent such disclosure reasonably relates to the administration of the Revolver and such recipient agrees to hold confidential the Confidential Information substantially in accordance with this Section 16); (ii) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this Section 16; (iii) any other Holder; (iv) any institutional investor to which it sells or offers to sell the Revolver Note or any part thereof or participation therein (if such Person agrees in writing prior to its receipt of such Confidential Information to be bound by this Section 16); (v) any Person from which it offers to purchase any Security of the Company (if such Person agrees in writing prior to its receipt of such Confidential Information to be bound by this Section 16); (vi) any federal or state regulatory authority having jurisdiction over the Bank; or (vii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any Law applicable to the Bank; (x) in response to any legal process, (y) in connection with any litigation to which the Bank is a party, or (z) if an Event of Default has occurred and is continuing, to the extent the Bank may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of rights and remedies under any Revolver Documents. Notwithstanding the foregoing, if such Holder is compelled to disclose Confidential Information pursuant to clause (vii)(w) (except where disclosure of the purchase of the Revolver is to be made to any supervisory or regulatory body during the normal course of that body's exercise of its regulatory or supervisory function over such Holder and consistent with such Holder's usual practice), or clause (vii)(x) or (vii)(y), such Holder shall use its commercially reasonable efforts to give the Company prompt notice of such pending disclosure *provided that* the failure to provide such notice will not constitute a violation of this Agreement. Each Holder, by its acceptance of the Revolver Note, will have agreed to be bound by and entitled to the benefits of this Section 16 as though it were a named Party. On reasonable request by the Company in connection with the delivery to any Holder of information required to be delivered to such holder under this Agreement or requested by such Holder, such Holder will enter into an agreement with the Company embodying this Section 16. If as a condition to receiving access to information relating to the Company Group in connection with the transactions contemplated by this Agreement, any Holder is required to agree to a confidentiality undertaking (whether through a secure website, secure virtual workspace or otherwise) different from this Section 16, this Section 16 shall not be amended thereby and, as between such Holder and the Company, this Section 16 will supersede any such other confidentiality undertaking.

## **SECTION 17. MISCELLANEOUS.**

**Section 17.1 Successors and Assigns.** All agreements in any relevant Revolver Documents by or on behalf of any Obligor or the Bank will bind and inure to the benefit of their respective successors and assigns (including any subsequent Holder) whether so expressed or not.

**Section 17.2 Accounting Terms.** Accounting terms used herein but not defined in this Agreement have the meanings given to them in accordance with GAAP. Except as otherwise specifically provided herein: (a) all computations made pursuant to this Agreement shall be made in accordance with GAAP; and (b) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement, any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 - Fair Value Option, International Accounting Standard 39 - Financial Instruments: Recognition and Measurement, or any similar accounting standard) will be disregarded and such determination made as if such election had not been made. If any computation of any financial ratio or requirement in this Agreement would be affected solely by any change in GAAP and the Company or Bank requests, the Parties, shall, at no cost to the Company (other than payment obligations pursuant to Section 11), negotiate in Good Faith to amend such ratio or requirement to preserve the original intent thereof in light of such change, *provided that*, until so amended: (i) such ratio or requirement shall be computed in accordance with GAAP prior to such change; and (ii) the Company shall provide to Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement before and after giving effect to such change in GAAP.

**Section 17.3 Severability.** Any provision of any Revolver Document that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by Law) not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 17.4 Construction.** Each covenant herein shall be construed (absent express provision to the contrary) as independent of each other covenant herein, so that compliance with any one covenant will not (absent such an express provision) excuse compliance with any other covenant. Where any provision refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision apply whether such action is taken directly or indirectly by such Person.

**Section 17.5 Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be an original but all of which together will constitute one agreement. Each counterpart may consist of a number of copies hereof, each signed by fewer than all, but together signed by both, Parties.

**Section 17.6 Law.** Except to any extent otherwise provided in the Collateral Agency Agreement, this Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the law of the State of Arizona excluding choice of law principles of the Law of such state that would permit the application of the Law of a jurisdiction other than such state.

**Section 17.7 Jurisdiction and Process; Jury Trial.**

(a) Except to any extent otherwise provided in the Collateral Agency Agreement, the Company irrevocably submits to the non-exclusive jurisdiction of any Arizona state or federal court sitting in Maricopa County, Arizona, over any suit, action or proceeding arising out of or relating to any of the Revolver Documents. To the fullest extent permitted by Law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Nothing in this Section 17.7 shall affect the right of any holder of the Revolver Note to serve process in any manner permitted by Law, or limit any right that the holder of any Note may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(c) THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE REVOLVER NOTE OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

\* \* \* \* \*

MIDFIRST BANK  
INC.

By: /s/ Rory Nordvold

Rory Nordvold  
First Vice President

GLOBAL WATER RESOURCES,

By: /s/ Michael J. Liebman

Michael J. Liebman  
Senior Vice President, Chief  
Financial Officer and Secretary

## **DEFINED TERMS**

As used herein (or in any other Revolver Document, unless otherwise defined therein) the term:

“**Affiliate**” means, at any time with respect to any Person, any other Person that then directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and with respect to the Company includes any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of Equity Interests of the Company or any Subsidiary or any Person of which the Company Group and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any such class of Equity Interests. Unless the context otherwise clearly requires, reference to an “Affiliate” refers to an Affiliate of the Company.

“**Agreement**” means this Loan Agreement, including the Schedules hereto, as restated, supplemented and/or otherwise modified at any relevant time.

“**Anti-Corruption Laws**” is defined in Section 4.15(d).

“**Anti-Money Laundering Laws**” is defined in Section 4.15(c).

“**Availability Period**” means the time commencing at the Closing and ending on the Maturity Date.

“**Blocked Person**” is defined in Section 4.15(a).

“**Business Day**” means any day other than a Saturday, Sunday or a day on which commercial banks in Phoenix, Arizona are required or authorized to be closed.

“**Canada Blocked Person**” means: (a) a “terrorist group” as defined for the purposes of Part II.1 of the Criminal Code (Canada), as amended; or (b) a Person identified in or pursuant to (i) Part II.1 of the Criminal Code (Canada), as amended, or (ii) regulations or orders promulgated pursuant to the Special Economic Measures Act (Canada), as amended, the United Nations Act (Canada), as amended, or the Freezing Assets of Corrupt Foreign Officials Act (Canada), as amended, in any case pursuant to this clause (b) as a Person in respect of whose property or benefit a holder of the Revolver Note would be prohibited from entering into or facilitating a related financial transaction.

“**Canadian Economic Sanctions Laws**” means those Laws, including enabling legislation, orders in council or other regulations administered and enforced by Canada or a political subdivision of Canada pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including Part II.1 of the Criminal Code (Canada), as amended, the Special Economic Measures Act (Canada), as amended, the United Nations Act (Canada), as amended, the Export and Import Permits Act (Canada), as amended, and the Freezing Assets of Corrupt Foreign Officials Act (Canada), as amended, and including all regulations promulgated under any of the foregoing, or any other similar sanctions program or action.

“**Capital Lease**” means a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and incurrence of a liability with GAAP.

“**Change in Control**” means any Person or related Persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act on the date hereof), other than William S. Levine and the Levine Family Members, shall have: (a) become the “beneficial owners” (as such term is used in Rule 13d-3 and Rule 13d-5 under the Exchange Act as in effect on the date hereof), directly or indirectly, of more than 50% of the total voting power of all common stock of the Company then outstanding and constituting Voting Stock; or (b) acquired after the date hereof (i) the power to elect, appoint or cause the election or appointment of at least a majority of the members of the board of directors of the Company, through beneficial ownership of the capital stock of the Company or otherwise, or (ii) all or substantially all of the Properties of the Company.

“**CISADA**” is defined in Section 4.15(a).

“**Closing**” is defined in Section 2.

“**Closing Costs**” means the Commitment Fee and initial transaction costs described in Section 11.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

“**Collateral**” means all “Collateral” described in any of the Security Documents.

“**Collateral Agency Agreement**” means an Amended and Restated Collateral Agency Agreement of even date herewith among the Collateral Agent and the Holder and holders of the Notes from time to time (as further amended, restated, supplemented, joined in and/or otherwise modified from time to time).

“**Collateral Agent**” means U.S. Bank National Association, in its capacity as Collateral Agent for the holders of the Notes and Revolver Note from time to time under the Security Documents, and any successor in such capacity appointed pursuant to the Collateral Agency Agreement.

“**Commitment**” means the obligation of the Bank to make advances from the Revolver pursuant to this Agreement, which at any time will be in the maximum amount of \$8,000,000.00 less any prior reductions pursuant to Section 6.3 and/or 7.7.

“**Commitment Fee**” means \$20,000.00.

“**Company**” means Global Water Resources, Inc., a Delaware corporation or any successor that becomes such in the manner prescribed in Section 8.2.

“**Company Group**” means the Company and all Subsidiaries.

“**Confidential Information**” is defined in Section 16.

“**Consolidated Assets**” means, as of any date of determination, the total amount all assets of the Company Group, determined on a consolidated basis in accordance with GAAP.

“**Consolidated Debt Service**” means, for any period of time, the sum of: (a) Consolidated Interest Expense for such period; (b) all scheduled amortization payments of principal in respect of Indebtedness of the Company Group (including principal components of payments in respect of Capital Lease obligations) paid or payable during such period after eliminating offsetting debits and credits between the Company and its Subsidiaries and other items required to be eliminated in the preparation of consolidated financial statements of the Company Group in accordance with GAAP; and (c) dividends, distributions or repurchases on or related to Equity Interests of the Company paid or payable during such period, in each case as of the date declared whether or not paid during any period.

“**Consolidated EBITDA**” means, for any period of time, Consolidated Net Income for such period plus, to the extent deducted in computing such Consolidated Net Income and without duplication: (a) depreciation, depletion and amortization expense for such period; (b) income tax expense for such period; (c) other non-cash charges net of non-cash income for such periods; and (d) Consolidated Interest Expense for such period all as determined in accordance with GAAP.

“**Consolidated Interest Expense**” means, for any period of time, the gross interest expense of the Company Group deducted in the calculation of Consolidated Net Income for such period less gross interest income for the Company Group, in each case determined on a consolidated basis in accordance with GAAP.

“**Consolidated Net Income**” means, for any period of time, the consolidated net income (or loss) of the Company Group for such period, determined on a consolidated basis in accordance with GAAP.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Controlled Entity**” means: (a) any Subsidiary of the Company and any of its or the Company’s respective Controlled Affiliates; and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

“**Default**” means an event or condition the occurrence or existence of which would, with the lapse of time or giving of notice or both, become an Event of Default.

“**Default Period**” means any time an uncured Event of Default exists.

“**Default Rate**” means, subject to Section 12 of the Revolver Note, a per annum rate of interest equal to 2.00% per annum above the rate of interest otherwise owing.

“**Disclosure Documents**” is defined in Section 4.3.

“**Disposition Date**” means a Disposition Prepayment Date described in the Note Purchase Agreement.

“**EDGAR**” means the SEC’s Electronic Data Gathering Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

“**Environmental Laws**” means any and all federal, state, local, and foreign statutes, Laws, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

“**Equity Interests**” means, with respect to any Person, all shares of capital stock (including preferred stock) and/or membership interests of or in (or other ownership or profit interests in) such Person, all warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such securities, and all other ownership or profit interests owned by such Person (including partnership, member or trust interests therein), whether voting or nonvoting.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

“**Event of Default**” is defined in Section 9.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Execution Date**” is defined on page 1.

“**Fiscal Quarter**” means each of the four consecutive three-month periods comprising each Fiscal Year.

“**Fiscal Year**” means each calendar year ending on a December 31.

“**Foreign Holding Company**” means a Person which has as its principal purpose, and substantially all of the assets of which consist of, holding (directly or indirectly) ownership interests in “controlled foreign corporations” (as defined in Section 957 of the Code) and/or other Foreign Holding Companies.

“**Foreign Subsidiary**” means a Subsidiary organized under the Laws of a jurisdiction other than the United States of America or a state thereof or the District of Columbia.

“**GAAP**” means generally accepted accounting principles as in effect from time to time in the United States of America.

“**Global Water**” means Global Water, LLC, a Delaware limited liability company, and its successors and assigns.

“**Good Faith**” has the meaning provided by Arizona Revised Statute § 47-1201 on the Execution Date.

“**Governmental Authority**” means: (a) the government of (i) the United States of America or any state or other political subdivision of either, or (ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any Properties of any of the Company Group; or (b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

“**Governmental Official**” means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

“**Guaranty**” means, with respect to any Person, any obligation (except endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, distribution, dividend or obligation of any other Person in any manner, directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such indebtedness or obligation or any Property constituting security therefor; (b) to advance or supply funds (i) for the purchase or payment of such indebtedness, distribution, dividend or obligation, or (ii) to maintain any working capital or other balance sheet or income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness, distribution, dividend or obligation; (c) to lease or purchase property or services primarily for the purpose of assuring the owner of such indebtedness, distribution, dividend or obligation of the ability of any other Person to make payment of the indebtedness, distribution, dividend or obligation; or (d) otherwise to assure the owner of such indebtedness, distribution, dividend or obligation against loss in respect thereof. In any computation of the liabilities of the obligor under any Guaranty, the indebtedness, distribution, dividend or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor; *provided that*, the amount outstanding for purposes of this Agreement shall not exceed the lesser of (i) the maximum amount of indebtedness that is the subject of such Guaranty, and (ii) any stated maximum recourse amount of such Guaranty.

“**Hazardous Materials**” means all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“**Holder**” has the meaning provided by the Revolver Note.

“**IBA**” means the ICE Benchmark Administration or its successor as the administrator for LIBOR.

“**ICE**” means the Intercontinental Exchange.

“**Indebtedness**” with respect to any Person means at any time without duplication: (a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock; (b) its liabilities for the deferred purchase price of Property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including liabilities arising under any conditional sale or other title retention agreement with respect to any such Property); (c) all liabilities (i) appearing on its balance sheet in accordance with GAAP in respect of Capital Leases, and (ii) which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases; (d) all liabilities for borrowed money secured by any Lien with respect to any Property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); (e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by financial institutions (whether or not representing obligations for borrowed money); (f) the aggregate Swap Termination Value of all Swap Contracts of such Person; and (g) any Guaranty of such Person with respect to liabilities described in any of the preceding clauses (a) through (f). Indebtedness of any Person includes all obligations of such Person described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed extinguished under GAAP.

“**Index Rate**” means the LIBO Rate; *provided that* the Index Rate will be any relevant Substitute Rate while a Suspension Notice is in effect.

“**Late Charge**” means a dollar amount equal to 5.0% of any Past Due Indebtedness.

“**Law**” means all United States (applicable to transactions in the State of Arizona) and Arizona laws, statutes, regulations, ordinances, rules, judgments, orders, decrees and other governmental restrictions (including any amendment or modification thereto) relating to or affecting the Revolver or any Revolver Documents.

“**Levine Family Members**” means: (a) the spouse of William S. Levine and each of his children and siblings; (b) the spouse and lineal descendants of any Person identified in the foregoing clause (a); (c) any trust or account primarily for the benefit of William S. Levine or any Person or Persons identified in the foregoing clauses (a) or (b); (d) any corporation, limited liability company, partnership or other entity in which William S. Levine or any of the Persons identified in the foregoing clauses (a), (b) or (c) are the beneficial owners of substantially all of the capital stock, membership interests, partnership interests or other Equity Interests and options or warrants to acquire, or securities convertible into, capital stock, membership interests, partnership interest, or other equity securities of an entity; and (e) the personal representative or guardian of William S. Levine or any of the Persons identified in the foregoing clauses (a) and (b) upon such Person’s death for purposes of the administration of such Person’s estate or upon such Person’s disability or incompetency for purposes of protection and management of the assets of such Person.

“**LIBO Rate**” means the rate per annum equal to the sum of: (a) the quotient of the LIBOR Index for the Interest Period in question divided by (1 minus the Reserve Requirement); and (b) 2.25%.

“**LIBOR**” means the London Interbank Offered Rate.

“**LIBOR Business Day**” means each Business Day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London, England; or on which the relevant institutions are open for determining any then effective Substitute Rate.

“**LIBOR Index**” means the rate equal to the offered rate (not the bid rate) for deposits in U.S. Dollars for a one-month period, as published by the IBA two LIBOR Business Days before the beginning of the period (or before the initial funding of the Revolver, in the case of the initial determination).

“**Lien**” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, on or with respect to any Property of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

“**Material**” means material in relation to the business, operations, affairs, financial condition, assets or prospects of the Company Group as a whole.

“**Material Adverse Effect**” means a Material adverse effect on the: (a) business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole; (b) ability of the Company to perform its obligations under this Agreement and the Notes; (c) ability of any Subsidiary Guarantor to perform its obligations under its Subsidiary Guaranty; or (d) the validity or enforceability of this Agreement, the Notes or any Subsidiary Guaranty.

“**Material Credit Facility**” means, as to any of the Company Group: (a) the Term Note Facility; (b) the Revolver; and (c) in addition to and not in place of (a) and (b), any other agreement entered into on or after the Closing creating or evidencing Indebtedness for borrowed money by any of the Company Group or in respect of which any of the Company Group is an obligor or otherwise provides a guarantee or other credit support (“**Credit Facility**”), in a principal amount outstanding or available for borrowing equal to or greater than \$15,000,000.00 (or its equivalent in the currency of payment determined as of the closing of such Credit Facility based on the exchange rate of such currency), and if no Credit Facility equals or exceeds \$15,000,000.00, then the largest Credit Facility other than the Term Note Facility which equals or exceeds the Revolver, will be a Material Credit Facility.

“**Maturity Date**” means the earliest of: (a) the Scheduled Maturity Date; (b) any Proposed Prepayment Date; or (c) any acceleration of the Revolver based on an Event of Default.

“**Multiemployer Plan**” means any Plan that is a “multiemployer plan” as such term is defined in section 4001(a)(3) of ERISA.

“**Net Proceeds Amount**” means, with respect to any Transfer by the Company or any Subsidiary, an amount equal to the difference of: (a) the aggregate consideration (valued at the fair market value thereof by the Company or such Subsidiary in Good Faith) received by the Company Group in respect of such Transfer; minus (b) all applicable taxes and all ordinary and reasonable out-of-pocket expenses incurred by the Company Group in connection with such Transfer.

“**Note Purchase Agreement**” means the Note Purchase Agreement dated as of May 20, 2016, between the Company and Purchasers described therein, as modified by Amendment No. 1 dated as of December 19, 2017, and Amendment No. 2 of even date herewith, and as further modified, supplemented and/or restated at any relevant time.

“**Notes**” has the meaning provided by the Note Purchase Agreement.

“**Obligation**” means any debt, liability or obligation related to the Revolver and owed by any of the Obligor to the Holder (including to the Collateral Agent as agent for the Holder), of any kind or description (whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now or hereafter arising, including principal, interest, fees and expenses, payable or reimbursable by any of the Obligor pursuant to any of the Revolver Documents.

“**Obligors**” means the Company and Subsidiary Guarantors.

“**OFAC**” is defined in Section 4.15(a).

“**OFAC Listed Person**” is defined in Section 4.15(a).

“**OFAC Sanctions Program**” means any economic or trade sanction OFAC is responsible for administering and enforcing.

“**Officer’s Certificate**” means a certificate of a Senior Financial Officer or other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“**OPB**” has the meaning provided by the Revolver Note.

“**Past Due Indebtedness**” means any Obligation which the Company fails to pay to the Bank by the earlier of: (a) ten days after the date such Obligation is due; or (b) the Maturity Date.

“**PBGC**” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

“**Person**” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“**Plan**” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be

made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

“**Preferred Stock**” means any class of Equity Interests of a Person that is preferred over any other class of Equity Interests of such Person as to the payment of dividends, distributions or any amount upon liquidation or dissolution of such Person.

“**Prime Based Rate**” means, at any time, the Prime Rate minus 0.50% per annum.

“**Prime Rate**” means, for any day, the prime rate as published in The Wall Street Journal’s “Money Rates” table for that day. If multiple prime rates are quoted in that “Money Rates” table the highest quoted prime rate will be the Prime Rate. If the Prime Rate is no longer published in The Wall Street Journal, the Bank may choose a substitute index rate for calculating the Prime Rate and promptly notify the Company of the new index rate. The Prime Rate may not be the lowest rate of interest the Bank charges. The Prime Rate will fluctuate with each change reported by The Wall Street Journal (or as determined in Good Faith by the Bank if no longer published by The Wall Street Journal) as of the day of any reported change.

“**Priority Debt**” means (without duplication), as of the date of any determination, the sum of: (a) all unsecured Indebtedness of Subsidiaries (including all Guaranties of Indebtedness of the Company but excluding (x) unsecured Indebtedness owed to any of the Company Group, and (y) all Subsidiary Guaranties and all unsecured Guaranties of Indebtedness of the Company by any Subsidiary which has also guaranteed the Revolver Note or the Notes); and (b) all Indebtedness of the Company and its Subsidiaries secured by Liens other than Indebtedness secured by Liens permitted by any of Sections 8.5(a) through 8.5(l).

“**Property**” means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“**Property Reinvestment Application**” means, with respect to any asset disposition, the application of the Net Proceeds Amount (or a portion thereof) with respect to such asset disposition to the acquisition by the Company Group of fixed or capital assets of the Company or any Subsidiary to be used in the business of such Person.

“**Proposed Prepayment Date**” has the meaning provided by Section 6.2(b).

“**Rate Election Notice**” has the meaning provided by the Revolver Note.

“**Regulation D**” means Regulation D of the Board of Governors of the Federal Reserve System, as amended or supplemented from time to time.

“**Reserve Requirement**” means the rate at which the Bank must maintain reserves (including any marginal, supplemental or emergency reserves) under Regulation D: (a) against “Eurocurrency Liabilities” (as such term is used in Regulation D); or (b) pursuant to Law against any category of (i) liabilities which includes deposits by reference to which the LIBO Rate is to be determined pursuant to this Agreement, or (ii) extensions of credit or other assets which include loans the interest rate on which is determined on the basis of rates referred to in the definition of “LIBO Rate”.

“**Responsible Officer**” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“**Restricted Payment**” means any dividend or other distribution (in cash, securities or other Property) with respect to any Equity Interest of the Company or any Subsidiary, or any payment, other than balloon payments at final maturity (in cash, securities or other property), including any sinking fund or similar deposit, on account of the redemption, retirement, acquisition, cancellation or termination of any such Equity Interest or on account of any return of capital to any holder of any such Person’s Equity Interests.

“**Revolver Documents**” means at any time, this Agreement, the Revolver Note, the Subsidiary Guaranties, the Security Documents, and all other writings now or hereafter executed in connection with any of the foregoing, with any amendments, waivers and supplements thereto.

“**Revolver**” is defined in Section 1.

“**Revolver Note**” is defined in Section 1.

“**Revolver Rate**” means (at any time but subject to Section 12 of the Revolver Note) the Index Rate or Prime Based Rate as then determined pursuant to the Revolver Note; *provided that* the Revolver Rate will be the Default Rate during any Default Period.

“**Scheduled Maturity Date**” means April 30, 2020.

“**SEC**” means the Securities and Exchange Commission of the United States or any successor thereto.

“**Secured Parties**” means, subject to the Collateral Agency Agreement and at any time, the Collateral Agent as *pari passu* agent for: (a) the Holder; and (b) holders of the Notes from time to time.

“**Securities**” or “**Security**” shall have the meaning specified in section 2(1) of the Securities Act.

“**Securities Act**” means the Securities Act of 1933, and rules and regulations promulgated thereunder, as from time to time in effect.

“**Security Agreements**” means the three Pledge and Security Agreements dated as of the Execution Date between the Company and the Collateral Agent, Global Water and the Collateral Agent, and West Maricopa and the Collateral Agent, in each case as supplemented, amended and restated or replaced from time to time.

“**Security Documents**” means: (a) the Collateral Agency Agreement; (b) the Security Agreements; and (c) other security documents entered into pursuant to Section 7.8 and any other security documents, financing statements and the like filed or recorded in connection with the foregoing.

“**Senior Financial Officer**” means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

“**Senior Indebtedness**” means any Indebtedness of the Company or any Subsidiary owing to any Person other than the Company, a Subsidiary or an Affiliate and which is not expressed to be junior or subordinate to any other Indebtedness of the Company or any Subsidiary.

“**Subsidiary**” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “**Subsidiary**” is to a Subsidiary of the Company.

“**Subsidiary Guarantor**” means each of Global Water, West Maricopa and any other Subsidiary that has executed and delivered a Subsidiary Guaranty pursuant to Section 7.7.

“**Subsidiary Guaranties**” means the Guaranty Agreements delivered by Global Water and West Maricopa at the Closing and any other guaranties delivered pursuant to Section 7.7(a).

“**Substitute Rate**” has the meaning provided in the definition of Suspension Notice.

“**Suspension Notice**” means a notice from the Holder to the Company setting forth the Holder’s determination that: (a) the LIBOR Index is not reported; (b) (as a result of changes to applicable Law) it has become unlawful for the Holder to make or maintain the Revolver at the LIBO Rate; or (c) the Holder determines in Good Faith that the LIBOR Index has become unreliable, impractical or inconvenient to use for the Holder’s loans tied to the LIBOR Index. Immediately after the Holder gives a Suspension Notice to the Company, the Holder’s obligation to make or maintain the Revolver at or based on the LIBO Rate will be suspended and all interest thereafter accruing which is payable at or based on the LIBO Rate will automatically convert to a rate of interest based on an adjustable index and spread (selected by the Holder and which will be binding on the Company, a “**Substitute Rate**”) that is reasonably equivalent to the LIBO Rate immediately prior to the date of the Suspension Notice. The Holder may only issue a Suspension Notice under clause (c) of this definition if the Holder issues a similar notice to its other commercial borrowers with loans of similar maturities tied to a LIBOR Index. If changing circumstances nullify the basis on which a Suspension Notice was given, the Holder will advise the Company of the change and the Index Rate will thereafter automatically revert to the LIBO Rate.

“**Swap Contract**” means any: (a) interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor

transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including any options to enter into any of the foregoing); and (b) transactions of any kind, and related confirmations, subject to the terms and conditions of, or governed by any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement.

“**Swap Termination Value**” means, with respect of any one or more Swap Contracts, after taking into account any enforceable netting agreement relating to such Swap Contracts: (a) for any date on or after the date such Swap Contract has been closed out and termination value determined, such termination value; and (b) for any date prior to the date referenced in clause (a), the amount determined as the mark-to-market values for such Swap Contract, as determined based on one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“**Synthetic Lease**” means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any Property: (a) accounted for as an operating lease under GAAP; and (b) in respect of which the lessee retains or obtains ownership of the Property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

“**Term Note Facility**” (*aka* the “**Private Placement Note Facility**”) means the credit facility provided pursuant to the Note Purchase Agreement.

“**Transfer**” means, with respect to any Person, any transaction (including by merger, consolidation or disposition of all or substantially all such Person’s assets) in which such Person sells, conveys, transfers or leases (as lessor) any of its Property, including Subsidiary stock. “**Transfer**” includes the creation of minority interests in connection with any merger or consolidation involving a Subsidiary if the resulting entity is owned, directly or indirectly, by the Company in a proportion less than the proportion of ownership of such Subsidiary by the Company immediately preceding such merger or consolidation.

“**UCC**” means, with respect to any jurisdiction, the Uniform Commercial Code in effect in such jurisdiction.

“**Unused Fee**” means, at any time during the Availability Period, the product obtained by applying a rate of 0.25% per annum to any excess of the Commitment over the OPB. Unused Fee will accrue all times during the Availability Period, whether or not any Event of Default exists.

“**USA PATRIOT Act**” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended from time to time, and rules and regulations promulgated thereunder from time to time in effect.

“**U.S. Economic Sanctions**” is defined in Section 4.15(a).

**“Utility Subsidiary”** means each of the following Arizona limited liability companies Balterra Sewer LLC, Global Water-Picacho Cove Water Company, LLC, Global Water-Palo Verde Utilities Company, LLC, Global Water-Picacho Cove Utilities Company, LLC, Global Water-Santa Cruz Water Company, LLC, Hassayampa Utility Company, Inc., LLC, Water Utility of Greater Tonopah, Inc., LLC, Water Utility of Northern Scottsdale, LLC, Eagletail Water Company, L.C. and any successors at Law of each of the foregoing entities.

**“Voting Stock”** means, as of any date, the capital stock of the Company that is at the time entitled to vote in the election of the board of directors of the Company.

**“Water Business”** means the ownership, operation and management of water, wastewater and recycled water utilities, *provided that* the foregoing shall not prevent or restrict any of the Company Group from engaging in any business or activity reasonably related or ancillary to the Water Business.

**“West Maricopa”** means West Maricopa Combine, LLC, an Arizona limited liability company converted from West Maricopa Combine, Inc., an Arizona corporation, and its successors and assigns.

**“Wholly-Owned Subsidiary”** means, at any time, any Subsidiary all of the Equity Interests (except any directors’ qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company’s other Wholly-Owned Subsidiaries at such time.

## MULTIPLE ADVANCE NOTE

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(GWRI Revolver)

Maximum Principal Amount:  
\$8,000,000.00

Phoenix, Arizona  
Execution Date April 20, 2018

1. **Promise to Pay.** *For value received*, GLOBAL WATER RESOURCES, INC., a Delaware corporation (“Maker”), promises to pay to the order of MIDFIRST BANK, a federally chartered savings association (“Payee”), at its Commercial Banking office at 3030 East Camelback Road, Phoenix, Arizona 85016, or such other address as the holder of this Revolver Note at any given time (“Holder”) may designate by notice to Maker, in lawful money of the United States of America, the Maximum Principal Amount set forth above, or such lesser portion of the Revolver as may be advanced and outstanding, with interest and other amounts that are Maker’s Obligation under this Revolver Note and the other Revolver Documents.

2. **Agreement.** The proceeds of the Revolver evidenced by this Revolver Note will be advanced pursuant to a Loan Agreement of even date herewith between Maker and Payee (as restated, supplemented and/or modified at any relevant time the “Agreement”). Capitalized terms used in this Revolver Note and defined in the Agreement have, unless otherwise defined herein, the meanings provided by their definitions in the Agreement.

3. **Interest and Fees.**

(a) **Revolver Rate.** Interest will accrue on the outstanding unpaid principal balance of the Revolver from time to time (the “OPB”) at the Revolver Rate then in effect.

(b) **Rate Election.** Subject to Sections 3(c) and 3(d), by not later than 10:00 a.m. Phoenix, Arizona time at least two LIBOR Business Days prior to any change in the Revolver Rate to the Index Rate or Prime Based Rate, a Senior Financial Officer shall provide notice to Holder (a “Rate Election Notice”) electing either the then effective Index Rate or Prime Based Rate as the Revolver Rate until the next Rate Election Note is effective. If Maker does not deliver a Rate Election Notice, the previous rate (the Index Rate or Prime Based Rate) will continue to apply. Maker may not elect to have different rates apply to different parts of the Revolver. Maker elects the LIBO Rate as the initial Revolver Rate.

(c) **Suspension Notices.** Immediately after Holder gives a Suspension Notice to Maker, any obligation of Holder to make or maintain the Revolver at the LIBO Rate, or to allow the Revolver Rate to be converted to the LIBO Rate, will be suspended and all interest payable at the LIBO Rate will automatically convert to the relevant Substitute Rate, subject to any subsequent Rate Election Notice selecting the Prime Based Rate. If circumstances further change and nullify the basis on which the Suspension Notice was given, then Holder will advise Maker of the change and the OPB may thereafter again bear interest at the LIBO Rate if Maker so elects in a Rate Election Notice.

(d) **Default Rate.** The Revolver Rate will be the Default Rate during any Default Period.

(e) Commitment Fee. Maker shall pay to Payee the \$20,000.00 one-time Commitment Fee on or before the Closing, which will then be fully earned and nonrefundable.

(f) Unused Fees. Maker shall pay to the Holder, within five Business Days after the end of each Fiscal Quarter, any Unused Fee accrued during that Fiscal Quarter.

(g) Computation. Interest at the Revolver Rate and Unused Fees will be computed based on actual days elapsed and a year of 360 days. The Revolver Rate will change on the same day as any change in the applicable Index Rate or Prime Based Rate. Computations by Holder of the Revolver Rate and Unused Fees will, absent manifest error, be binding on Maker.

**4. Required Payments.** Maker shall pay principal of and interest on the Revolver to Holder as follows:

(a) Periodic Interest. On or before the first day of each month, Maker shall pay to Holder all then accrued but unpaid interest on the Revolver. Holder may, near the payment date, mail monthly statements to Maker on an estimated basis (*e.g.*, assuming no later principal advances or payments or changes in the Revolver Rate) for interest accrued during any month, and any adjustment resulting from any later advance, payment or change will be properly reflected in the following statement.

(b) Mandatory Principal. Payments may be due on the OPB prior to the Scheduled Maturity Date pursuant to Sections 6.2, 6.3, 7.7 and/or 8 of the Agreement.

(c) Maturity Date. All OPB, accrued but unpaid interest and Unused Fees, and other amounts payable pursuant to the Revolver Documents will be due and payable by Maker to Holder on the Maturity Date.

(d) Time. Any payment otherwise due on a day which is not a Business Day may be made on the next succeeding Business Day. Any payment must be received by Holder in immediately available funds no later than 1:00 p.m. Phoenix, Arizona time to receive same day credit; any payment received thereafter will be considered made on the following Business Day.

(e) AutoDebit. Unless the Parties otherwise agree, payments to Holder pursuant to this Revolver Note shall be made by debits to a deposit account maintained by Maker with and designated to Payee. Maker shall assure that such account has sufficient collected credit balances to cover and pay those debits.

**5. Application.** Unless otherwise specifically designated in any Revolver Document, agreed in writing by the Parties or required by Law, all payments and other credits with respect to the Revolver will be applied: (a) *first*, to fees, charges and expenses then payable by Maker to Holder under any Revolver Documents; (b) *second*, to accrued and unpaid interest; and (c) *third*, to the OPB.

**6. Late Charges.** Holder may charge, and Maker shall pay to Holder on demand, a Late Charge based on the amount of any Past Due Indebtedness to compensate Holder for administrative expenses and other costs of delinquent payments, and not as a penalty. In addition,

Maker shall pay to Holder a charge of \$32.00 if a check or preauthorized charge with which Maker makes a payment on this Revolver Note is dishonored or refused by Maker's payor institution, and Holder may at its option thereafter require any sums due under this Revolver Note to be paid by wire transfer of federal funds, cashier's check or certified funds. Maker's payment of any such charge or any Default Rate interest will not excuse late payment or be a waiver of any right of Holder.

7. **Default Interest.** Upon an Event of Default, including failure to pay at the Maturity Date, or at any time Maker is more than 30 days delinquent in the payment of any money to Holder as required by any Revolver Document (whether or not Holder has given any notice or any cure period has expired), or if Holder is not timely provided financial information as required by Section 5 of the Agreement, then all amounts outstanding hereunder will thereafter bear interest at the Default Rate until paid. Maker acknowledges imposition of the Default Rate may result in the compounding of interest, and consents to such compounding.

8. **Voluntary Prepayments.** Maker may prepay (with notice to Holder) any of the OPB or any accrued interest on the Revolver, in whole or in part, at any time and from time to time, without penalty or prepayment charge.

9. **Acceleration.** If an uncured Event of Default exists, Holder may at its option declare all of the then unpaid Obligation to be immediately due and payable as provided in the Agreement, and such sum shall thereafter bear interest at the Default Rate until paid.

10. **Remedies.** The Obligation evidenced by this Revolver Note is secured by the Security Documents and guaranteed by the Subsidiary Guaranties. While any uncured Event of Default exists, Holder may, subject to the Collateral Agency Agreement, proceed against any Collateral and/or Obligor(s) and/or the Collateral Agent in such order and manner as Holder in its sole discretion may determine, *provided that* Holder will not be obligated to proceed against any Collateral or Person.

11. **Taxes.** If any payments are made from outside the United States, Maker shall not deduct any foreign taxes from such payments. If any such taxes are imposed on any such payments [including payments under this Section 11], Maker shall pay the taxes and also pay to Holder, at the time interest is paid, such additional amount as Holder may specify is necessary to preserve the after-tax yield Holder would have received if such taxes were not imposed. Maker shall confirm it has paid the taxes by giving Holder tax receipts within 30 days after the due dates. Payments by Maker to Holder shall be made without deduction of United States withholding or similar taxes. If Maker is required to pay United States withholding or similar taxes, Maker shall pay such taxes in addition to the other amounts due Holder. If Maker fails to make such tax payments when due, Maker shall indemnify Holder for, from and against any liability for such taxes, as well as for any related interest, additions or penalties asserted against or suffered by Holder with respect to such taxes.

12. **Interest Limit.** All interest and other charges, fees, other things of value and reimbursable costs Maker is or may become obligated to pay or reimburse to Holder in connection with the Revolver, and which constitute "interest" within the meaning of Arizona Revised Statutes Sections 44-1201 *et seq.*, will be items of interest in addition to interest accrued at the Revolver Rate on the OPB, which Maker hereby contracts in writing to pay. If fulfillment of any provision

of any Revolver Document would require Maker to pay amounts in excess of the maximum rate, if any, lawfully collectible under applicable Law, then the obligation of Maker to be fulfilled will be automatically reduced to require the payment of only the maximum amount lawfully collectible and any amount paid in excess of that amount will be applied to the OPB as of the date of payment without prepayment charge.

13. **Time of Essence.** Time is of the essence of this Revolver Note.

*IN WITNESS WHEREOF*, Maker has executed this Revolver Note as of the date first written above.

**GLOBAL WATER RESOURCES, INC.**

By /s/ Michael J. liebman

Michael J. Liebman, Senior Vice  
President, Chief Financial Officer and  
Secretary

## **MATTERS TO BE COVERED IN OPINION OF COUNSEL**

*Subject to customary assumptions, qualifications and limitations of counsel to the Company.*

(1) Each relevant Obligor being duly formed, validly existing and in good standing and having requisite power and authority to obtain, guaranty and/or secure the Revolver and execute and deliver its Revolver Documents.

(2) Each Obligor being duly qualified and in good standing as a foreign corporation or limited liability company in appropriate jurisdictions.

(3) The Revolver Documents being legal, valid, binding and enforceable.

(4) No conflicts with charter documents, applicable Laws or material agreements.

(5) Any consents required to obtain the Revolver and execute and deliver the Revolver Documents having been obtained.

(6) No litigation questioning validity of documents, which shall be provided by negative assurance and not within a numbered opinion.

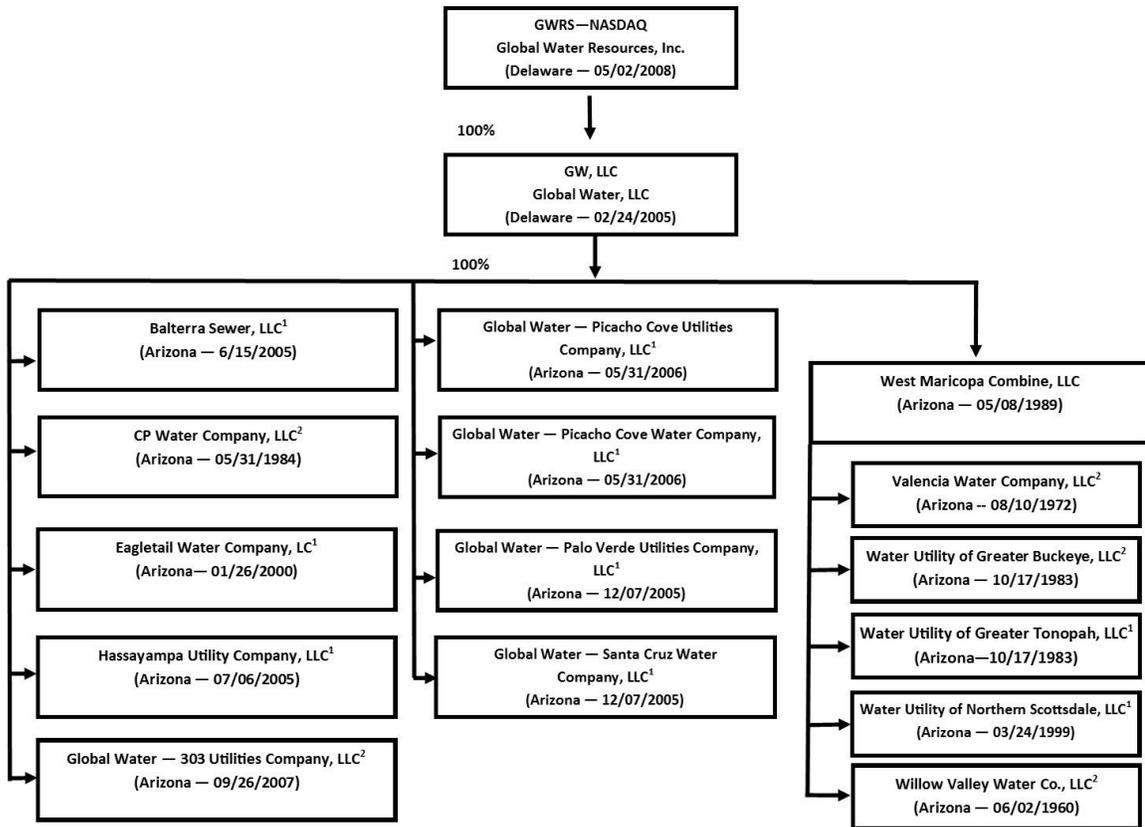
(7) No violation of Regulations T, U or X of the Federal Reserve Board.

(8) Company not an “investment company”, or a company “controlled” by an “investment company”, under the Investment Company Act of 1940, as amended.

(9) The Security Documents will create a valid, perfected, first priority (with the Collateral Agent) Lien in the Collateral in favor of the Collateral Agent for the holders of the Revolver Note and Notes from time to time.

## CORPORATE STRUCTURE

The following diagram sets forth the Company's ownership structure at Closing:



1 Regulated utility company.  
2 Non-operating subsidiary.

**DISCLOSURE DOCUMENTS**

None.

**ORGANIZATION AND OWNERSHIP OF SUBSIDIARIES; AFFILIATES**

(i)

<b>Company Name</b>	<b>State of Organization/ Incorporation</b>	<b>Percentage of Equity Interests Owned Directly or Indirectly by the</b>
Balterra Sewer, LLC	Arizona	100%
Eagletail Water Company, L.C.	Arizona	100%
CP Water Company, LLC	Arizona	100%
Global Water - Picacho Cove Utilities Company, LLC	Arizona	100%
Global Water - 303 Utilities Company, LLC	Arizona	100%
Global Water - Palo Verde Utilities Company, LLC	Arizona	100%
Global Water - Picacho Cove Water Company, LLC	Arizona	100%
Global Water - Santa Cruz Water, LLC	Arizona	100%
Global Water, LLC	Delaware	100%
Hassayampa Utility Company, LLC	Arizona	100%
West Maricopa Combine, LLC	Arizona	100%
Valencia Water Company, LLC	Arizona	100%
Water Utility of Greater Buckeye, LLC	Arizona	100%
Water Utility of Greater Tonopah, LLC	Arizona	100%
Water Utility of Northern Scottsdale, LLC	Arizona	100%
Willow Valley Water Co., LLC	Arizona	100%

**(ii) Other Affiliates.**

Levine Investments Limited Partnership

**(iii) Senior Officers and Directors.**

Below is a list of the names and positions of the individuals who serve as our senior officers and directors as of the date of the Note Purchase Agreement.

<u>Name</u>	<u>Position</u>
Trevor T. Hill	Chairman of the Board
Richard M. Alexander	Director
Cindy M. Bowers	Director
William S. Levine	Director
David C. Tedesco	Director
L. Rita Theil	Director
Ron L. Fleming	Director and President and Chief Executive Officer
Michael J. Liebman	Senior Vice President and Chief Financial Officer and Corporate Secretary

## **RESTRICTIVE AGREEMENTS**

- ACC Regulations, as defined in the Pledge and Security Agreements.
- Note Purchase Agreement.

## **FINANCIAL STATEMENTS**

GWR Global Water Resources Corp. and Global Water Resources, Inc. Financial Statements for the Year Ended December 31, 2014.

GWR Global Water Resources Corp. and Global Water Resources, Inc. Financial Statements for the Year Ended December 31, 2015.

Global Water Resources, Inc. audited Financial Statements for the Year Ended December 31, 2016.

Global Water Resources, Inc., audited Financial Statements for the Year Ended December 31, 2017.

## **EXISTING INDEBTEDNESS**

The Indebtedness evidenced by the following:

1. Note Purchase Agreement, as amended.
2. Capital Lease obligations.
3. Eagletail Water Company, L.C. and Water Infrastructure Finance Authority of Arizona Loan Agreement No 920230-13.
4. Secured Promissory Note dated January 25, 2006 by Eagletail Water Company, L.C. to Harquahala Valley Community Benefits Foundation.

**FUTURE LIENS**

None.

## **DEBT RESTRICTIONS**

The following agreement, imposes restrictions on the incurrence of Indebtedness by the Company Group:

1. Note Purchase Agreement, as amended

## **EXISTING LIENS**

Liens existing with Ford Motor Credit for vehicle leases.

GUARANTY AGREEMENT

Dated as of April 20, 2018

of

GLOBAL WATER, LLC

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## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated for identification as of April 20, 2018 (this "Guaranty"), is made by GLOBAL WATER, LLC, a Delaware limited liability company ("Guarantor"), in favor of MIDFIRST BANK, a federally chartered savings association ("Bank").

### PRELIMINARY STATEMENTS

I. Global Water Resources, Inc., a Delaware corporation (the "Company"), entered into a Note Purchase Agreement dated as of May 20, 2016, as modified by Amendment No. 1 to Note Purchase Agreement dated as of December 19, 2017, and Amendment No. 2 to Note Purchase Agreement of even date herewith (and as further amended, supplemented or restated at any relevant time the "Note Purchase Agreement") with the Persons listed on the signature pages thereto or their successors as holders of the Notes (the "Noteholders"). The obligations of the Company to the Noteholders under the Note Purchase Agreement and evidenced by the Notes are the "Note Obligations" and are guaranteed by Guarantor pursuant to a Guaranty Agreement dated June 24, 2016 (the "Note Guaranty").

II. The Company and Bank are parties to a Loan Agreement of even date herewith (as amended, supplemented or restated at any relevant time the "Loan Agreement"), pursuant to which Bank has agreed to provide the Company a multiple advance revolving credit facility in the initial maximum principal amount of \$8,000,000 (the "Revolver"). The holder (including the Bank) of the Revolver Note at any relevant time is the "Holder." The Revolver and other Obligations of the Company to the Holder evidenced by the Loan Agreement and Revolver Note are the "Revolver Obligations."

III. The Note Obligations and Revolver Obligations are guaranteed by the Note Guaranty and this Guaranty, respectively, and those guaranties are secured by pledges of Equity Interests in certain Subsidiaries and other Collateral and subject to the Agency Agreement described below.

IV. The Company, Bank, Noteholders and U.S. Bank National Association, a national banking association, as Collateral Agent for the benefit of the Noteholders and Bank, are or will be parties to an Amended and Restated Collateral Agency Agreement of even date herewith (and as further amended, supplemented or restated from time to time the "Agency Agreement").

V. It is a condition of the Bank's Commitment in the Loan Agreement to provide the Revolver that this Guaranty be executed and delivered by Guarantor and be in full force and effect. Guarantor will receive direct and indirect benefits from the Loan Agreement and the Revolver. The member and manager of Guarantor have determined that obtaining the Revolver is in the best interests of Guarantor.

VI. Capitalized terms used at any place in this Guaranty and not defined herein (including by reference to another document) have the meanings provided by the Loan Agreement.

*NOW THEREFORE*, in consideration of the execution and delivery of the Loan Agreement and the Commitment, and the issuance of the Revolver Note, Guarantor hereby covenants and agrees with, and represents and warrants to each Holder, as follows:

**SECTION 1. GUARANTY.** Guarantor irrevocably and unconditionally guarantees to each Holder the due and punctual payment in full of all of the following (the “Guaranteed Obligations”): (a) all Revolver Obligations, including all principal of, interest on (including interest accruing after the filing of any petition in bankruptcy, or commencement of any insolvency, reorganization or like proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), and any other amounts due under or pursuant to, the Loan Agreement and/or Revolver Note when and as due and payable (at stated maturity, by required or optional prepayment, by acceleration or otherwise); and (b) all fees, expenses, indemnities and other sums which become due to the Holder or Collateral Agent under or pursuant to the Revolver Note, Loan Agreement, Agency Agreement or any other Revolver Document. The Guarantor’s liability hereunder is joint and several with any other Person(s) who may guarantee any Guaranteed Obligations.

The guaranty in the preceding paragraph is an absolute, present and continuing guaranty of payment and not of collectability and is in no way conditional or contingent on any attempt to collect from any other Obligor any Guaranteed Obligations or on any other action, occurrence or circumstance whatsoever. If the Company fails to pay any Guaranteed Obligations, Guarantor agrees to pay the same when due to the Collateral Agent and/or Holder entitled thereto, without demand, presentment, protest or notice of any kind, in lawful money of the United States of America, pursuant to the requirements for payment specified in the relevant Revolver Documents. Each default in payment of any Guaranteed Obligations will give rise to a separate cause of action and separate suits may be brought as each cause of action arises. Guarantor agrees that the Revolver Note may (but need not) make reference to this Guaranty Agreement.

Notwithstanding any other provision of this Guaranty, if at any time the Guaranteed Obligations exceed the Maximum Guaranteed Amount determined as of such time with regard to Guarantor, then this Guaranty will be automatically amended to reduce the Guaranteed Obligations hereunder to the Maximum Guaranteed Amount. Such amendment will not require the consent of Guarantor or any Holder and will be automatically consented to by the Guarantor and each Holder. The Guaranteed Obligations may at any time exceed the Maximum Guaranteed Amount without affecting or impairing the obligation of Guarantor. “Maximum Guaranteed Amount” means as of any date of determination with respect to Guarantor, the lesser of the: (a) amount of Guaranteed Obligations outstanding on such date; and (b) maximum amount that would not render the Guarantor’s liability under this Guaranty subject to avoidance under Section 548 of the United States Bankruptcy Code (or any successor Law) or any comparable provision of applicable state Law.

**SECTION 2. OBLIGATIONS ABSOLUTE.** The obligations of Guarantor hereunder are primary, absolute, irrevocable and unconditional, irrespective of the validity or enforceability of any other Revolver Document, will not be subject to any counterclaim, setoff, deduction or defense based on any claim Guarantor may have against any other Obligor, Holder or otherwise, and will remain in full force and effect without regard to, and will not be released, discharged or affected by, any circumstance or condition whatsoever (whether or not Guarantor has any knowledge or notice thereof), including any: (a) amendment to, supplement to or restatement of the Revolver Note or any other Revolver Document (it being agreed the obligations of Guarantor hereunder will apply to the Revolver Note or other Revolver Document as so amended, supplemented or restated) or any assignment or transfer thereof or of any interest therein, or any furnishing, acceptance or release of any Collateral or other security for the any Guaranteed Obligations; (b) waiver, consent, extension, indulgence or other action or inaction under or in respect of the Revolver Note or any other Revolver Document; (c) bankruptcy, insolvency, arrangement, reorganization, readjustment, composition, liquidation or similar proceeding with respect to any other Obligor or its property; (d) merger, amalgamation or consolidation of any Obligor into or with any other Person or any sale, lease or transfer of

any assets of any Obligor to any Person; (e) failure on the part of the Company to comply with or perform any other agreement with Guarantor; (f) failure on the part of the Collateral Agent or any Holder to obtain, maintain, register or otherwise perfect any Collateral or other security; or (g) other event or circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor (whether or not similar to the foregoing), however material or prejudicial it may be to Guarantor or to any subrogation, contribution or reimbursement rights of Guarantor.

**SECTION 3. WAIVER.** Guarantor unconditionally waives to the fullest extent permitted by Law: (a) notice of acceptance hereof, of any action taken or omitted in reliance hereon and of any default by the Company in the payment or performance of any amount or duty due under the Revolver Note or any other Revolver Document, and of any matter referred to in Section 2; (b) all notices which may be required by Law or otherwise to preserve any rights of the Collateral Agent or any Holder against Guarantor, including notice or presentment to or demand for payment from the Company or Guarantor, of any default or protest for nonpayment or dishonor and the filing of claims with a court in the event of the bankruptcy of the Company; (c) any right to require the Collateral Agent or any Holder or Noteholder to enforce, assert or exercise any right, power or remedy including any right, power or remedy conferred by the Revolver Note or any other Revolver Document, the Note Purchase Agreement, any Notes, the Note Guaranty or the Agency Agreement; (d) any requirement for diligence on the part of the Collateral Agent or any Holder; and (e) any other act or omission or delay which might in any manner or to any extent vary the risk, or otherwise operate as a discharge of, Guarantor or in any manner lessen the obligations of Guarantor hereunder.

**SECTION 4. OBLIGATIONS UNIMPAIRED.** Guarantor authorizes the Collateral Agent and/or Holder (as applicable), without notice or demand to Guarantor or affecting its obligations hereunder, from time to time to: (a) renew, compromise, extend, accelerate or otherwise change the time for payment of, all or any part of the Revolver Note or any of the other Revolver Documents; (b) change any representations, covenants, events of default or other terms or conditions of or pertaining to the Revolver Note or any of the other Revolver Documents, including decreases or increases in amounts of principal, rates of interest or fees, or other Guaranteed Obligations; (c) take and hold Collateral and other security for the payment of the Revolver Note or any of the other Revolver Documents, for the performance of this Guaranty or otherwise from the Indebtedness guaranteed hereby and to exchange, enforce, waive, subordinate and release any such Collateral and other security; (d) apply any such Collateral and security and to direct the order or manner of sale thereof as the Collateral Agent (in accordance with the Collateral Agreement) or Holders and Noteholders in their sole discretion may determine; (e) obtain additional or substitute endorsers or guarantors; (f) exercise or refrain from exercising any rights against the Company and others (including other guarantors); and (g) subject to the Agency Agreement, apply any sums, by whomsoever paid or however realized, to the payment of the Guaranteed Obligations. Neither the Holder nor Collateral Agent shall have any obligation to proceed against any additional or substitute endorsers or guarantors or pursue or exhaust any Collateral or other security provided by any Person or to pursue any other remedy.

If an event permitting the acceleration of the maturity of the principal amount of the Revolver exists and such acceleration is at such time prevented or the right of any Holder to receive any payment on account of the Guaranteed Obligations is at such time delayed or otherwise affected by reason of the pendency against any Obligor or other guarantor of a case or proceeding under a bankruptcy or insolvency Law, Guarantor agrees that, for purposes of this Guaranty and its obligations hereunder, the maturity of such principal amount will be accelerated with the same effect as if the Holder had accelerated the same in accordance with the Loan Agreement, and Guarantor shall forthwith pay such accelerated Guaranteed Obligations.

## **SECTION 5. SUBROGATION AND SUBORDINATION.**

(a) Guarantor will not exercise any rights which it may have acquired by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, or accept any payment on account of such subrogation rights, or any rights of reimbursement, contribution or indemnity or any rights or recourse to any Collateral or other security for the Revolver or Notes or this Guaranty, unless and until all Guaranteed Obligations have been indefeasibly paid in full in cash.

(b) Guarantor hereby subordinates the payment of all Indebtedness and other obligations of the Company or any other guarantor of the Guaranteed Obligations owing to Guarantor, whether now existing or hereafter arising, including all rights and claims described in Section 5(a), to the indefeasible payment in full in cash of all Guaranteed Obligations. If the Collateral Agent or a Holder so requests, any such Indebtedness or other obligations shall be enforced and performance received by Guarantor as trustee for the Holder and the proceeds thereof shall be paid over to the Holder promptly, in the form received (with any necessary endorsements) to be applied to the Guaranteed Obligations, whether matured or unmatured, as may be directed by the Holder, but without reducing or affecting the liability of Guarantor under this Guaranty.

(c) If any amount or other payment is made to or accepted by Guarantor in violation of Sections 5(a) or (b), such amount shall have been paid to Guarantor for the benefit of, and held in trust for the benefit of, the Holder and be paid over to the Holder promptly, in the form received (with any necessary endorsements) to be applied to the Guaranteed Obligations, whether matured or unmatured, as directed by the Holder, but without reducing or affecting the liability of Guarantor under this Guaranty.

**SECTION 6. REINSTATEMENT.** This Guaranty will continue to be effective, or be reinstated, as the case may be, if and to the extent at any time payment, in whole or in part, of any of the sums due to any Holder on account of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by a Holder on the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or any other guarantor, or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Company or any other guarantor or any part of its or their property, or otherwise, all as though such payments had not been made.

**SECTION 7. RANK.** Guarantor will ensure that its payment obligations under this Guaranty will at all times rank at least *pari passu*, without preference or priority, with all other unsecured and unsubordinated Indebtedness of Guarantor now or hereafter existing.

**SECTION 8. TERM.** This Guaranty and all covenants and agreements of the Guarantor herein will continue in effect and not be discharged until all Guaranteed Obligations and other Obligations hereunder shall be indefeasibly paid in full in cash and shall be subject to reinstatement pursuant to Section 6.

**SECTION 9. SURVIVAL; INTEGRATION.** All representations and warranties herein will survive the execution and delivery of this Guaranty and may be relied on by any Holder, regardless of any investigation by or on behalf of any Holder. All statements in any certificate or other instrument delivered by or on behalf of Guarantor pursuant to this Guaranty will be representations and warranties of Guarantor under this Guaranty. Subject to the preceding sentence, this Guaranty and Guarantor's Pledge and Security Agreement embody the entire agreement between each Holder and Guarantor and supersede all prior agreements and understandings relating to the subject matter hereof.

**SECTION 10. AMENDMENT AND WAIVER.**

**Section 10.1 Requirements.** Except as provided in the third paragraph of Section 1, this Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of Guarantor and the Holder.

**Section 10.2 Binding Effect.** No amendment or waiver consented to as provided in this Section 10 will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between Guarantor and any Holder nor any delay in exercising any rights hereunder or under any other Revolver Document will operate as a waiver of any rights of any Holder.

**SECTION 11. REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants to each Holder as follows:

**Section 11.1 Power and Authority.** Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

**Section 11.2 Authorization.** This Guaranty has been duly authorized by all necessary company or similar action on the part of Guarantor, and this Guaranty constitutes upon execution and delivery a legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as such enforceability may be limited by: (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforcement of creditors' rights generally; and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**Section 11.3 Governmental Authorizations.** No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by Guarantor of this Guaranty.

**SECTION 12. NOTICES.** All notices and communications provided for hereunder shall be in writing and sent: (a) by telecopy or electronic mail if the sender on the same day sends a confirming copy by a recognized overnight delivery service (charges prepaid); (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent: (a) if to the Guarantor, to 21410 North 19th Avenue, Suite 220, Phoenix, Arizona 85027, or such other address as the Guarantor shall have specified to the Holders; or (b) if to Holder, to such Holder at an address specified for such notice or communications in the Loan Agreement, or such other address as such Holder shall have specified to the Company. Each notice or other communication delivered in connection with this Guaranty shall be in English.

**SECTION 13. MISCELLANEOUS.**

**Section 13.1 Successors and Assigns.** All covenants and agreements in this Guaranty by or on behalf of any of Guarantor or any Holder will bind and inure to the benefit of its respective successors and assigns whether so expressed or not.

**Section 13.2 Severability.** Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will (to the full extent permitted by law), not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 13.3 Construction.** Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant herein, so that compliance with any one covenant will not (absent such express contrary provision) excuse compliance with any other covenant. If a provision refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision will be applicable whether such action is taken directly or indirectly by such Person. All references herein to numbered sections, unless otherwise indicated, are to sections of this Guaranty. Words and definitions in the singular shall be construed as though in the plural and *vice versa*, and words in the masculine, neuter or feminine gender shall be construed as though in either of the other genders where the context requires.

**Section 13.4 Assurances.** Guarantor agrees to execute and deliver all such documentation and take all such action as any Holder may from time to time reasonably request to effectuate fully the purposes of this Guaranty.

**Section 13.5 Law.** This Guaranty shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the Law of the State of New York, excluding choice-of-law principles that would require or permit the application of the Law of a jurisdiction other than such State.

**Section 13.6 Jurisdiction and Process; Jury Trial.**

(a) Guarantor irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Guaranty. To the fullest extent permitted by Law, Guarantor irrevocably waives and agrees not to assert, by way of motion; as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Guarantor consents to process being served by or on behalf of any Holder in any suit, action or proceeding referred to in Section 13.6(a) by hand delivery, by delivery by reputable commercial delivery service, charges prepaid, by mailing a copy by registered or certified mail (or substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 12 or such other address of which such Holder shall then have been notified pursuant to Section 12. The Guarantor agrees that such service upon receipt: (i) shall be in every respect effective service of process on it in any such suit, action or proceeding; and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service on and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 13.6 shall affect the right of any Holder to serve process in any manner permitted by Law, or limit any right that any Holder may have to bring proceedings against the Guarantor in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) GUARANTOR AND EACH HOLDER, BY ACCEPTING THIS GUARANTY, WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS GUARANTY OR OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH.

**Section 13.7 Reproduction of Documents; Execution.** This Guaranty may be reproduced by any Holder by any photographic, photostatic, electronic, digital or other similar process and such Holder may destroy any original so reproduced. To the extent permitted by applicable Law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Holder in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 13.7 shall not prohibit Guarantor or any Holder from contesting any such reproduction to the same extent it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction. A facsimile or electronic transmission of the signature page of Guarantor shall be as effective as delivery of a manually executed counterpart hereof and be admissible into evidence for all purposes.

DATED as of the date first above written.

GLOBAL WATER, LLC

By: /s/ Michael J. Liebman

Name: Michael J. Liebman

Title: Manager

GUARANTY AGREEMENT

Dated as of April 20, 2018

of

WEST MARICOPA COMBINE, LLC

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## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated for identification as of April 20, 2018 (this “Guaranty”), is made by WEST, MARICOPA COMBINE, LLC, an Arizona limited liability company (“Guarantor”), in favor of MIDFIRST BANK, a federally chartered savings association (“Bank”).

### PRELIMINARY STATEMENTS

I. Global Water Resources, Inc., a Delaware corporation (the “Company”), entered into a Note Purchase Agreement dated as of May 20, 2016, as modified by Amendment No. 1 to Note Purchase Agreement dated as of December 19, 2017, and Amendment No. 2 to Note Purchase Agreement of even date herewith (and as further amended, supplemented or restated at any relevant time the “Note Purchase Agreement”) with the Persons listed on the signature pages thereto or their successors as holders of the Notes (the “Noteholders”). The obligations of the Company to the Noteholders under the Note Purchase Agreement and evidenced by the Notes are the “Note Obligations” and are guaranteed by Guarantor pursuant to a Guaranty Agreement dated June 24, 2016 (the “Note Guaranty”).

II. The Company and Bank are parties to a Loan Agreement of even date herewith (as amended, supplemented or restated at any relevant time the “Loan Agreement”), pursuant to which Bank has agreed to provide the Company a multiple advance revolving credit facility in the initial maximum principal amount of \$8,000,000 (the “Revolver”). The holder (including the Bank) of the Revolver Note at any relevant time is the “Holder.” The Revolver and other Obligations of the Company to the Holder evidenced by the Loan Agreement and Revolver Note are the “Revolver Obligations.”

III. The Note Obligations and Revolver Obligations are guaranteed by the Note Guaranty and this Guaranty, respectively, and those guaranties are secured by pledges of Equity Interests in certain Subsidiaries and other Collateral and subject to the Agency Agreement described below.

IV. The Company, Bank, Noteholders and U.S. Bank National Association, a national banking association, as Collateral Agent for the benefit of the Noteholders and Bank, are or will be parties to an Amended and Restated Collateral Agency Agreement of even date herewith (and as further amended, supplemented or restated from time to time the “Agency Agreement”).

V. It is a condition of the Bank’s Commitment in the Loan Agreement to provide the Revolver that this Guaranty be executed and delivered by Guarantor and be in full force and effect. Guarantor will receive direct and indirect benefits from the Loan Agreement and the Revolver. The member and manager of Guarantor have determined that obtaining the Revolver is in the best interests of Guarantor.

VI. Capitalized terms used at any place in this Guaranty and not defined herein (including by reference to another document) have the meanings provided by the Loan Agreement.

*NOW THEREFORE*, in consideration of the execution and delivery of the Loan Agreement and the Commitment, and the issuance of the Revolver Note, Guarantor hereby covenants and agrees with, and represents and warrants to each Holder, as follows:

**SECTION 1. GUARANTY.** Guarantor irrevocably and unconditionally guarantees to each Holder the due and punctual payment in full of all of the following (the “Guaranteed Obligations”): (a) all Revolver Obligations, including all principal of, interest on (including interest accruing after the filing of any petition in bankruptcy, or commencement of any insolvency, reorganization or like proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), and any other amounts due under or pursuant to, the Loan Agreement and/or Revolver Note when and as due and payable (at stated maturity, by required or optional prepayment, by acceleration or otherwise); and (b) all fees, expenses, indemnities and other sums which become due to the Holder or Collateral Agent under or pursuant to the Revolver Note, Loan Agreement, Agency Agreement or any other Revolver Document. The Guarantor’s liability hereunder is joint and several with any other Person(s) who may guarantee any Guaranteed Obligations.

The guaranty in the preceding paragraph is an absolute, present and continuing guaranty of payment and not of collectability and is in no way conditional or contingent on any attempt to collect from any other Obligor any Guaranteed Obligations or on any other action, occurrence or circumstance whatsoever. If the Company fails to pay any Guaranteed Obligations, Guarantor agrees to pay the same when due to the Collateral Agent and/or Holder entitled thereto, without demand, presentment, protest or notice of any kind, in lawful money of the United States of America, pursuant to the requirements for payment specified in the relevant Revolver Documents. Each default in payment of any Guaranteed Obligations will give rise to a separate cause of action and separate suits may be brought as each cause of action arises. Guarantor agrees that the Revolver Note may (but need not) make reference to this Guaranty Agreement.

Notwithstanding any other provision of this Guaranty, if at any time the Guaranteed Obligations exceed the Maximum Guaranteed Amount determined as of such time with regard to Guarantor, then this Guaranty will be automatically amended to reduce the Guaranteed Obligations hereunder to the Maximum Guaranteed Amount. Such amendment will not require the consent of Guarantor or any Holder and will be automatically consented to by the Guarantor and each Holder. The Guaranteed Obligations may at any time exceed the Maximum Guaranteed Amount without affecting or impairing the obligation of Guarantor. “Maximum Guaranteed Amount” means as of any date of determination with respect to Guarantor, the lesser of the: (a) amount of Guaranteed Obligations outstanding on such date; and (b) maximum amount that would not render the Guarantor’s liability under this Guaranty subject to avoidance under Section 548 of the United States Bankruptcy Code (or any successor Law) or any comparable provision of applicable state Law.

**SECTION 2. OBLIGATIONS ABSOLUTE.** The obligations of Guarantor hereunder are primary, absolute, irrevocable and unconditional, irrespective of the validity or enforceability of any other Revolver Document, will not be subject to any counterclaim, setoff, deduction or defense based on any claim Guarantor may have against any other Obligor, Holder or otherwise, and will remain in full force and effect without regard to, and will not be released, discharged or affected by, any circumstance or condition whatsoever (whether or not Guarantor has any knowledge or notice thereof), including any: (a) amendment to, supplement to or restatement of the Revolver Note or any other Revolver Document (it being agreed the obligations of Guarantor hereunder will apply to the Revolver Note or other Revolver Document as so amended, supplemented or restated) or any assignment or transfer thereof or of any interest therein, or any furnishing, acceptance or release of any Collateral or other security for the any Guaranteed Obligations; (b) waiver, consent, extension, indulgence or other action or inaction under or in respect of the Revolver Note or any other Revolver Document; (c) bankruptcy, insolvency, arrangement, reorganization, readjustment, composition, liquidation or

similar proceeding with respect to any other Obligor or its property; (d) merger, amalgamation or consolidation of any Obligor into or with any other Person or any sale, lease or transfer of any assets of any Obligor to any Person; (e) failure on the part of the Company to comply with or perform any other agreement with Guarantor; (f) failure on the part of the Collateral Agent or any Holder to obtain, maintain, register or otherwise perfect any Collateral or other security; or (g) other event or circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor (whether or not similar to the foregoing), however material or prejudicial it may be to Guarantor or to any subrogation, contribution or reimbursement rights of Guarantor.

**SECTION 3. WAIVER.** Guarantor unconditionally waives to the fullest extent permitted by Law: (a) notice of acceptance hereof, of any action taken or omitted in reliance hereon and of any default by the Company in the payment or performance of any amount or duty due under the Revolver Note or any other Revolver Document, and of any matter referred to in Section 2; (b) all notices which may be required by Law or otherwise to preserve any rights of the Collateral Agent or any Holder against Guarantor, including notice or presentment to or demand for payment from the Company or Guarantor, of any default or protest for nonpayment or dishonor and the filing of claims with a court in the event of the bankruptcy of the Company; (c) any right to require the Collateral Agent or any Holder or Noteholder to enforce, assert or exercise any right, power or remedy including any right, power or remedy conferred by the Revolver Note or any other Revolver Document, the Note Purchase Agreement, any Notes, the Note Guaranty or the Agency Agreement; (d) any requirement for diligence on the part of the Collateral Agent or any Holder; and (e) any other act or omission or delay which might in any manner or to any extent vary the risk, or otherwise operate as a discharge of, Guarantor or in any manner lessen the obligations of Guarantor hereunder.

**SECTION 4. OBLIGATIONS UNIMPAIRED.** Guarantor authorizes the Collateral Agent and/or Holder (as applicable), without notice or demand to Guarantor or affecting its obligations hereunder, from time to time to: (a) renew, compromise, extend, accelerate or otherwise change the time for payment of, all or any part of the Revolver Note or any of the other Revolver Documents; (b) change any representations, covenants, events of default or other terms or conditions of or pertaining to the Revolver Note or any of the other Revolver Documents, including decreases or increases in amounts of principal, rates of interest or fees, or other Guaranteed Obligations; (c) take and hold Collateral and other security for the payment of the Revolver Note or any of the other Revolver Documents, for the performance of this Guaranty or otherwise from the Indebtedness guaranteed hereby and to exchange, enforce, waive, subordinate and release any such Collateral and other security; (d) apply any such Collateral and security and to direct the order or manner of sale thereof as the Collateral Agent (in accordance with the Collateral Agreement) or Holders and Noteholders in their sole discretion may determine; (e) obtain additional or substitute endorsers or guarantors; (f) exercise or refrain from exercising any rights against the Company and others (including other guarantors); and (g) subject to the Agency Agreement, apply any sums, by whomsoever paid or however realized, to the payment of the Guaranteed Obligations. Neither the Holder nor Collateral Agent shall have any obligation to proceed against any additional or substitute endorsers or guarantors or pursue or exhaust any Collateral or other security provided by any Person or to pursue any other remedy.

If an event permitting the acceleration of the maturity of the principal amount of the Revolver exists and such acceleration is at such time prevented or the right of any Holder to receive any payment on account of the Guaranteed Obligations is at such time delayed or otherwise affected by reason of the pendency against any Obligor or other guarantor of a case or proceeding under a bankruptcy or insolvency Law, Guarantor agrees that, for purposes of this Guaranty and its obligations hereunder, the maturity of such principal amount will be accelerated with the same effect as if the Holder had accelerated the same in accordance with the Loan Agreement, and Guarantor shall forthwith pay such accelerated Guaranteed Obligations.

## **SECTION 5. SUBROGATION AND SUBORDINATION.**

(a) Guarantor will not exercise any rights which it may have acquired by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, or accept any payment on account of such subrogation rights, or any rights of reimbursement, contribution or indemnity or any rights or recourse to any Collateral or other security for the Revolver or Notes or this Guaranty, unless and until all Guaranteed Obligations have been indefeasibly paid in full in cash.

(b) Guarantor hereby subordinates the payment of all Indebtedness and other obligations of the Company or any other guarantor of the Guaranteed Obligations owing to Guarantor, whether now existing or hereafter arising, including all rights and claims described in Section 5(a), to the indefeasible payment in full in cash of all Guaranteed Obligations. If the Collateral Agent or a Holder so requests, any such Indebtedness or other obligations shall be enforced and performance received by Guarantor as trustee for the Holder and the proceeds thereof shall be paid over to the Holder promptly, in the form received (with any necessary endorsements) to be applied to the Guaranteed Obligations, whether matured or unmatured, as may be directed by the Holder, but without reducing or affecting the liability of Guarantor under this Guaranty.

(c) If any amount or other payment is made to or accepted by Guarantor in violation of Sections 5(a) or (b), such amount shall have been paid to Guarantor for the benefit of, and held in trust for the benefit of, the Holder and be paid over to the Holder promptly, in the form received (with any necessary endorsements) to be applied to the Guaranteed Obligations, whether matured or unmatured, as directed by the Holder, but without reducing or affecting the liability of Guarantor under this Guaranty.

**SECTION 6. REINSTATEMENT.** This Guaranty will continue to be effective, or be reinstated, as the case may be, if and to the extent at any time payment, in whole or in part, of any of the sums due to any Holder on account of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by a Holder on the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or any other guarantor, or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Company or any other guarantor or any part of its or their property, or otherwise, all as though such payments had not been made.

**SECTION 7. RANK.** Guarantor will ensure that its payment obligations under this Guaranty will at all times rank at least *pari passu*, without preference or priority, with all other unsecured and unsubordinated Indebtedness of Guarantor now or hereafter existing.

**SECTION 8. TERM.** This Guaranty and all covenants and agreements of the Guarantor herein will continue in effect and not be discharged until all Guaranteed Obligations and other Obligations hereunder shall be indefeasibly paid in full in cash and shall be subject to reinstatement pursuant to Section 6.

**SECTION 9. SURVIVAL; INTEGRATION.** All representations and warranties herein will survive the execution and delivery of this Guaranty and may be relied on by any Holder, regardless of any investigation by or on behalf of any Holder. All statements in any certificate or other instrument delivered by or on behalf of Guarantor pursuant to this Guaranty will be representations and warranties of Guarantor under this Guaranty. Subject to the preceding sentence, this Guaranty and Guarantor's Pledge and Security Agreement embody the entire agreement between each Holder and Guarantor and supersede all prior agreements and understandings relating to the subject matter hereof.

**SECTION 10. AMENDMENT AND WAIVER.**

**Section 10.1 Requirements.** Except as provided in the third paragraph of Section 1, this Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of Guarantor and the Holder.

**Section 10.2 Binding Effect.** No amendment or waiver consented to as provided in this Section 10 will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between Guarantor and any Holder nor any delay in exercising any rights hereunder or under any other Revolver Document will operate as a waiver of any rights of any Holder.

**SECTION 11. REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants to each Holder as follows:

**Section 11.1 Power and Authority.** Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

**Section 11.2 Authorization.** This Guaranty has been duly authorized by all necessary company or similar action on the part of Guarantor, and this Guaranty constitutes upon execution and delivery a legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as such enforceability may be limited by: (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforcement of creditors' rights generally; and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**Section 11.3 Governmental Authorizations.** No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by Guarantor of this Guaranty.

**SECTION 12. NOTICES.** All notices and communications provided for hereunder shall be in writing and sent: (a) by telecopy or electronic mail if the sender on the same day sends a confirming copy by a recognized overnight delivery service (charges prepaid); (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent: (a) if to the Guarantor, to 21410 North 19th Avenue, Suite 220, Phoenix, Arizona 85027, or such other address as the Guarantor shall have specified to the Holders; or (b) if to Holder, to such Holder at an address specified for such notice or communications in the Loan Agreement, or such other address as such Holder shall have specified to the Company. Each notice or other communication delivered in connection with this Guaranty shall be in English.

**SECTION 13. MISCELLANEOUS.**

**Section 13.1 Successors and Assigns.** All covenants and agreements in this Guaranty by or on behalf of any of Guarantor or any Holder will bind and inure to the benefit of its respective successors and assigns whether so expressed or not.

**Section 13.2 Severability.** Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will (to the full extent permitted by law), not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 13.3 Construction.** Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant herein, so that compliance with any one covenant will not (absent such express contrary provision) excuse compliance with any other covenant. If a provision refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision will be applicable whether such action is taken directly or indirectly by such Person. All references herein to numbered sections, unless otherwise indicated, are to sections of this Guaranty. Words and definitions in the singular shall be construed as though in the plural and *vice versa*, and words in the masculine, neuter or feminine gender shall be construed as though in either of the other genders where the context requires.

**Section 13.4 Assurances.** Guarantor agrees to execute and deliver all such documentation and take all such action as any Holder may from time to time reasonably request to effectuate fully the purposes of this Guaranty.

**Section 13.5 Law.** This Guaranty shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the Law of the State of New York, excluding choice-of-law principles that would require or permit the application of the Law of a jurisdiction other than such State.

**Section 13.6 Jurisdiction and Process; Jury Trial.**

(a) Guarantor irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Guaranty. To the fullest extent permitted by Law, Guarantor irrevocably waives and agrees not to assert, by way of motion; as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Guarantor consents to process being served by or on behalf of any Holder in any suit, action or proceeding referred to in Section 13.6(a) by hand delivery, by delivery by reputable commercial delivery service, charges prepaid, by mailing a copy by registered or certified mail (or substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 12 or such other address of which such Holder shall then have been notified pursuant to Section 12. The Guarantor agrees that such service upon receipt: (i) shall be in every respect effective service of process on it in any such suit, action or proceeding; and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service on and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 13.6 shall affect the right of any Holder to serve process in any manner permitted by Law, or limit any right that any Holder may have to bring proceedings against the Guarantor in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) GUARANTOR AND EACH HOLDER, BY ACCEPTING THIS GUARANTY, WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS GUARANTY OR OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH.

**Section 13.7 Reproduction of Documents; Execution.** This Guaranty may be reproduced by any Holder by any photographic, photostatic, electronic, digital or other similar process and such Holder may destroy any original so reproduced. To the extent permitted by applicable Law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Holder in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 13.7 shall not prohibit Guarantor or any Holder from contesting any such reproduction to the same extent it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction. A facsimile or electronic transmission of the signature page of Guarantor shall be as effective as delivery of a manually executed counterpart hereof and be admissible into evidence for all purposes.

DATED as of the date first above written.

WEST MARICOPA COMBINE, LLC

By: /s/ Michael J. Liebman

Name: Michael J. Liebman

Title: Manager

**PLEDGE AND SECURITY AGREEMENT****GLOBAL WATER RESOURCES, INC.**

THIS PLEDGE AND SECURITY AGREEMENT (“*Agreement*”) dated for identification as of April 20, 2018, is made by: (a) GLOBAL WATER RESOURCES, INC., a Delaware corporation (“*Pledgor*” or “*Company*”); in favor of (b) U.S. BANK NATIONAL ASSOCIATION, a national banking association, in its capacity as collateral agent (with its successors and permitted assigns in such capacity the “*Collateral Agent*”); for the benefit of (c) MIDFIRST BANK, a federally chartered savings association (the “*Bank*” and/or any other holder of the Revolver Note at any relevant time the “*Holder*”), pursuant to the Amended and Restated Collateral Agency Agreement of even date herewith (the “*Collateral Agency Agreement*”) among and/or approved by the Collateral Agent, Company, Noteholders and Bank.

**PRELIMINARY STATEMENT**

WHEREAS, Company and Bank are parties to a Loan Agreement of even date herewith (as amended, supplemented or restated at any relevant time the “*Loan Agreement*”), pursuant to which Bank has agreed to provide Company a multiple advance revolving credit facility in the initial maximum principal amount of \$8,000,000 (the “*Revolver*”); and

WHEREAS, Pledgor is the owner and holder of all of the Equity Interests of Global Water, LLC, a Delaware limited liability company (the “*Pledged Company*”); and

WHEREAS, pursuant to Guaranty Agreements (the “*Guaranty Agreements*”) of even date herewith, the Pledged Company and West Maricopa Combine, LLC, an Arizona limited liability company, have guaranteed the Obligations of Company under the Loan Agreement and Revolver Note; and

WHEREAS, it is a condition precedent to the obligation of Bank to provide the Revolver pursuant to the Commitment that Pledgor execute and deliver this Agreement to the Collateral Agent for the benefit of the Secured Parties; and

WHEREAS, Pledgor desires to execute this Agreement to satisfy such condition precedent and to secure all Obligations of the Obligor under the Revolver Documents;

NOW THEREFORE, to induce Bank to provide the Commitment pursuant to the Loan Agreement, Pledgor and the Collateral Agent agree as follows:

**SECTION 1. DEFINED TERMS.**

(a) Capitalized terms used at any place but not defined herein have the meanings set forth in the Loan Agreement.

(b) “*ACC Regulations*” means the applicable regulations, orders and requirements of the Arizona Corporation Commission and applicable statutes administered by the Arizona Corporation Commission.

(c) “*Applicable Law*” means all applicable Laws, including all applicable provisions of constitutions, statutes, rules, ordinances, regulations and orders of all Governmental Authorities and all orders, rulings, writs and decrees of all courts, tribunals and arbitrators.

(d) “*Equity Interests*” means with respect to any Person, all capital stock of (or other ownership or profit interest in) such Person, all warrants, options or other rights for the purchase or acquisition from such Person of capital stock of (or other ownership or profit interest in) such Person, all securities convertible into or exchangeable for capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or other interests), and all other ownership or profit interests in such Person (including partnership, membership and trust interests therein), voting or nonvoting, whether or not such shares, warrants, options, rights or other interests are outstanding on any date.

(e) “*Indemnified Liabilities*” means, collectively, all liabilities, obligations, losses, damages, penalties, claims (including under Environmental Laws), actions, judgments, suits, costs (including reasonable costs of investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response necessary to remove, remediate, clean up or abate Hazardous Materials), expenses and disbursements of any kind (including reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding or hearing commenced or threatened by any Person, whether or not such Indemnitees are designated as a party or potential party thereto, and any reasonable fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct or indirect and whether based on any applicable Laws (including Environmental Laws), on common law or equitable cause or on contract or otherwise, imposed on, incurred by, or asserted against any such Indemnitee (regardless of whether any Indemnitee is a party thereof), in any manner relating to or arising out of: (i) this Agreement or any other Revolver Document or transactions contemplated hereby or thereby (including the use or intended use of the proceeds of the Revolver, or any enforcement of any of the Revolver Documents (including any sale of, collection from, or other realization on any Collateral)); or (ii) any claim under Environmental Laws or Hazardous Materials liability relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership or practice of Pledgor or any of its Subsidiaries.

(f) “*Noteholders*” means the holders at any relevant time of the Notes.

(g) “*Pledged Company*” has the meaning set forth in the above preliminary statement.

(h) “*Secured Obligations*” has the meaning provided by Section 2(c).

(i) “*Secured Parties*” means all Holders and the Collateral Agent.

(j) “*Specified Account*” means the segregated account of Company maintained with Wells Fargo Bank, N.A., with the last four digits of such account number being 5456, established to receive payments of dividends and distributions on Equity Interests owned by Company or any Subsidiary Guarantor, and all replacements or substitutions for such account established by the Company or any Subsidiary Guarantor, whether in the form of a deposit account or securities account. For the avoidance of doubt, a “Specified Account” shall not include any “collection account,” deposit account, securities account or other account in which the revenues of Utility Subsidiaries are remitted or consolidated.

(k) “UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York; *provided that* if by mandatory provisions of Law, the perfection or the effect of perfection or non-perfection of the security interests granted pursuant to Section 2, as well as all other security interests created or assigned as additional security for the Secured Obligations pursuant to this Agreement, in any Collateral is governed by the UCC as in effect in any jurisdiction other than the State of New York, “UCC” means the UCC as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

## SECTION 2. GRANT OF SECURITY INTEREST.

(a) To secure the Secured Obligations, Pledgor grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in, and acknowledges and agrees that the Collateral Agent has and will continue to have a continuing security interest in, all right, title and interest of Pledgor, whether now owned or existing or hereafter created, acquired or arising, and regardless of where located, in and to all the following (collectively the “*Collateral*”):

(i) all Equity Interests, including all shares, ownership, economic and management interests, membership interests and/or partnership interests in any Person owned or held by Pledgor, all payments and distributions of whatever kind or character, in cash or other property, at any time made, owing or payable to Pledgor in respect of or on account of its present or hereafter acquired Equity Interests, whether due or to become due and whether representing profits, distributions pursuant to complete or partial liquidation or dissolution of the issuer of such Equity Interests, distributions representing the complete or partial redemption of Pledgor’s Equity Interests in any Person or complete or partial withdrawal of Pledgor from any Person, repayment of capital contributions made to or with respect to any Person in respect of Equity Interests in such Person held by Pledgor and the right to receive, receipt for, use, and enjoy all such payments and distributions, and all other rights and privileges incident to Pledgor’s interest in such Equity Interests, *provided that* prior to the occurrence of an Event of Default, Pledgor shall retain certain rights pursuant to Section 7;

(ii) the Specified Account;

(iii) all interest, dividends, cash, instruments, investment property, general intangibles and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any of the foregoing;

(iv) supporting evidence and documentation relating to any of the above-described property, including computer programs, disks, tapes, electronic archives, clouds and related data processing media, and all rights of Pledgor to retrieve the same from third parties, written applications, credit information, account cards, payment records, correspondence, delivery and installation certificates, invoice copies, delivery together with receipts, notes, and other evidences of indebtedness, insurance certificates and the like, with all books of account, ledgers and cabinets in which the same are reflected or maintained; and

(v) to the extent not covered by Sections 2(a)(i) through 2(a)(iv), all proceeds (as defined in the UCC) of any or all of the foregoing.

(b) The Collateral Agent shall have with respect to the Collateral, in addition to the rights and remedies set forth herein and in the other Revolver Documents, all rights and remedies of a secured party under the UCC as if fully set forth herein.

(c) The security interest herein granted is made and given to secure, and shall secure, the payment and performance of: (i) all Obligations of any of Obligor to the Secured Parties (whether arising before or after the filing of a petition in bankruptcy), whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, however held, evidenced or acquired, and whether several, joint, or joint and several; and (ii) all expenses and charges, legal or otherwise, suffered or incurred by the Secured Parties in collecting or enforcing any such Obligations or realizing on or protecting or preserving any Collateral or other security therefor, including the lien and security interest granted hereby (all of the foregoing being the “*Secured Obligations*”).

(d) For the avoidance of doubt and notwithstanding anything in any Revolver Document to the contrary: (i) no Subsidiary of Pledgor that is now a regulated utility is a borrower or guarantor under any Revolver Document, nor is any such Subsidiary pledging any of its property as collateral for the Secured Obligations; and (ii) no regulated utility may declare distributions or dividends to its equity holders except in accordance with applicable Law (including ACC Regulations), and subject to each regulated utility’s obligations to maintain revenues and funds sufficient to fund direct and indirect operating and maintenance expenses (including general and administrative expenses and reasonable and necessary costs, fees and expenses for operation and maintenance of system utilities).

SECTION 3. CERTIFICATES OR INSTRUMENTS. Any certificates or instruments representing or evidencing Collateral shall be delivered to and held by or on behalf of the Collateral Agent for the benefit of the Secured Parties pursuant hereto and to the Collateral Agency Agreement and be in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank, all in form reasonably satisfactory to the Collateral Agent and in form and substance reasonably satisfactory to Bank. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will have the right at any time in its sole discretion and without notice to Pledgor to transfer to or to register in the name of the Collateral Agent or its nominees any or all of the Collateral, subject only to the revocable rights specified in Section 7(a) and compliance with ACC Regulations. In addition, on the occurrence and during the continuance of any Event of Default, the Collateral Agent will have the right to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations.

#### SECTION 4. SPECIFIED ACCOUNT COLLATERAL.

(a) The Company has established the Specified Account as a deposit account (within the meaning of Section 9-102 of the UCC), with Wells Fargo Bank, N.A. Pledgor shall promptly notify the Collateral Agent of any other Specified Account opened or maintained by the Company after the date hereof. To the extent requested by the Collateral Agent following the occurrence and continuation of any Default or the occurrence of any Event of Default, Pledgor shall, and shall cause the applicable depository or other institution to, execute and deliver to the Collateral Agent an account control agreement in form reasonably satisfactory to the Collateral Agent and in form and substance reasonably satisfactory to the Holder which provides among other things for the depository or other institution’s agreement that it will comply with: (i) instructions originated by the Collateral Agent directing the disposition of the funds in each such Specified Account that is a deposit account or; (ii) entitlement orders originated by the Collateral Agent with respect to each such Specified Account that is a securities account, in each case without further consent by Pledgor. Notwithstanding the foregoing, any account control agreement which requires the Collateral Agent in its individual capacity to indemnify the depository or other institution other than out of the Collateral will not be reasonably satisfactory to the Collateral Agent.

(b) Subject to Section 2(d), Pledgor covenants and agrees that upon declaration and payment of any dividend or distribution by any Subsidiary, it will cause such dividend or distribution to be paid and segregated into the Specified Account. Prior to the occurrence and continuance of an Event of Default, but subject to the limitation on Restricted Payments by Pledgor in the Loan Agreement, amounts so deposited in the Specified Account may be withdrawn and used for corporate purposes, including investments in or loans to Subsidiaries permitted under the Loan Agreement.

SECTION 5. REPRESENTATIONS, WARRANTIES AND CERTAIN COVENANTS. Pledgor represents, warrants and covenants as follows:

(a) The Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable. No Equity Interests constituting interests in limited liability companies constitute or are evidenced by certificated securities, unless such certificates have been delivered to the Collateral Agent.

(b) Pledgor is the legal and beneficial owner of the Collateral free and clear of any Lien or other encumbrance except for the Lien created by this Agreement and any other Liens created in favor of the Collateral Agent and described in the Collateral Agency Agreement. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which Pledgor would be required to sell or otherwise dispose of any Equity Interest, except as described in the Collateral Agency Agreement.

(c) Except for the delivery of any certificates or instruments representing Collateral to the Collateral Agent pursuant to this Agreement, filing of an appropriate financing statement with the Delaware Secretary of State, and any control agreement contemplated by Section 4(a), no other action is required to create or maintain the Lien of the Collateral Agent as a valid and perfected first priority Lien (*pari passu* with the Noteholders) in the Collateral to secure the Secured Obligations.

(d) No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body (except as set forth in Section 5(c)) is required either: (i) for the pledge by Pledgor of the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor; or (ii) for the exercise by the Collateral Agent of its rights and the rights of any other Secured Parties provided for in this Agreement and the Collateral Agency Agreement or the remedies in respect of the Collateral pursuant to this Agreement and the Collateral Agency Agreement (except as may be required in connection with such disposition by Laws affecting the offering and sale of securities generally and except for compliance with requirements of the ACC Regulations as set forth in Sections 7(b) and 8).

(e) The execution, delivery and performance of this Agreement does not and will not: (i) violate any provision of any Law (including Regulations T, U and X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award applicable to Pledgor; (ii) result in breach of, or constitute a default under, any indenture, credit or loan or note agreement or any other agreement, lease or instrument to which Pledgor presently is a party or by which it or its properties are bound or affected; or (iii) result in or require (other than pursuant to this Agreement) the creation or imposition of any Lien or other share or encumbrance upon or with respect to any properties now owned or hereafter acquired by Pledgor. Pledgor is not in violation of or default under any such Law or material provision of any such indenture, agreement, lease or instrument.

(f) All Equity Interests in the Pledged Company are owned by Pledgor and pledged by this Agreement.

(g) Except for any such agreements in favor of the Collateral Agent for the benefit of the Secured Parties and Noteholders, Pledgor shall not enter into any agreement providing any Person with “control” (within the meaning of Sections 9-104 or 9-106 of the applicable UCC) of any Specified Account.

(h) Pledgor is a limited liability company duly formed under the laws of Delaware, and is validly existing and in good standing under the laws of such jurisdiction and the State of Arizona. Pledgor has its chief executive office in the State of Arizona. Pledgor agrees to give the Collateral Agent at least 30 days’ prior written notice before changing the state in which its chief executive office is located or the state in which it is organized, and prior to the effectiveness of any such change shall take all steps necessary to maintain the security interest provided for herein as a first-priority (*pari passu* with the Noteholders) perfected security interest, including filing additional UCC financing statements or amendments as may be necessary or requested by (and subject to the rights of) the Collateral Agent.

(i) Pledgor shall not: (i) sell, assign (by agreement, operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any Collateral; or (ii) create or permit to exist any Lien or security interest on or with respect to any Collateral, except for the Lien created by this Agreement and any other Lien in favor of the Collateral Agent for the benefit of the Secured Parties.

(j) Pledgor shall not permit or cause to be issued any Equity Interests: (i) in substitution for any existing Equity Interests; and (ii) in addition to the existing Equity Interests, except following notice to the Collateral Agent and provided that immediately upon its acquisition (directly or indirectly) of any such substitute or additional securities, Pledgor will execute such documentation as is necessary to pledge or evidence the pledge or as may be requested by Collateral Agent or the Holder pledging, and evidencing the pledge hereunder of, such Equity Interests.

(k) Pledgor shall, at its expense, protect and defend this Agreement, all rights of the Collateral Agent hereunder, and the Collateral against all claims and demands of other parties. Pledgor shall pay all Claims and charges that in the reasonable opinion of the Collateral Agent or the Holder might prejudice, imperil or otherwise affect Collateral or the security interest therein. Pledgor shall promptly notify the Collateral Agent of any levy, distraint or other seizure by legal process or otherwise of any Collateral and of any threatened or filed claims or proceedings that might affect or impair this Agreement.

SECTION 6. FURTHER ASSURANCES. Pledgor authorizes the Collateral Agent to file any financing statements covering the Collateral or any part thereof as the Collateral Agent may desire. Pledgor agrees that from time to time, at the expense of Pledgor, Pledgor will promptly execute and deliver all further documentation and take all further actions that the Collateral Agent or Holder may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Pledgor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent or Holder may reasonably request, all in reasonable detail, Pledgor agrees, and agrees to cause each issuer of Equity Interests included in the Collateral, to mark its books and records to reflect the Lien of the Collateral Agent in the Collateral.

## SECTION 7. VOTING AND DIVIDENDS.

(a) So long as no Event of Default has occurred and is continuing:

(i) Pledgor will be entitled to exercise any voting and other consensual rights pertaining to any Collateral for any purpose not inconsistent with this Agreement or any other Revolver Documents.

(ii) Pledgor will be entitled to receive and retain any dividends or distributions paid in respect of the Collateral; *provided however*, except as expressly permitted by the Loan Agreement, any (A) dividends or distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Collateral, (B) dividends and other distributions paid or payable in cash in respect of any Collateral in connection with a partial or total liquidation or dissolution, and (C) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Collateral, shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by Pledgor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of Pledgor, and be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement).

(iii) The Collateral Agent shall execute and deliver (or cause to be executed and delivered) to Pledgor all such proxies and other instruments as Pledgor may reasonably request for the purpose of enabling Pledgor to exercise the voting and other rights it is entitled to exercise pursuant to Section 7(a)(i) and to receive dividends it is authorized to receive and retain pursuant to Section 7(a)(ii).

(b) Subject to any requirements of ACC Regulations, on the occurrence and during the continuation of an Event of Default:

(i) All rights of Pledgor to exercise voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 7(a)(i) will automatically cease, and the Collateral Agent will thereupon have the sole right to exercise such rights.

(ii) All rights of Pledgor to receive the distributions and dividends it would otherwise be entitled to receive and retain pursuant to Section 7(a)(ii) will automatically cease, and the Collateral Agent will thereupon have the sole right to receive and hold as Collateral such dividends, distributions and interest.

(iii) Any distributions and dividends received by Pledgor contrary to the provisions of Section 7(b)(ii) will be received in trust for the benefit of the Collateral Agent on behalf of the Secured Parties, shall be segregated from other funds of Pledgor and shall be forthwith paid over to the Collateral Agent on behalf of the Secured Parties as Collateral in the same form as received (with any necessary endorsement).

SECTION 8. REMEDIES. Subject to any requirements of ACC Regulations:

(a) The Collateral Agent may exercise in respect of any Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral), and the Collateral Agent may also, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and on such other terms as the Collateral Agent may claim commercially reasonable. Pledgor agrees that at least ten days' notice to Pledgor of the time and place of any public sale or time after which any private sale is to be made will constitute reasonable notification. The Collateral Agent will not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by the Collateral Agent as Collateral and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization on any Collateral shall be applied by the Collateral Agent against the Secured Obligations in such order as the Collateral Agent may elect, subject to the requirements of the Loan Agreement and Collateral Agency Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all Secured Obligations and Notes shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All rights and remedies of the Collateral Agent expressed herein are in addition to all other rights and remedies possessed by the Collateral Agent or the Holder in the Revolver Documents and any other agreement or instrument relating to the Secured Obligations.

(d) In connection with a public or private sale of any Collateral, the Collateral Agent may disclose to prospective purchasers any non-public information available to the Collateral Agent which pertains to: (i) the issuer of any Collateral; or (ii) Pledgor, provided in the case of Pledgor such non-public information is material to said issuer, its financial condition or the Collateral.

(e) Without in any way limiting the foregoing, on the occurrence and during the continuation of any Event of Default, the Collateral Agent shall have the right, in addition to all other rights provided herein or by Law, to direct the disposition of the funds in any Specified Account that is a deposit account, or entitlement orders originated by the secured party with respect to each such Specified Account that is a securities account, in each case without further consent by Pledgor.

(f) If the Collateral Agent exercises its right to take possession of any Collateral, Pledgor shall also at its expense perform any other steps requested by the Collateral Agent or Holder to preserve and protect the security interest hereby granted in the Collateral, such as maintaining Collateral records and filing UCC financing and continuation statements.

## SECTION 9. WAIVERS; PRIVATE SALES.

(a) Pledgor waives any right to require the Collateral Agent or Holder to: (i) proceed against any Person, including any other Obligor; or (ii) proceed against or exhaust any Collateral, or (iii) pursue any other remedy in Collateral Agent's or the Holder's power; and waives any defense arising by reason of any disability of Pledgor or any other Person. Until the Secured Obligations have been paid in full, Pledgor waives any right of subrogation, reimbursement, indemnification, and contribution (contractual, statutory or otherwise), including any right of subrogation under the Bankruptcy Code (Title 11, United States Code) or any successor statute, arising from the existence or performance of this Agreement, and Pledgor waives any right to enforce any remedy which the Collateral Agent now has or may hereafter have against Pledgor or any other Person, and waives any benefit of, and any right to participate in, any security now or hereafter held by the Collateral Agent. Pledgor authorizes the Collateral Agent, without notice or demand and without affecting Pledgor's liability hereunder, from time to time to: (a) renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of, any Secured Obligations, including increase or decrease of any rate of interest thereon; (b) receive and hold security, other than the Collateral herein described, for the payment of any Secured Obligations, and exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any Collateral or other security; and (c) release or substitute the Company, or any other guarantors of such Secured Obligations or any part thereof, or any other parties thereto.

(b) Pledgor recognizes that the Collateral Agent may be unable to effect a public sale of any of the Collateral by reason of ACC Regulations and/or certain prohibitions contained in the Laws of any jurisdiction outside the United States or in the Securities Act and applicable state securities Laws, but may instead be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such Collateral for their own account for investment and not with a view to the distribution or resale thereof, or otherwise in accordance with the ACC Regulations. Pledgor agrees that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall, to the extent permitted by Law, be made in a commercially reasonable manner. The Collateral Agent will not be under any obligation to delay a sale of any Collateral for the period of time necessary to permit the issuer of such securities to register such securities under the Laws of any jurisdiction outside the United States, under the Securities Act or under any applicable state securities Laws, even if the issuer would agree to do so. If the Collateral Agent is able to lawfully effect a public sale without registration of the Collateral under the laws of any jurisdiction outside the United States, under the 1933 Act or under any applicable state securities Laws, then, subject to any applicable ACC Regulations, the Collateral Agent may, but will not be required to, conduct a public sale of the Collateral, rather than a private sale, if the Collateral Agent reasonably believes it would realize a higher sales price in a public sale.

## SECTION 10. COLLATERAL AGENT'S DUTIES.

(a) The powers conferred on the Collateral Agent hereunder are solely to protect the interests of the Secured Parties in the Collateral and shall not impose any duty on the Collateral Agent to exercise any such powers. Except for reasonable care in the custody of any Collateral in its possession and accounting for moneys actually received by it hereunder, the Collateral Agent will have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent will have exercised reasonable care in the custody and preservation of Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property and collateral held for others in its capacity as a collateral agent, it being understood that the Collateral Agent will not have any responsibility for: (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any

Collateral, whether or not the Collateral Agent has or is deemed to have knowledge of such matters; or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral.

(b) Upon the appointment of a replacement collateral agent pursuant to the Collateral Agency Agreement, the Collateral Agent may transfer all of its interest and Liens in or any of the Collateral and be fully discharged thereafter from all liability and responsibility with respect to such Collateral so transferred, and the transferee shall be vested with all the rights and powers of the Collateral Agent hereunder with respect to such Collateral so transferred; but with respect to any of its interest and liens in Collateral not so transferred, the Collateral Agent will retain all rights and powers hereby given.

#### SECTION 11. OTHER RIGHTS.

(a) The rights, powers and remedies given to the Collateral Agent by this Agreement shall be in addition to all rights, powers and remedies given to the Collateral Agent by virtue of any statute or rule of Law. Any forbearance or failure or delay by the Collateral Agent in exercising any right, power or remedy hereunder shall not be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Collateral Agent shall continue in full force and effect until such right, power or remedy is specifically waived by a writing executed by the Collateral Agent. The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Collateral Agent or any Holder may have.

(b) This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of Pledgor in any way related to the Collateral, and the Collateral Agent will have no duty or obligation to discharge any such duty or obligation. The Collateral Agent will have no responsibility for taking any necessary steps to preserve rights against any parties with respect to any Collateral or initiating any action to protect any Collateral against the possibility of a decline in market value. Neither the Collateral Agent nor any party acting as attorney for the Collateral Agent will be liable for any acts or omissions or for any error of judgment or mistake of fact or Law other than its gross negligence or willful misconduct or negligence in the handling of funds.

(c) In addition to any other powers of attorney contained herein, Pledgor hereby appoints the Collateral Agent, its nominee, and any other person whom the Collateral Agent may designate, as Pledgor's attorney-in-fact, with full power and authority to sign Pledgor's name on verifications of Collateral; to send requests for verification of Collateral to obligors; to endorse Pledgor's name on any checks, notes, acceptances, money orders, drafts and other forms of payment or security that may come into the Collateral Agent's possession or on any assignments, stock powers or other instruments of transfer relating to any Collateral; to sign Pledgor's name on claims to enforce collection of any Collateral, on notices to and drafts against obligors, on schedules and assignments of Collateral, on notices of assignment and on public records; on the occurrence and during the continuance of an Event of Default to notify post office authorities to change the address for delivery of Pledgor's mail to an address designated by the Collateral Agent; upon the occurrence and during the continuance of an Event of Default to receive, open and dispose of all mail addressed to Pledgor; and to do all things necessary to carry out this Agreement. Pledgor hereby ratifies and approves all acts of any such attorney and agrees that neither the Collateral Agent nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or Law other than such person's gross negligence or willful misconduct or negligence in the handling of funds. The foregoing powers of attorney, being coupled with an interest, are irrevocable until the Secured Obligations have been fully paid and satisfied and all agreements of any Secured Party to extend credit to or for the account of Pledgor have expired or otherwise been terminated.

## SECTION 12. INDEMNITY; WAIVER.

(a) Pledgor agrees to indemnify, pay and hold harmless, the Collateral Agent and each other Secured Party and any of their Related Parties (each an “*Indemnitee*”), from and against any and all Indemnified Liabilities, IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE OR CONTRIBUTORY NEGLIGENCE OF SUCH INDEMNITEE; *provided*, Pledgor shall not have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities (x) arise from the gross negligence or willful misconduct, as determined by a court of competent jurisdiction by final and nonappealable judgment, of that Indemnitee, or (y) result from a claim brought by Pledgor against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Revolver Document, as determined by a court of competent jurisdiction by final and nonappealable judgment. To the extent the undertakings to indemnify, pay and hold harmless in this Section 12 may be unenforceable in whole or in part because they are violative of any Law or public policy, Pledgor shall contribute the maximum portion it is permitted to pay and satisfy under applicable Laws to the payment and satisfaction of all Indemnified Liabilities incurred by any Indemnitees. All amounts due under this Section 12(a) shall be payable promptly after demand therefor. For purposes hereof, “*Related Parties*” means, with respect to any Person, such Person’s Affiliates and the partners, managers, directors, trustees, officers, employees or other personnel, counsel, agents and advisors of such Person and of such Person’s Affiliates.

(b) To the extent not prohibited by applicable Law, Pledgor shall not assert, and Pledgor waives, any claim against the Collateral Agent and its respective Related Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any other Revolver Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and Pledgor waives, releases and agrees not to sue on any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to it through telecommunications, electronic or other information transmission systems in connection with this Agreement or any other Revolver Documents or the transactions contemplated hereby or thereby. In no event shall the Collateral Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by; directly or indirectly, forces beyond its control, including strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, it being understood that the Collateral Agent shall use reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

## SECTION 13. INTERPRETATION.

- (a) In this Agreement, unless a clear contrary intention appears:
- (i) the singular number includes the plural number and vice versa;
  - (ii) reference to any gender includes each other gender;
  - (iii) the words “herein,” “hereof” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;

(iv) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually, *provided that* nothing in this Section 13(a)(iv) is intended to authorize any assignment not otherwise permitted by this Agreement;

(v) reference to any agreement, document or instrument means such agreement, document or instrument as amended, supplemented or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, and reference to any note includes any note issued pursuant to any Revolver Document in extension or renewal thereof and in substitution or replacement therefor;

(vi) unless the context indicates otherwise, reference to any Article, Section or Schedule means such Article or Section hereof or Schedule hereto;

(vii) "including" (with its correlative meaning "include") means including, without limiting the generality of any description preceding such term;

(viii) with respect to the determination of any period of time, the word "from" means "from and including" and the word "to" means "to but excluding;"

(ix) reference to any Law means such as modified, codified or reenacted, in whole or in part, and in effect from time to time; and

(x) reference to the Collateral Agent are to it in its capacity as Collateral Agent for the Secured Parties and Noteholders under and as provided in the Collateral Agency Agreement.

(b) Article and Section headings herein are for convenience only and shall not affect the construction hereof.

(c) No provision of this Agreement shall be interpreted or construed against any Person because that Person or its legal representative drafted such provision.

SECTION 14. AMENDMENTS. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Pledgor herefrom, will be effective unless in writing and signed by Pledgor and the Collateral Agent, and then only in the specific instance and for the specific purpose for which given.

SECTION 15. NOTICES. All notices and other communications provided for hereunder shall be in writing and sent: (a) by telecopy, facsimile or electronic mail if the sender on the same day sends a confirming copy of such notice by a nationally recognized overnight delivery service (charges prepaid); (b) by registered or certified mail with return receipt requested (postage prepaid); or (c) by a nationally recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to the Bank or its nominee, to the Bank or nominee at the address specified for such communications in the Loan Agreement, or at such other address as the Bank or nominee shall have specified to the Company in writing;

(ii) if to any other Holder, to such Holder at such address as such Holder shall have specified to the Company in writing;

(iii) if to Pledgor, to Pledgor at the following address: 21410 North 19th Avenue, Suite 220, Phoenix, Arizona 85027 to the attention of: Michael J. Liebman, or at such other address as Pledgor shall have specified to the Collateral Agent and each Holder in writing; or

(iv) if to the Collateral Agent, at 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: M. Ambriz-Reyes (Global Water Resources, Inc.), *E-mail: Mary.abrizreyes@usbank.com*, or at such other address as the Collateral Agent shall have specified to Pledgor in writing.

Notices under this Section 15 will be effective only when actually received.

**SECTION 16. SEPARABILITY.** If any clause, sentence, paragraph, subsection or Section of this Agreement is judicially declared to be invalid, unenforceable or void, such decision will not have the effect of invalidating or voiding the remainder of this Agreement, and the part or parts of this Agreement so held to be invalid, unenforceable or void will be deemed to have been stricken herefrom by the parties hereto, and the remainder of this Agreement will have the same force and effect as if such stricken part or parts had never been included herein

**SECTION 17. COUNTERPARTS.** This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed will be an original and all of which taken together will constitute one and the same Agreement. Signatures of parties transmitted by facsimile or electronic transmission will be their original signatures for all purposes.

**SECTION 18. CONTINUING LIEN.** This Agreement shall create a continuing security interest in the Collateral and shall: (a) remain in effect until payment in full of the Secured Obligations; (b) be binding on Pledgor, its successors and assigns; and (c) inure to the benefit of the Collateral Agent and other Secured Parties and their successors, transferees and assigns. Without limiting the foregoing clause (c), any Holder may assign or otherwise transfer all or a portion of its interests, rights and obligations under the Revolver Note in accordance with the Revolver Documents. Upon the payment in full of the Secured Obligations and Notes, Pledgor will be entitled to the return, on its request and at its expense, of such Collateral as shall not have been disposed of.

**SECTION 19. SURVIVAL.** All representations and warranties in this Agreement or made in writing by Pledgor in connection herewith will survive the execution and delivery of this Agreement and repayment of the Secured Obligations. Any investigation by any Secured Party will not diminish in any respect its right to rely on such representations and warranties.

**SECTION 20. LAW.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION EXCEPT TO THE EXTENT THE PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

## SECTION 21. JURISDICTION; WAIVER OF JURY TRIAL.

(a) Pledgor irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to the Revolver Documents. To the fullest extent permitted by applicable Law, Pledgor irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Pledgor consents to process being served by or on behalf of the Collateral Agent or any Holder in any suit, action or proceeding of the nature referred to in Section 21(a) by hand delivery, reputable overnight commercial delivery service or by mailing a copy thereof by registered or certified or express mail (or any substantially similar form of mail), postage prepaid; return receipt requested, in each case to it at its address described in Section 15 or at such other address of which the Collateral Agent or such Holder shall then have been notified pursuant to Section 15. Pledgor agrees that such service upon receipt: (i) will be in every respect effective service of process on it in any such suit, action or proceeding; and (ii) will, to the fullest extent permitted by applicable Law, be valid personal service on and personal delivery to it. Notices hereunder will be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 21 shall affect the right of the Collateral Agent or any Holder to serve process in any manner permitted by Law, or limit any right the Collateral Agent or Holder may have to bring proceedings against Pledgor in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO OR RELATED TO ANY REVOLVER DOCUMENT.

SECTION 22. FINAL AGREEMENT. THIS AGREEMENT AND ANY OTHER REVOLVER DOCUMENTS EXECUTED IN CONNECTION HERewith REPRESENT (WITH THE COLLATERAL AGENCY AGREEMENT) THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

SECTION 23. LLC INTERESTS. Pledgor will not: (a) permit any Pledged Company that is a limited liability company to issue any certificate or other instrument to evidence any of Pledgor's limited liability company interests in such Pledged Company; (b) permit the limited liability company interest in any such Pledged Company to be dealt in or traded on any securities exchange or in securities markets; or (c) allow the operating agreement of any such Pledged Company to provide that any limited liability company interest in any such Pledged Company shall be a security governed by Article 8 of the Uniform Commercial Code.

DATED as of the date first above written.

PLEDGOR:

GLOBAL WATER RESOURCES, INC.

By: /s/ Michael J. Liebman \_\_\_\_\_

Name: Michael J. Liebman

Title: Senior Vice President, Chief Financial Officer and  
Secretary

COLLATERAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Collateral  
Agent

By: /s/ Mary Ambriz-Reyes \_\_\_\_\_

Name: Mary Ambriz-Reyes \_\_\_\_\_

Title: Vice President \_\_\_\_\_

**PLEDGE AND SECURITY AGREEMENT****GLOBAL WATER, LLC**

THIS PLEDGE AND SECURITY AGREEMENT (“*Agreement*”) dated for identification as of April 20, 2018, is made by: (a) GLOBAL WATER, LLC, a Delaware limited liability company (“*Pledgor*”); in favor of (b) U.S. BANK NATIONAL ASSOCIATION, a national banking association, in its capacity as collateral agent (with its successors and permitted assigns in such capacity the “*Collateral Agent*”); for the benefit of (c) MIDFIRST BANK, a federally chartered savings association (the “*Bank*” and/or any other holder of the Revolver Note at any relevant time the “*Holder*”), pursuant to the Amended and Restated Collateral Agency Agreement of even date herewith (the “*Collateral Agency Agreement*”) among and/or approved by the Collateral Agent, Noteholders, Bank and Global Water Resources, Inc., a Delaware corporation (“*Company*”).

**PRELIMINARY STATEMENT**

WHEREAS, Company and Bank are parties to a Loan Agreement of even date herewith (as amended, supplemented or restated at any relevant time the “*Loan Agreement*”), pursuant to which Bank has agreed to provide Company a multiple advance revolving credit facility in the initial maximum principal amount of \$8,000,000 (the “*Revolver*”); and

WHEREAS, pursuant to Guaranty Agreements (the “*Guaranty Agreements*”) of even date herewith, the Pledged Company and West Maricopa Combine, LLC, an Arizona limited liability company, have guaranteed the Obligations of Company under the Loan Agreement and Revolver Note; and

WHEREAS, Pledgor is the owner and holder of all of the Equity Interests of the Persons described in *Schedule I* hereto (the “*Pledged Companies*”); and

WHEREAS, it is a condition precedent to the obligation of Bank to provide the Revolver pursuant to the Commitment that Pledgor execute and deliver this Agreement to the Collateral Agent for the benefit of the Secured Parties; and

WHEREAS, Pledgor desires to execute this Agreement to satisfy such condition precedent and to secure its Obligations under its Guaranty Agreement;

NOW THEREFORE, to induce Bank to provide the Commitment pursuant to the Loan Agreement, Pledgor and the Collateral Agent agree as follows:

**SECTION 1. DEFINED TERMS.**

(a) Capitalized terms used at any place but not defined herein have the meanings set forth in the Loan Agreement.

(b) “*ACC Regulations*” means the applicable regulations, orders and requirements of the Arizona Corporation Commission and applicable statutes administered by the Arizona Corporation Commission.

(c) “*Applicable Law*” means all applicable Laws, including all applicable provisions of constitutions, statutes, rules, ordinances, regulations and orders of all Governmental Authorities and all orders, rulings, writs and decrees of all courts, tribunals and arbitrators.

(d) “*Equity Interests*” means with respect to any Person, all capital stock of (or other ownership or profit interest in) such Person, all warrants, options or other rights for the purchase or acquisition from such Person of capital stock of (or other ownership or profit interest in) such Person, all securities convertible into or exchangeable for capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or other interests), and all other ownership or profit interests in such Person (including partnership, membership and trust interests therein), voting or nonvoting, whether or not such shares, warrants, options, rights or other interests are outstanding on any date.

(e) “*Indemnified Liabilities*” means, collectively, all liabilities, obligations, losses, damages, penalties, claims (including under Environmental Laws), actions, judgments, suits, costs (including reasonable costs of investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response necessary to remove, remediate, clean up or abate Hazardous Materials), expenses and disbursements of any kind (including reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding or hearing commenced or threatened by any Person, whether or not such Indemnitees are designated as a party or potential party thereto, and any reasonable fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct or indirect and whether based on any applicable Laws (including Environmental Laws), on common law or equitable cause or on contract or otherwise, imposed on, incurred by, or asserted against any such Indemnitee (regardless of whether any Indemnitee is a party thereof), in any manner relating to or arising out of: (i) this Agreement or any other Revolver Document or transactions contemplated hereby or thereby (including the use or intended use of the proceeds of the Revolver, or any enforcement of any of the Revolver Documents (including any sale of, collection from, or other realization on any Collateral)); or (ii) any claim under Environmental Laws or Hazardous Materials liability relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership or practice of Pledgor or any of its Subsidiaries.

(f) “*Noteholders*” means the holders at any relevant time of the Notes.

(g) “*Pledged Companies*” has the meaning set forth in the above preliminary statement.

(h) “*Secured Obligations*” has the meaning provided by Section 2(c).

(i) “*Secured Parties*” means all Holders and the Collateral Agent.

(j) “*Specified Account*” means the segregated account of Company maintained with Wells Fargo Bank, N.A., with the last four digits of such account number being 5456, established to receive payments of dividends and distributions on Equity Interests owned by Company or any Subsidiary Guarantor, and all replacements or substitutions for such account established by the Company or any Subsidiary Guarantor, whether in the form of a deposit account or securities account. For the avoidance of doubt, a “Specified Account” shall not include any “collection account,” deposit account, securities account or other account in which the revenues of Utility Subsidiaries are remitted or consolidated.

(k) “UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York; *provided that* if by mandatory provisions of Law, the perfection or the effect of perfection or non-perfection of the security interests granted pursuant to Section 2, as well as all other security interests created or assigned as additional security for the Secured Obligations pursuant to this Agreement, in any Collateral is governed by the UCC as in effect in any jurisdiction other than the State of New York, “UCC” means the UCC as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

## SECTION 2. GRANT OF SECURITY INTEREST.

(a) To secure the Secured Obligations, Pledgor grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in, and acknowledges and agrees that the Collateral Agent has and will continue to have a continuing security interest in, all right, title and interest of Pledgor, whether now owned or existing or hereafter created, acquired or arising, and regardless of where located, in and to all the following (collectively the “*Collateral*”):

(i) all Equity Interests, including all shares, ownership, economic and management interests, membership interests and/or partnership interests in any Person owned or held by Pledgor, all payments and distributions of whatever kind or character, in cash or other property, at any time made, owing or payable to Pledgor in respect of or on account of its present or hereafter acquired Equity Interests, whether due or to become due and whether representing profits, distributions pursuant to complete or partial liquidation or dissolution of the issuer of such Equity Interests, distributions representing the complete or partial redemption of Pledgor’s Equity Interests in any Person or complete or partial withdrawal of Pledgor from any Person, repayment of capital contributions made to or with respect to any Person in respect of Equity Interests in such Person held by Pledgor and the right to receive, receipt for, use, and enjoy all such payments and distributions, and all other rights and privileges incident to Pledgor’s interest in such Equity Interests, *provided that* prior to the occurrence of an Event of Default, Pledgor shall retain certain rights pursuant to Section 7;

(ii) the Specified Account;

(iii) all interest, dividends, cash, instruments, investment property, general intangibles and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any of the foregoing;

(iv) supporting evidence and documentation relating to any of the above-described property, including computer programs, disks, tapes, electronic archives, clouds and related data processing media, and all rights of Pledgor to retrieve the same from third parties, written applications, credit information, account cards, payment records, correspondence, delivery and installation certificates, invoice copies, delivery receipts, notes, and other evidences of indebtedness, insurance certificates and the like, together with all books of account, ledgers and cabinets in which the same are reflected or maintained; and

(v) to the extent not covered by Sections 2(a)(i) through 2(a)(iv), all proceeds (as defined in the UCC) of any or all of the foregoing.

(b) The Collateral Agent shall have with respect to the Collateral, in addition to the rights and remedies set forth herein and in the other Revolver Documents, all rights and remedies of a secured party under the UCC as if fully set forth herein.

(c) The security interest herein granted is made and given to secure, and shall secure, the payment and performance of: (i) all Obligations of Pledgor to the Secured Parties (whether arising before or after the filing of a petition in bankruptcy), whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, however held, evidenced or acquired, and whether several, joint, or joint and several; and (ii) all expenses and charges, legal or otherwise, suffered or incurred by the Secured Parties in collecting or enforcing any such Obligations or realizing on or protecting or preserving any Collateral or other security therefor, including the lien and security interest granted hereby (all of the foregoing being the “*Secured Obligations*”).

(d) For the avoidance of doubt and notwithstanding anything in any Revolver Document to the contrary: (i) no Subsidiary of Pledgor that is now a regulated utility is a borrower or guarantor under any Revolver Document, nor is any such Subsidiary pledging any of its property as collateral for the Secured Obligations; and (ii) no regulated utility may declare distributions or dividends to its equity holders except in accordance with applicable Law (including ACC Regulations), and subject to each regulated utility’s obligations to maintain revenues and funds sufficient to fund direct and indirect operating and maintenance expenses (including general and administrative expenses and reasonable and necessary costs, fees and expenses for operation and maintenance of system utilities).

**SECTION 3. CERTIFICATES OR INSTRUMENTS.** Any certificates or instruments representing or evidencing Collateral shall be delivered to and held by or on behalf of the Collateral Agent for the benefit of the Secured Parties pursuant hereto and to the Collateral Agency Agreement and be in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank, all in form reasonably satisfactory to the Collateral Agent and in form and substance reasonably satisfactory to Bank. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will have the right at any time in its sole discretion and without notice to Pledgor to transfer to or to register in the name of the Collateral Agent or its nominees any or all of the Collateral, subject only to the revocable rights specified in Section 7(a) and compliance with ACC Regulations. In addition, on the occurrence and during the continuance of any Event of Default, the Collateral Agent will have the right to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations.

**SECTION 4. SPECIFIED ACCOUNT COLLATERAL.**

(a) The Company has established the Specified Account as a deposit account (within the meaning of Section 9-102 of the UCC), with Wells Fargo Bank, N.A. Pledgor shall promptly notify the Collateral Agent of any other Specified Account opened or maintained by the Company or Pledgor after the date hereof. To the extent requested by the Collateral Agent following the occurrence and continuation of any Default or the occurrence of any Event of Default, Pledgor shall, and shall cause the applicable depository or other institution to, execute and deliver to the Collateral Agent an account control agreement in form reasonably satisfactory to the Collateral Agent and in form and substance reasonably satisfactory to the Holder which provides among other things for the depository or other institution’s agreement that it will comply with: (i) instructions originated by the Collateral Agent directing the disposition of the funds in each such Specified Account that is a deposit account or; (ii) entitlement orders originated by the Collateral Agent with respect to each such Specified Account that is a securities account, in each case without further consent by Pledgor. Notwithstanding the foregoing, any account control agreement which requires the Collateral Agent in its individual capacity to indemnify the depository or other institution other than out of the Collateral will not be reasonably satisfactory to the Collateral Agent.

(b) Subject to Section 2(d), Pledgor covenants and agrees that upon declaration and payment of any dividend or distribution by any Subsidiary, it will cause such dividend or distribution to be paid and segregated into the Specified Account. Prior to the occurrence and continuance of an Event of Default, amounts so deposited in the Specified Account may be withdrawn and used for corporate purposes, including investments in or loans to Subsidiaries permitted under the Loan Agreement.

SECTION 5. REPRESENTATIONS, WARRANTIES AND CERTAIN COVENANTS. Pledgor represents, warrants and covenants as follows:

(a) The Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable. No Equity Interests constituting interests in limited liability companies constitute or are evidenced by certificated securities, unless such certificates have been delivered to the Collateral Agent.

(b) Pledgor is the legal and beneficial owner of the Collateral free and clear of any Lien or other encumbrance except for the Lien created by this Agreement and any other Liens created in favor of the Collateral Agent and described in the Collateral Agency Agreement. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which Pledgor would be required to sell or otherwise dispose of any Equity Interest, except as described in the Collateral Agency Agreement.

(c) Except for the delivery of any certificates or instruments representing Collateral to the Collateral Agent pursuant to this Agreement, filing of an appropriate financing statement with the Delaware Secretary of State, and any control agreement contemplated by Section 4(a), no other action is required to create or maintain the Lien of the Collateral Agent as a valid and perfected first priority Lien (*pari passu* with the Noteholders) in the Collateral to secure the Secured Obligations.

(d) No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body (except as set forth in Section 5(c)) is required either: (i) for the pledge by Pledgor of the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor; or (ii) for the exercise by the Collateral Agent of its rights and the rights of any other Secured Parties provided for in this Agreement and the Collateral Agency Agreement or the remedies in respect of the Collateral pursuant to this Agreement and the Collateral Agency Agreement (except as may be required in connection with such disposition by Laws affecting the offering and sale of securities generally and except for compliance with requirements of the ACC Regulations as set forth in Sections 7(b) and 8).

(e) The execution, delivery and performance of this Agreement does not and will not: (i) violate any provision of any Law (including Regulations T, U and X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award applicable to Pledgor; (ii) result in breach of, or constitute a default under, any indenture, credit or loan or note agreement or any other agreement, lease or instrument to which Pledgor presently is a party or by which it or its properties are bound or affected; or (iii) result in or require (other than pursuant to this Agreement) the creation or imposition of any Lien or other share or encumbrance upon or with respect to any properties now owned or hereafter acquired by Pledgor. Pledgor is not in violation of or default under any such Law or material provision of any such indenture, agreement, lease or instrument.

(f) *Schedule I* correctly sets forth the name of the issuer and the percentage of Equity Interests of certain Equity Interests owned by Pledgor and pledged by this Agreement.

(g) Except for any such agreements in favor of the Collateral Agent for the benefit of the Secured Parties and Noteholders, Pledgor shall not enter into any agreement providing any Person with "control" (within the meaning of Sections 9-104 or 9-106 of the applicable UCC) of any Specified Account.

(h) Pledgor is a limited liability company duly formed under the laws of Delaware, and is validly existing and in good standing under the laws of such jurisdiction and the State of Arizona. Pledgor has its chief executive office in the State of Arizona. Pledgor agrees to give the Collateral Agent at least 30 days' prior written notice before changing the state in which its chief executive office is located or the state in which it is organized, and prior to the effectiveness of any such change shall take all steps necessary to maintain the security interest provided for herein as a first-priority (*pari passu* with the Noteholders) perfected security interest, including filing additional UCC financing statements or amendments as may be necessary or requested by (and subject to the rights of) the Collateral Agent.

(i) Pledgor shall not: (i) sell, assign (by agreement, operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any Collateral; or (ii) create or permit to exist any Lien or security interest on or with respect to any Collateral, except for the Lien created by this Agreement and any other Lien in favor of the Collateral Agent for the benefit of the Secured Parties.

(j) Pledgor shall not permit or cause to be issued any Equity Interests: (i) in substitution for any existing Equity Interests; and (ii) in addition to the existing Equity Interests, except following notice to the Collateral Agent and provided that immediately upon its acquisition (directly or indirectly) of any such substitute or additional securities, Pledgor will execute such documentation as is necessary to pledge or evidence the pledge or as may be requested by Collateral Agent or the Holder pledging, and evidencing the pledge hereunder of, such Equity Interests.

(k) Pledgor shall, at its expense, protect and defend this Agreement, all rights of the Collateral Agent hereunder, and the Collateral against all claims and demands of other parties. Pledgor shall pay all Claims and charges that in the reasonable opinion of the Collateral Agent or the Holder might prejudice, imperil or otherwise affect Collateral or the security interest therein. Pledgor shall promptly notify the Collateral Agent of any levy, distraint or other seizure by legal process or otherwise of any Collateral and of any threatened or filed claims or proceedings that might affect or impair this Agreement.

SECTION 6. FURTHER ASSURANCES. Pledgor authorizes the Collateral Agent to file any financing statements covering the Collateral or any part thereof as the Collateral Agent may desire. Pledgor agrees that from time to time, at the expense of Pledgor, Pledgor will promptly execute and deliver all further documentation and take all further actions that the Collateral Agent or Holder may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Pledgor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent or Holder may reasonably request, all in reasonable detail, Pledgor agrees, and agrees to cause each issuer of Equity Interests included in the Collateral, to mark its books and records to reflect the Lien of the Collateral Agent in the Collateral.

#### SECTION 7. VOTING AND DIVIDENDS.

(a) So long as no Event of Default has occurred and is continuing:

(i) Pledgor will be entitled to exercise any voting and other consensual rights pertaining to any Collateral for any purpose not inconsistent with this Agreement or any other Revolver Documents.

(ii) Pledgor will be entitled to receive and retain any dividends or distributions paid in respect of the Collateral; *provided however*, except as expressly permitted by the Loan Agreement,

any (A) dividends or distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Collateral, (B) dividends and other distributions paid or payable in cash in respect of any Collateral in connection with a partial or total liquidation or dissolution, and (C) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Collateral, shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by Pledgor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of Pledgor, and be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement).

(iii) The Collateral Agent shall execute and deliver (or cause to be executed and delivered) to Pledgor all such proxies and other instruments as Pledgor may reasonably request for the purpose of enabling Pledgor to exercise the voting and other rights it is entitled to exercise pursuant to Section 7(a)(i) and to receive dividends it is authorized to receive and retain pursuant to Section 7(a)(ii).

(b) Subject to any requirements of ACC Regulations, on the occurrence and during the continuation of an Event of Default:

(i) All rights of Pledgor to exercise voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 7(a)(i) will automatically cease, and the Collateral Agent will thereupon have the sole right to exercise such rights.

(ii) All rights of Pledgor to receive the distributions and dividends it would otherwise be entitled to receive and retain pursuant to Section 7(a)(ii) will automatically cease, and the Collateral Agent will thereupon have the sole right to receive and hold as Collateral such dividends, distributions and interest.

(iii) Any distributions and dividends received by Pledgor contrary to the provisions of Section 7(b)(ii) will be received in trust for the benefit of the Collateral Agent on behalf of the Secured Parties, shall be segregated from other funds of Pledgor and shall be forthwith paid over to the Collateral Agent on behalf of the Secured Parties as Collateral in the same form as received (with any necessary endorsement).

**SECTION 8. REMEDIES.** Subject to any requirements of ACC Regulations:

(a) The Collateral Agent may exercise in respect of any Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral), and the Collateral Agent may also, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and on such other terms as the Collateral Agent may claim commercially reasonable. Pledgor agrees that at least ten days' notice to Pledgor of the time and place of any public sale or time after which any private sale is to be made will constitute reasonable notification. The Collateral Agent will not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by the Collateral Agent as Collateral and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization on any Collateral shall be applied by the Collateral Agent against the Secured Obligations in such order as the Collateral Agent may elect, subject to the requirements of the Loan Agreement and Collateral Agency Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all Secured Obligations and Notes shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All rights and remedies of the Collateral Agent expressed herein are in addition to all other rights and remedies possessed by the Collateral Agent or the Holder in the Revolver Documents and any other agreement or instrument relating to the Secured Obligations.

(d) In connection with a public or private sale of any Collateral, the Collateral Agent may disclose to prospective purchasers any non-public information available to the Collateral Agent which pertains to: (i) the issuer of any Collateral; or (ii) Pledgor, provided in the case of Pledgor such non-public information is material to said issuer, its financial condition or the Collateral.

(e) Without in any way limiting the foregoing, on the occurrence and during the continuation of any Event of Default, the Collateral Agent shall have the right, in addition to all other rights provided herein or by Law, to direct the disposition of the funds in any Specified Account that is a deposit account, or entitlement orders originated by the secured party with respect to each such Specified Account that is a securities account, in each case without further consent by Pledgor.

(f) If the Collateral Agent exercises its right to take possession of any Collateral, Pledgor shall also at its expense perform any other steps requested by the Collateral Agent or Holder to preserve and protect the security interest hereby granted in the Collateral, such as maintaining Collateral records and filing UCC financing and continuation statements.

## SECTION 9. WAIVERS; PRIVATE SALES.

(a) Pledgor waives any right to require the Collateral Agent or Holder to: (i) proceed against any Person, including any other Obligor; or (ii) proceed against or exhaust any Collateral, or (iii) pursue any other remedy in Collateral Agent's or the Holder's power; and waives any defense arising by reason of any disability of Pledgor or any other Person. Until the Secured Obligations have been paid in full, Pledgor waives any right of subrogation, reimbursement, indemnification, and contribution (contractual, statutory or otherwise), including any right of subrogation under the Bankruptcy Code (Title 11, United States Code) or any successor statute, arising from the existence or performance of this Agreement, and Pledgor waives any right to enforce any remedy which the Collateral Agent now has or may hereafter have against Pledgor or any other Person, and waives any benefit of, and any right to participate in, any security now or hereafter held by the Collateral Agent. Pledgor authorizes the Collateral Agent, without notice or demand and without affecting Pledgor's liability hereunder, from time to time to: (a) renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of, any Secured Obligations, including increase or decrease of any rate of interest thereon; (b) receive and hold security, other than the Collateral herein described, for the payment of any Secured Obligations, and exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any Collateral or other security; and (c) release or substitute the Company, or any other guarantors of such Secured Obligations or any part thereof, or any other parties thereto.

(b) Pledgor recognizes that the Collateral Agent may be unable to effect a public sale of any of the Collateral by reason of ACC Regulations and/or certain prohibitions contained in the Laws of any

jurisdiction outside the United States or in the Securities Act and applicable state securities Laws, but may instead be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such Collateral for their own account for investment and not with a view to the distribution or resale thereof, or otherwise in accordance with the ACC Regulations. Pledgor agrees that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall, to the extent permitted by Law, be made in a commercially reasonable manner. The Collateral Agent will not be under any obligation to delay a sale of any Collateral for the period of time necessary to permit the issuer of such securities to register such securities under the Laws of any jurisdiction outside the United States, under the Securities Act or under any applicable state securities Laws, even if the issuer would agree to do so. If the Collateral Agent is able to lawfully effect a public sale without registration of the Collateral under the laws of any jurisdiction outside the United States, under the 1933 Act or under any applicable state securities Laws, then, subject to any applicable ACC Regulations, the Collateral Agent may, but will not be required to, conduct a public sale of the Collateral, rather than a private sale, if the Collateral Agent reasonably believes it would realize a higher sales price in a public sale.

#### SECTION 10. COLLATERAL AGENT'S DUTIES.

(a) The powers conferred on the Collateral Agent hereunder are solely to protect the interests of the Secured Parties in the Collateral and shall not impose any duty on the Collateral Agent to exercise any such powers. Except for reasonable care in the custody of any Collateral in its possession and accounting for moneys actually received by it hereunder, the Collateral Agent will have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent will have exercised reasonable care in the custody and preservation of Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property and collateral held for others in its capacity as a collateral agent, it being understood that the Collateral Agent will not have any responsibility for: (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Agent has or is deemed to have knowledge of such matters; or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral.

(b) Upon the appointment of a replacement collateral agent pursuant to the Collateral Agency Agreement, the Collateral Agent may transfer all of its interest and Liens in or any of the Collateral and be fully discharged thereafter from all liability and responsibility with respect to such Collateral so transferred, and the transferee shall be vested with all the rights and powers of the Collateral Agent hereunder with respect to such Collateral so transferred; but with respect to any of its interest and liens in Collateral not so transferred, the Collateral Agent will retain all rights and powers hereby given.

## SECTION 11. OTHER RIGHTS.

(a) The rights, powers and remedies given to the Collateral Agent by this Agreement shall be in addition to all rights, powers and remedies given to the Collateral Agent by virtue of any statute or rule of Law. Any forbearance or failure or delay by the Collateral Agent in exercising any right, power or remedy hereunder shall not be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Collateral Agent shall continue in full force and effect until such right, power or remedy is specifically waived by a writing executed by the Collateral Agent. The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Collateral Agent or any Holder may have.

(b) This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of Pledgor in any way related to the Collateral, and the Collateral Agent will have no duty or obligation to discharge any such duty or obligation. The Collateral Agent will have no responsibility for taking any necessary steps to preserve rights against any parties with respect to any Collateral or initiating any action to protect any Collateral against the possibility of a decline in market value. Neither the Collateral Agent nor any party acting as attorney for the Collateral Agent will be liable for any acts or omissions or for any error of judgment or mistake of fact or Law other than its gross negligence or willful misconduct or negligence in the handling of funds.

(c) In addition to any other powers of attorney contained herein, Pledgor hereby appoints the Collateral Agent, its nominee, and any other person whom the Collateral Agent may designate, as Pledgor's attorney-in-fact, with full power and authority to sign Pledgor's name on verifications of Collateral; to send requests for verification of Collateral to obligors; to endorse Pledgor's name on any checks, notes, acceptances, money orders, drafts and other forms of payment or security that may come into the Collateral Agent's possession or on any assignments, stock powers or other instruments of transfer relating to any Collateral; to sign Pledgor's name on claims to enforce collection of any Collateral, on notices to and drafts against obligors, on schedules and assignments of Collateral, on notices of assignment and on public records; on the occurrence and during the continuance of an Event of Default to notify post office authorities to change the address for delivery of Pledgor's mail to an address designated by the Collateral Agent; upon the occurrence and during the continuance of an Event of Default to receive, open and dispose of all mail addressed to Pledgor; and to do all things necessary to carry out this Agreement. Pledgor hereby ratifies and approves all acts of any such attorney and agrees that neither the Collateral Agent nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or Law other than such person's gross negligence or willful misconduct or negligence in the handling of funds. The foregoing powers of attorney, being coupled with an interest, are irrevocable until the Secured Obligations have been fully paid and satisfied and all agreements of any Secured Party to extend credit to or for the account of Pledgor have expired or otherwise been terminated.

## SECTION 12. INDEMNITY; WAIVER.

(a) Pledgor agrees to indemnify, pay and hold harmless, the Collateral Agent and each other Secured Party and any of their Related Parties (each an "*Indemnitee*"), from and against any and all Indemnified Liabilities, IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE OR CONTRIBUTORY NEGLIGENCE OF SUCH INDEMNITEE; *provided*, Pledgor shall not have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities (x) arise from the gross negligence or willful misconduct, as determined by a court of competent jurisdiction by final and nonappealable judgment, of that Indemnitee, or (y) result from a claim brought by Pledgor against an Indemnitee for breach

in bad faith of such Indemnitee's obligations hereunder or under any other Revolver Document, as determined by a court of competent jurisdiction by final and nonappealable judgment. To the extent the undertakings to indemnify, pay and hold harmless in this Section 12 may be unenforceable in whole or in part because they are violative of any Law or public policy, Pledgor shall contribute the maximum portion it is permitted to pay and satisfy under applicable Laws to the payment and satisfaction of all Indemnified Liabilities incurred by any Indemnitees. All amounts due under this Section 12(a) shall be payable promptly after demand therefor. For purposes hereof, "*Related Parties*" means, with respect to any Person, such Person's Affiliates and the partners, managers, directors, trustees, officers, employees or other personnel, counsel, agents and advisors of such Person and of such Person's Affiliates.

(b) To the extent not prohibited by applicable Law, Pledgor shall not assert, and Pledgor waives, any claim against the Collateral Agent and its respective Related Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any other Revolver Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and Pledgor waives, releases and agrees not to sue on any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to it through telecommunications, electronic or other information transmission systems in connection with this Agreement or any other Revolver Documents or the transactions contemplated hereby or thereby. In no event shall the Collateral Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by; directly or indirectly, forces beyond its control, including strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, it being understood that the Collateral Agent shall use reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

### SECTION 13. INTERPRETATION.

(a) In this Agreement, unless a clear contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any gender includes each other gender;

(iii) the words "herein," "hereof" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;

(iv) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually, *provided that* nothing in this Section 13(a)(iv) is intended to authorize any assignment not otherwise permitted by this Agreement;

(v) reference to any agreement, document or instrument means such agreement, document or instrument as amended, supplemented or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, and reference to any note includes any

note issued pursuant to any Revolver Document in extension or renewal thereof and in substitution or replacement thereof;

(vi) unless the context indicates otherwise, reference to any Article, Section or Schedule means such Article or Section hereof or Schedule hereto;

(vii) “including” (with its correlative meaning “include”) means including, without limiting the generality of any description preceding such term;

(viii) with respect to the determination of any period of time, the word “from” means “from and including” and the word “to” means “to but excluding;”

(ix) reference to any Law means such as modified, codified or reenacted, in whole or in part, and in effect from time to time; and

(x) reference to the Collateral Agent are to it in its capacity as Collateral Agent for the Secured Parties and Noteholders under and as provided in the Collateral Agency Agreement.

(b) Article and Section headings herein are for convenience only and shall not affect the construction hereof.

(c) No provision of this Agreement shall be interpreted or construed against any Person because that Person or its legal representative drafted such provision.

SECTION 14. AMENDMENTS. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Pledgor herefrom, will be effective unless in writing and signed by Pledgor and the Collateral Agent, and then only in the specific instance and for the specific purpose for which given.

SECTION 15. NOTICES. All notices and other communications provided for hereunder shall be in writing and sent: (a) by telecopy, facsimile or electronic mail if the sender on the same day sends a confirming copy of such notice by a nationally recognized overnight delivery service (charges prepaid); (b) by registered or certified mail with return receipt requested (postage prepaid); or (c) by a nationally recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to the Bank or its nominee, to the Bank or nominee at the address specified for such communications in the Loan Agreement, or at such other address as the Bank or nominee shall have specified to the Company in writing;

(ii) if to any other Holder, to such Holder at such address as such Holder shall have specified to the Company in writing;

(iii) if to Pledgor, to Pledgor at the following address: 21410 North 19th Avenue, Suite 220, Phoenix, Arizona 85027 to the attention of: Michael J. Liebman, or at such other address as Pledgor shall have specified to the Collateral Agent and each Holder in writing; or

(iv) if to the Collateral Agent, at 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: M. Ambriz-Reyes (Global Water Resources, Inc.), *E-mail: Mary.abrizreyes@usbank.com*, or at such other address as the Collateral Agent shall have specified to Pledgor in writing.

Notices under this Section 15 will be effective only when actually received.

**SECTION 16. SEPARABILITY.** If any clause, sentence, paragraph, subsection or Section of this Agreement is judicially declared to be invalid, unenforceable or void, such decision will not have the effect of invalidating or voiding the remainder of this Agreement, and the part or parts of this Agreement so held to be invalid, unenforceable or void will be deemed to have been stricken herefrom by the parties hereto, and the remainder of this Agreement will have the same force and effect as if such stricken part or parts had never been included herein

**SECTION 17. COUNTERPARTS.** This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed will be an original and all of which taken together will constitute one and the same Agreement. Signatures of parties transmitted by facsimile or electronic transmission will be their original signatures for all purposes.

**SECTION 18. CONTINUING LIEN.** This Agreement shall create a continuing security interest in the Collateral and shall: (a) remain in effect until payment in full of the Secured Obligations; (b) be binding on Pledgor, its successors and assigns; and (c) inure to the benefit of the Collateral Agent and other Secured Parties and their successors, transferees and assigns. Without limiting the foregoing clause (c), any Holder may assign or otherwise transfer all or a portion of its interests, rights and obligations under the Revolver Note in accordance with the Revolver Documents. Upon the payment in full of the Secured Obligations and Notes, Pledgor will be entitled to the return, on its request and at its expense, of such Collateral as shall not have been disposed of.

**SECTION 19. SURVIVAL.** All representations and warranties in this Agreement or made in writing by Pledgor in connection herewith will survive the execution and delivery of this Agreement and repayment of the Secured Obligations. Any investigation by any Secured Party will not diminish in any respect its right to rely on such representations and warranties.

**SECTION 20. LAW.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION EXCEPT TO THE EXTENT THE PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

**SECTION 21. JURISDICTION WAIVER OF JURY TRIAL.**

(a) Pledgor irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to the Revolver Documents. To the fullest extent permitted by applicable Law, Pledgor irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Pledgor consents to process being served by or on behalf of the Collateral Agent or any Holder in any suit, action or proceeding of the nature referred to in Section 21(a) by hand delivery, reputable overnight commercial delivery service or by mailing a copy thereof by registered or certified or express mail (or any substantially similar form of mail), postage prepaid; return receipt requested, in each case to it at its address described in Section 15 or at such other address of which the Collateral Agent or such Holder shall then have

been notified pursuant to Section 15. Pledgor agrees that such service upon receipt: (i) will be in every respect effective service of process on it in any such suit, action or proceeding; and (ii) will, to the fullest extent permitted by applicable Law, be valid personal service on and personal delivery to it. Notices hereunder will be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 21 shall affect the right of the Collateral Agent or any Holder to serve process in any manner permitted by Law, or limit any right the Collateral Agent or Holder may have to bring proceedings against Pledgor in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO OR RELATED TO ANY REVOLVER DOCUMENT.

SECTION 22. FINAL AGREEMENT. THIS AGREEMENT AND ANY OTHER REVOLVER DOCUMENTS EXECUTED IN CONNECTION HEREWITH REPRESENT (WITH THE COLLATERAL AGENCY AGREEMENT) THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

SECTION 23. LLC INTERESTS. Pledgor will not: (a) permit any Pledged Company that is a limited liability company to issue any certificate or other instrument to evidence any of Pledgor's limited liability company interests in such Pledged Company; (b) permit the limited liability company interest in any such Pledged Company to be dealt in or traded on any securities exchange or in securities markets; or (c) allow the operating agreement of any such Pledged Company to provide that any limited liability company interest in any such Pledged Company shall be a security governed by Article 8 of the Uniform Commercial Code.

DATED as of the date first above written.

PLEDGOR:

GLOBAL WATER, LLC.

By: /s/ Michael J. Liebman \_\_\_\_\_

Name: Michael J. Liebman

Title: Manager

COLLATERAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Collateral  
Agent

By: /s/ Mary Ambriz-Reyes \_\_\_\_\_

Name: Mary Ambriz-Reyes

Title: Vice President

**PLEDGED COMPANIES\***

Balterra Sewer, LLC

CP Water Company, LLC

Eagletail Water Company, L.C.

Global Water - 303 Utilities Company, LLC

Global Water - Palo Verde Utilities Company, LLC

Global Water - Picacho Cove Utilities Company, LLC

Global Water - Picacho Cove Water Company, LLC

Global Water - Santa Cruz Water Company, LLC

Hassayampa Utility Company, LLC

West Maricopa Combine, LLC\*\*

*\*All Arizona limited liability companies 100% owned by Pledgor.*

*\*\*Not a regulated utility.*

**PLEDGE AND SECURITY AGREEMENT****WEST MARICOPA COMBINE, LLC**

THIS PLEDGE AND SECURITY AGREEMENT (“*Agreement*”) dated for identification as of April 20, 2018, is made by: (a) WEST MARICOPA COMBINE, LLC, an Arizona limited liability company (“*Pledgor*”); in favor of (b) U.S. BANK NATIONAL ASSOCIATION, a national banking association, in its capacity as collateral agent (with its successors and permitted assigns in such capacity the “*Collateral Agent*”); for the benefit of (c) MIDFIRST BANK, a federally chartered savings association (the “*Bank*” and/or any other holder of the Revolver Note at any relevant time the “*Holder*”), pursuant to the Amended and Restated Collateral Agency Agreement of even date herewith (the “*Collateral Agency Agreement*”) among and/or approved by the Collateral Agent, Noteholders, Bank and Global Water Resources, Inc., a Delaware corporation (“*Company*”).

**PRELIMINARY STATEMENT**

WHEREAS, Company and Bank are parties to a Loan Agreement of even date herewith (as amended, supplemented or restated at any relevant time the “*Loan Agreement*”), pursuant to which Bank has agreed to provide Company a multiple advance revolving credit facility in the initial maximum principal amount of \$8,000,000 (the “*Revolver*”); and

WHEREAS, pursuant to Guaranty Agreements (the “*Guaranty Agreements*”) of even date herewith, the Pledged Company and Global Water, LLC, a Delaware limited liability company, have guaranteed the Obligations of Company under the Loan Agreement and Revolver Note; and

WHEREAS, Pledgor is the owner and holder of all of the Equity Interests of the Persons described in *Schedule I* hereto (the “*Pledged Companies*”); and

WHEREAS, it is a condition precedent to the obligation of Bank to provide the Revolver pursuant to the Commitment that Pledgor execute and deliver this Agreement to the Collateral Agent for the benefit of the Secured Parties; and

WHEREAS, Pledgor desires to execute this Agreement to satisfy such condition precedent and to secure its Obligations under its Guaranty Agreement;

NOW THEREFORE, to induce Bank to provide the Commitment pursuant to the Loan Agreement, Pledgor and the Collateral Agent agree as follows:

**SECTION 1. DEFINED TERMS.**

(a) Capitalized terms used at any place but not defined herein have the meanings set forth in the Loan Agreement.

(b) “*ACC Regulations*” means the applicable regulations, orders and requirements of the Arizona Corporation Commission and applicable statutes administered by the Arizona Corporation Commission.

(c) “*Applicable Law*” means all applicable Laws, including all applicable provisions of constitutions, statutes, rules, ordinances, regulations and orders of all Governmental Authorities and all orders, rulings, writs and decrees of all courts, tribunals and arbitrators.

(d) “*Equity Interests*” means with respect to any Person, all capital stock of (or other ownership or profit interest in) such Person, all warrants, options or other rights for the purchase or acquisition from such Person of capital stock of (or other ownership or profit interest in) such Person, all securities convertible into or exchangeable for capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or other interests), and all other ownership or profit interests in such Person (including partnership, membership and trust interests therein), voting or nonvoting, whether or not such shares, warrants, options, rights or other interests are outstanding on any date.

(e) “*Indemnified Liabilities*” means, collectively, all liabilities, obligations, losses, damages, penalties, claims (including under Environmental Laws), actions, judgments, suits, costs (including reasonable costs of investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response necessary to remove, remediate, clean up or abate Hazardous Materials), expenses and disbursements of any kind (including reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding or hearing commenced or threatened by any Person, whether or not such Indemnitees are designated as a party or potential party thereto, and any reasonable fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct or indirect and whether based on any applicable Laws (including Environmental Laws), on common law or equitable cause or on contract or otherwise, imposed on, incurred by, or asserted against any such Indemnitee (regardless of whether any Indemnitee is a party thereof), in any manner relating to or arising out of: (i) this Agreement or any other Revolver Document or transactions contemplated hereby or thereby (including the use or intended use of the proceeds of the Revolver, or any enforcement of any of the Revolver Documents (including any sale of, collection from, or other realization on any Collateral)); or (ii) any claim under Environmental Laws or Hazardous Materials liability relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership or practice of Pledgor or any of its Subsidiaries.

(f) “*Noteholders*” means the holders at any relevant time of the Notes.

(g) “*Pledged Companies*” has the meaning set forth in the above preliminary statement.

(h) “*Secured Obligations*” has the meaning provided by Section 2(c).

(i) “*Secured Parties*” means all Holders and the Collateral Agent.

(j) “*Specified Account*” means the segregated account of Company maintained with Wells Fargo Bank, N.A., with the last four digits of such account number being 5456, established to receive payments of dividends and distributions on Equity Interests owned by Company or any Subsidiary Guarantor, and all replacements or substitutions for such account established by the Company or any Subsidiary Guarantor, whether in the form of a deposit account or securities account. For the avoidance of doubt, a “Specified Account” shall not include any “collection account,” deposit account, securities account or other account in which the revenues of Utility Subsidiaries are remitted or consolidated.

(k) “UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York; *provided that* if by mandatory provisions of Law, the perfection or the effect of perfection or non-perfection of the security interests granted pursuant to Section 2, as well as all other security interests created or assigned as additional security for the Secured Obligations pursuant to this Agreement, in any Collateral is governed by the UCC as in effect in any jurisdiction other than the State of New York, “UCC” means the UCC as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

## SECTION 2. GRANT OF SECURITY INTEREST.

(a) To secure the Secured Obligations, Pledgor grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in, and acknowledges and agrees that the Collateral Agent has and will continue to have a continuing security interest in, all right, title and interest of Pledgor, whether now owned or existing or hereafter created, acquired or arising, and regardless of where located, in and to all the following (collectively the “*Collateral*”):

(i) all Equity Interests, including all shares, ownership, economic and management interests, membership interests and/or partnership interests in any Person owned or held by Pledgor, all payments and distributions of whatever kind or character, in cash or other property, at any time made, owing or payable to Pledgor in respect of or on account of its present or hereafter acquired Equity Interests, whether due or to become due and whether representing profits, distributions pursuant to complete or partial liquidation or dissolution of the issuer of such Equity Interests, distributions representing the complete or partial redemption of Pledgor’s Equity Interests in any Person or complete or partial withdrawal of Pledgor from any Person, repayment of capital contributions made to or with respect to any Person in respect of Equity Interests in such Person held by Pledgor and the right to receive, receipt for, use, and enjoy all such payments and distributions, and all other rights and privileges incident to Pledgor’s interest in such Equity Interests, *provided that* prior to the occurrence of an Event of Default, Pledgor shall retain certain rights pursuant to Section 7;

(ii) the Specified Account;

(iii) all interest, dividends, cash, instruments, investment property, general intangibles and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any of the foregoing;

(iv) supporting evidence and documentation relating to any of the above-described property, including computer programs, disks, tapes, electronic archives, clouds and related data processing media, and all rights of Pledgor to retrieve the same from third parties, written applications, credit information, account cards, payment records, correspondence, delivery and installation certificates, invoice copies, delivery receipts, notes, and other evidences of indebtedness, insurance certificates and the like, together with all books of account, ledgers and cabinets in which the same are reflected or maintained; and

(v) to the extent not covered by Sections 2(a)(i) through 2(a)(iv), all proceeds (as defined in the UCC) of any or all of the foregoing.

(b) The Collateral Agent shall have with respect to the Collateral, in addition to the rights and remedies set forth herein and in the other Revolver Documents, all rights and remedies of a secured party under the UCC as if fully set forth herein.

(c) The security interest herein granted is made and given to secure, and shall secure, the payment and performance of: (i) all Obligations of Pledgor to the Secured Parties (whether arising before or after the filing of a petition in bankruptcy), whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, however held, evidenced or acquired, and whether several, joint, or joint and several; and (ii) all expenses and charges, legal or otherwise, suffered or incurred by the Secured Parties in collecting or enforcing any such Obligations or realizing on or protecting or preserving any Collateral or other security therefor, including the lien and security interest granted hereby (all of the foregoing being the “*Secured Obligations*”).

(d) For the avoidance of doubt and notwithstanding anything in any Revolver Document to the contrary: (i) no Subsidiary of Pledgor that is now a regulated utility is a borrower or guarantor under any Revolver Document, nor is any such Subsidiary pledging any of its property as collateral for the Secured Obligations; and (ii) no regulated utility may declare distributions or dividends to its equity holders except in accordance with applicable Law (including ACC Regulations), and subject to each regulated utility’s obligations to maintain revenues and funds sufficient to fund direct and indirect operating and maintenance expenses (including general and administrative expenses and reasonable and necessary costs, fees and expenses for operation and maintenance of system utilities).

**SECTION 3. CERTIFICATES OR INSTRUMENTS.** Any certificates or instruments representing or evidencing Collateral shall be delivered to and held by or on behalf of the Collateral Agent for the benefit of the Secured Parties pursuant hereto and to the Collateral Agency Agreement and be in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank, all in form reasonably satisfactory to the Collateral Agent and in form and substance reasonably satisfactory to Bank. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will have the right at any time in its sole discretion and without notice to Pledgor to transfer to or to register in the name of the Collateral Agent or its nominees any or all of the Collateral, subject only to the revocable rights specified in Section 7(a) and compliance with ACC Regulations. In addition, on the occurrence and during the continuance of any Event of Default, the Collateral Agent will have the right to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations.

**SECTION 4. SPECIFIED ACCOUNT COLLATERAL.**

(a) The Company has established the Specified Account as a deposit account (within the meaning of Section 9-102 of the UCC), with Wells Fargo Bank, N.A. Pledgor shall promptly notify the Collateral Agent of any other Specified Account opened or maintained by the Company or Pledgor after the date hereof. To the extent requested by the Collateral Agent following the occurrence and continuation of any Default or the occurrence of any Event of Default, Pledgor shall, and shall cause the applicable depository or other institution to, execute and deliver to the Collateral Agent an account control agreement in form reasonably satisfactory to the Collateral Agent and in form and substance reasonably satisfactory to the Holder which provides among other things for the depository or other institution’s agreement that it will comply with: (i) instructions originated by the Collateral Agent directing the disposition of the funds in each such Specified Account that is a deposit account or; (ii) entitlement orders originated by the Collateral Agent with respect to each such Specified Account that is a securities account, in each case without further consent by Pledgor. Notwithstanding the foregoing, any account control agreement which requires the Collateral Agent in its individual capacity to indemnify the depository or other institution other than out of the Collateral will not be reasonably satisfactory to the Collateral Agent.

(b) Subject to Section 2(d), Pledgor covenants and agrees that upon declaration and payment of any dividend or distribution by any Subsidiary, it will cause such dividend or distribution to be paid and segregated into the Specified Account. Prior to the occurrence and continuance of an Event of Default, amounts so deposited in the Specified Account may be withdrawn and used for corporate purposes, including investments in or loans to Subsidiaries permitted under the Loan Agreement.

SECTION 5. REPRESENTATIONS, WARRANTIES AND CERTAIN COVENANTS. Pledgor represents, warrants and covenants as follows:

(a) The Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable. No Equity Interests constituting interests in limited liability companies constitute or are evidenced by certificated securities, unless such certificates have been delivered to the Collateral Agent.

(b) Pledgor is the legal and beneficial owner of the Collateral free and clear of any Lien or other encumbrance except for the Lien created by this Agreement and any other Liens created in favor of the Collateral Agent and described in the Collateral Agency Agreement. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which Pledgor would be required to sell or otherwise dispose of any Equity Interest, except as described in the Collateral Agency Agreement.

(c) Except for the delivery of any certificates or instruments representing Collateral to the Collateral Agent pursuant to this Agreement, filing of an appropriate financing statement with the Arizona Secretary of State, and any control agreement contemplated by Section 4(a), no other action is required to create or maintain the Lien of the Collateral Agent as a valid and perfected first priority Lien (*pari passu* with the Noteholders) in the Collateral to secure the Secured Obligations.

(d) No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body (except as set forth in Section 5(c)) is required either: (i) for the pledge by Pledgor of the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor; or (ii) for the exercise by the Collateral Agent of its rights and the rights of any other Secured Parties provided for in this Agreement and the Collateral Agency Agreement or the remedies in respect of the Collateral pursuant to this Agreement and the Collateral Agency Agreement (except as may be required in connection with such disposition by Laws affecting the offering and sale of securities generally and except for compliance with requirements of the ACC Regulations as set forth in Sections 7(b) and 8).

(e) The execution, delivery and performance of this Agreement does not and will not: (i) violate any provision of any Law (including Regulations T, U and X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award applicable to Pledgor; (ii) result in breach of, or constitute a default under, any indenture, credit or loan or note agreement or any other agreement, lease or instrument to which Pledgor presently is a party or by which it or its properties are bound or affected; or (iii) result in or require (other than pursuant to this Agreement) the creation or imposition of any Lien or other share or encumbrance upon or with respect to any properties now owned or hereafter acquired by Pledgor. Pledgor is not in violation of or default under any such Law or material provision of any such indenture, agreement, lease or instrument.

(f) *Schedule I* correctly sets forth the name of the issuer and the percentage of Equity Interests of certain Equity Interests owned by Pledgor and pledged by this Agreement.

(g) Except for any such agreements in favor of the Collateral Agent for the benefit of the Secured Parties and Noteholders, Pledgor shall not enter into any agreement providing any Person with "control" (within the meaning of Sections 9-104 or 9-106 of the applicable UCC) of any Specified Account.

(h) Pledgor is a limited liability company duly formed under the laws of Arizona, and is validly existing and in good standing under the laws of such jurisdiction. Pledgor has its chief executive office in the State of Arizona. Pledgor agrees to give the Collateral Agent at least 30 days' prior written notice before changing the state in which its chief executive office is located or the state in which it is organized, and prior to the effectiveness of any such change shall take all steps necessary to maintain the security interest provided for herein as a first-priority (*pari passu* with the Noteholders) perfected security interest, including filing additional UCC financing statements or amendments as may be necessary or requested by (and subject to the rights of) the Collateral Agent.

(i) Pledgor shall not: (i) sell, assign (by agreement, operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any Collateral; or (ii) create or permit to exist any Lien or security interest on or with respect to any Collateral, except for the Lien created by this Agreement and any other Lien in favor of the Collateral Agent for the benefit of the Secured Parties.

(j) Pledgor shall not permit or cause to be issued any Equity Interests: (i) in substitution for any existing Equity Interests; and (ii) in addition to the existing Equity Interests, except following notice to the Collateral Agent and provided that immediately upon its acquisition (directly or indirectly) of any such substitute or additional securities, Pledgor will execute such documentation as is necessary to pledge or evidence the pledge or as may be requested by Collateral Agent or the Holder pledging, and evidencing the pledge hereunder of, such Equity Interests.

(k) Pledgor shall, at its expense, protect and defend this Agreement, all rights of the Collateral Agent hereunder, and the Collateral against all claims and demands of other parties. Pledgor shall pay all Claims and charges that in the reasonable opinion of the Collateral Agent or the Holder might prejudice, imperil or otherwise affect Collateral or the security interest therein. Pledgor shall promptly notify the Collateral Agent of any levy, distraint or other seizure by legal process or otherwise of any Collateral and of any threatened or filed claims or proceedings that might affect or impair this Agreement.

SECTION 6. FURTHER ASSURANCES. Pledgor authorizes the Collateral Agent to file any financing statements covering the Collateral or any part thereof as the Collateral Agent may desire. Pledgor agrees that from time to time, at the expense of Pledgor, Pledgor will promptly execute and deliver all further documentation and take all further actions that the Collateral Agent or Holder may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Pledgor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent or Holder may reasonably request, all in reasonable detail, Pledgor agrees, and agrees to cause each issuer of Equity Interests included in the Collateral, to mark its books and records to reflect the Lien of the Collateral Agent in the Collateral.

#### SECTION 7. VOTING AND DIVIDENDS.

(a) So long as no Event of Default has occurred and is continuing:

(i) Pledgor will be entitled to exercise any voting and other consensual rights pertaining to any Collateral for any purpose not inconsistent with this Agreement or any other Revolver Documents.

(ii) Pledgor will be entitled to receive and retain any dividends or distributions paid in respect of the Collateral; *provided however*, except as expressly permitted by the Loan Agreement,

any (A) dividends or distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Collateral, (B) dividends and other distributions paid or payable in cash in respect of any Collateral in connection with a partial or total liquidation or dissolution, and (C) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Collateral, shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by Pledgor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of Pledgor, and be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement).

(iii) The Collateral Agent shall execute and deliver (or cause to be executed and delivered) to Pledgor all such proxies and other instruments as Pledgor may reasonably request for the purpose of enabling Pledgor to exercise the voting and other rights it is entitled to exercise pursuant to Section 7(a)(i) and to receive dividends it is authorized to receive and retain pursuant to Section 7(a)(ii).

(b) Subject to any requirements of ACC Regulations, on the occurrence and during the continuation of an Event of Default:

(i) All rights of Pledgor to exercise voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 7(a)(i) will automatically cease, and the Collateral Agent will thereupon have the sole right to exercise such rights.

(ii) All rights of Pledgor to receive the distributions and dividends it would otherwise be entitled to receive and retain pursuant to Section 7(a)(ii) will automatically cease, and the Collateral Agent will thereupon have the sole right to receive and hold as Collateral such dividends, distributions and interest.

(iii) Any distributions and dividends received by Pledgor contrary to the provisions of Section 7(b)(ii) will be received in trust for the benefit of the Collateral Agent on behalf of the Secured Parties, shall be segregated from other funds of Pledgor and shall be forthwith paid over to the Collateral Agent on behalf of the Secured Parties as Collateral in the same form as received (with any necessary endorsement).

#### SECTION 8. REMEDIES. Subject to any requirements of ACC Regulations:

(a) The Collateral Agent may exercise in respect of any Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral), and the Collateral Agent may also, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and on such other terms as the Collateral Agent may claim commercially reasonable. Pledgor agrees that at least ten days' notice to Pledgor of the time and place of any public sale or time after which any private sale is to be made will constitute reasonable notification. The Collateral Agent will not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by the Collateral Agent as Collateral and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization on any Collateral shall be applied by the Collateral Agent against the Secured Obligations in such order as the Collateral Agent may elect, subject to the requirements of the Loan Agreement and Collateral Agency Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all Secured Obligations and Notes shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All rights and remedies of the Collateral Agent expressed herein are in addition to all other rights and remedies possessed by the Collateral Agent or the Holder in the Revolver Documents and any other agreement or instrument relating to the Secured Obligations.

(d) In connection with a public or private sale of any Collateral, the Collateral Agent may disclose to prospective purchasers any non-public information available to the Collateral Agent which pertains to: (i) the issuer of any Collateral; or (ii) Pledgor, provided in the case of Pledgor such non-public information is material to said issuer, its financial condition or the Collateral.

(e) Without in any way limiting the foregoing, on the occurrence and during the continuation of any Event of Default, the Collateral Agent shall have the right, in addition to all other rights provided herein or by Law, to direct the disposition of the funds in any Specified Account that is a deposit account, or entitlement orders originated by the secured party with respect to each such Specified Account that is a securities account, in each case without further consent by Pledgor.

(f) If the Collateral Agent exercises its right to take possession of any Collateral, Pledgor shall also at its expense perform any other steps requested by the Collateral Agent or Holder to preserve and protect the security interest hereby granted in the Collateral, such as maintaining Collateral records and filing UCC financing and continuation statements.

## SECTION 9. WAIVERS; PRIVATE SALES.

(a) Pledgor waives any right to require the Collateral Agent or Holder to: (i) proceed against any Person, including any other Obligor; or (ii) proceed against or exhaust any Collateral, or (iii) pursue any other remedy in Collateral Agent's or the Holder's power; and waives any defense arising by reason of any disability of Pledgor or any other Person. Until the Secured Obligations have been paid in full, Pledgor waives any right of subrogation, reimbursement, indemnification, and contribution (contractual, statutory or otherwise), including any right of subrogation under the Bankruptcy Code (Title 11, United States Code) or any successor statute, arising from the existence or performance of this Agreement, and Pledgor waives any right to enforce any remedy which the Collateral Agent now has or may hereafter have against Pledgor or any other Person, and waives any benefit of, and any right to participate in, any security now or hereafter held by the Collateral Agent. Pledgor authorizes the Collateral Agent, without notice or demand and without affecting Pledgor's liability hereunder, from time to time to: (a) renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of, any Secured Obligations, including increase or decrease of any rate of interest thereon; (b) receive and hold security, other than the Collateral herein described, for the payment of any Secured Obligations, and exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any Collateral or other security; and (c) release or substitute the Company, or any other guarantors of such Secured Obligations or any part thereof, or any other parties thereto.

(b) Pledgor recognizes that the Collateral Agent may be unable to effect a public sale of any of the Collateral by reason of ACC Regulations and/or certain prohibitions contained in the Laws of any

jurisdiction outside the United States or in the Securities Act and applicable state securities Laws, but may instead be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such Collateral for their own account for investment and not with a view to the distribution or resale thereof, or otherwise in accordance with the ACC Regulations. Pledgor agrees that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall, to the extent permitted by Law, be made in a commercially reasonable manner. The Collateral Agent will not be under any obligation to delay a sale of any Collateral for the period of time necessary to permit the issuer of such securities to register such securities under the Laws of any jurisdiction outside the United States, under the Securities Act or under any applicable state securities Laws, even if the issuer would agree to do so. If the Collateral Agent is able to lawfully effect a public sale without registration of the Collateral under the laws of any jurisdiction outside the United States, under the 1933 Act or under any applicable state securities Laws, then, subject to any applicable ACC Regulations, the Collateral Agent may, but will not be required to, conduct a public sale of the Collateral, rather than a private sale, if the Collateral Agent reasonably believes it would realize a higher sales price in a public sale.

#### SECTION 10. COLLATERAL AGENT'S DUTIES.

(a) The powers conferred on the Collateral Agent hereunder are solely to protect the interests of the Secured Parties in the Collateral and shall not impose any duty on the Collateral Agent to exercise any such powers. Except for reasonable care in the custody of any Collateral in its possession and accounting for moneys actually received by it hereunder, the Collateral Agent will have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent will have exercised reasonable care in the custody and preservation of Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property and collateral held for others in its capacity as a collateral agent, it being understood that the Collateral Agent will not have any responsibility for: (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Agent has or is deemed to have knowledge of such matters; or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral.

(b) Upon the appointment of a replacement collateral agent pursuant to the Collateral Agency Agreement, the Collateral Agent may transfer all of its interest and Liens in or any of the Collateral and be fully discharged thereafter from all liability and responsibility with respect to such Collateral so transferred, and the transferee shall be vested with all the rights and powers of the Collateral Agent hereunder with respect to such Collateral so transferred; but with respect to any of its interest and liens in Collateral not so transferred, the Collateral Agent will retain all rights and powers hereby given.

## SECTION 11. OTHER RIGHTS.

(a) The rights, powers and remedies given to the Collateral Agent by this Agreement shall be in addition to all rights, powers and remedies given to the Collateral Agent by virtue of any statute or rule of Law. Any forbearance or failure or delay by the Collateral Agent in exercising any right, power or remedy hereunder shall not be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Collateral Agent shall continue in full force and effect until such right, power or remedy is specifically waived by a writing executed by the Collateral Agent. The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Collateral Agent or any Holder may have.

(b) This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of Pledgor in any way related to the Collateral, and the Collateral Agent will have no duty or obligation to discharge any such duty or obligation. The Collateral Agent will have no responsibility for taking any necessary steps to preserve rights against any parties with respect to any Collateral or initiating any action to protect any Collateral against the possibility of a decline in market value. Neither the Collateral Agent nor any party acting as attorney for the Collateral Agent will be liable for any acts or omissions or for any error of judgment or mistake of fact or Law other than its gross negligence or willful misconduct or negligence in the handling of funds.

(c) In addition to any other powers of attorney contained herein, Pledgor hereby appoints the Collateral Agent, its nominee, and any other person whom the Collateral Agent may designate, as Pledgor's attorney-in-fact, with full power and authority to sign Pledgor's name on verifications of Collateral; to send requests for verification of Collateral to obligors; to endorse Pledgor's name on any checks, notes, acceptances, money orders, drafts and other forms of payment or security that may come into the Collateral Agent's possession or on any assignments, stock powers or other instruments of transfer relating to any Collateral; to sign Pledgor's name on claims to enforce collection of any Collateral, on notices to and drafts against obligors, on schedules and assignments of Collateral, on notices of assignment and on public records; on the occurrence and during the continuance of an Event of Default to notify post office authorities to change the address for delivery of Pledgor's mail to an address designated by the Collateral Agent; upon the occurrence and during the continuance of an Event of Default to receive, open and dispose of all mail addressed to Pledgor; and to do all things necessary to carry out this Agreement. Pledgor hereby ratifies and approves all acts of any such attorney and agrees that neither the Collateral Agent nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or Law other than such person's gross negligence or willful misconduct or negligence in the handling of funds. The foregoing powers of attorney, being coupled with an interest, are irrevocable until the Secured Obligations have been fully paid and satisfied and all agreements of any Secured Party to extend credit to or for the account of Pledgor have expired or otherwise been terminated.

## SECTION 12. INDEMNITY; WAIVER.

(a) Pledgor agrees to indemnify, pay and hold harmless, the Collateral Agent and each other Secured Party and any of their Related Parties (each an "*Indemnitee*"), from and against any and all Indemnified Liabilities, IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE OR CONTRIBUTORY NEGLIGENCE OF SUCH INDEMNITEE; *provided*, Pledgor shall not have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities (x) arise from the gross negligence or willful misconduct, as determined by a court of competent jurisdiction by final and nonappealable judgment, of that Indemnitee, or (y) result from a claim brought by Pledgor against an Indemnitee for breach

in bad faith of such Indemnitee's obligations hereunder or under any other Revolver Document, as determined by a court of competent jurisdiction by final and nonappealable judgment. To the extent the undertakings to indemnify, pay and hold harmless in this Section 12 may be unenforceable in whole or in part because they are violative of any Law or public policy, Pledgor shall contribute the maximum portion it is permitted to pay and satisfy under applicable Laws to the payment and satisfaction of all Indemnified Liabilities incurred by any Indemnitees. All amounts due under this Section 12(a) shall be payable promptly after demand therefor. For purposes hereof, "*Related Parties*" means, with respect to any Person, such Person's Affiliates and the partners, managers, directors, trustees, officers, employees or other personnel, counsel, agents and advisors of such Person and of such Person's Affiliates.

(b) To the extent not prohibited by applicable Law, Pledgor shall not assert, and Pledgor waives, any claim against the Collateral Agent and its respective Related Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any other Revolver Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and Pledgor waives, releases and agrees not to sue on any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to it through telecommunications, electronic or other information transmission systems in connection with this Agreement or any other Revolver Documents or the transactions contemplated hereby or thereby. In no event shall the Collateral Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by; directly or indirectly, forces beyond its control, including strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, it being understood that the Collateral Agent shall use reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

### SECTION 13. INTERPRETATION.

(a) In this Agreement, unless a clear contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any gender includes each other gender;

(iii) the words "herein," "hereof" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;

(iv) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually, *provided that* nothing in this Section 13(a)(iv) is intended to authorize any assignment not otherwise permitted by this Agreement;

(v) reference to any agreement, document or instrument means such agreement, document or instrument as amended, supplemented or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, and reference to any note includes any

note issued pursuant to any Revolver Document in extension or renewal thereof and in substitution or replacement thereof;

(vi) unless the context indicates otherwise, reference to any Article, Section or Schedule means such Article or Section hereof or Schedule hereto;

(vii) “including” (with its correlative meaning “include”) means including, without limiting the generality of any description preceding such term;

(viii) with respect to the determination of any period of time, the word “from” means “from and including” and the word “to” means “to but excluding;”

(ix) reference to any Law means such as modified, codified or reenacted, in whole or in part, and in effect from time to time; and

(x) reference to the Collateral Agent are to it in its capacity as Collateral Agent for the Secured Parties and Noteholders under and as provided in the Collateral Agency Agreement.

(b) Article and Section headings herein are for convenience only and shall not affect the construction hereof.

(c) No provision of this Agreement shall be interpreted or construed against any Person because that Person or its legal representative drafted such provision.

SECTION 14. AMENDMENTS. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Pledgor herefrom, will be effective unless in writing and signed by Pledgor and the Collateral Agent, and then only in the specific instance and for the specific purpose for which given.

SECTION 15. NOTICES. All notices and other communications provided for hereunder shall be in writing and sent: (a) by telecopy, facsimile or electronic mail if the sender on the same day sends a confirming copy of such notice by a nationally recognized overnight delivery service (charges prepaid); (b) by registered or certified mail with return receipt requested (postage prepaid); or (c) by a nationally recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to the Bank or its nominee, to the Bank or nominee at the address specified for such communications in the Loan Agreement, or at such other address as the Bank or nominee shall have specified to the Company in writing;

(ii) if to any other Holder, to such Holder at such address as such Holder shall have specified to the Company in writing;

(iii) if to Pledgor, to Pledgor at the following address: 21410 North 19th Avenue, Suite 220, Phoenix, Arizona 85027 to the attention of: Michael J. Liebman, or at such other address as Pledgor shall have specified to the Collateral Agent and each Holder in writing; or

(iv) if to the Collateral Agent, at 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: M. Ambriz-Reyes (Global Water Resources, Inc.), *E-mail: Mary.abrizreyes@usbank.com*, or at such other address as the Collateral Agent shall have specified to Pledgor in writing.

Notices under this Section 15 will be effective only when actually received.

SECTION 16. SEPARABILITY. If any clause, sentence, paragraph, subsection or Section of this Agreement is judicially declared to be invalid, unenforceable or void, such decision will not have the effect of invalidating or voiding the remainder of this Agreement, and the part or parts of this Agreement so held to be invalid, unenforceable or void will be deemed to have been stricken herefrom by the parties hereto, and the remainder of this Agreement will have the same force and effect as if such stricken part or parts had never been included herein

SECTION 17. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed will be an original and all of which taken together will constitute one and the same Agreement. Signatures of parties transmitted by facsimile or electronic transmission will be their original signatures for all purposes.

SECTION 18. CONTINUING LIEN. This Agreement shall create a continuing security interest in the Collateral and shall: (a) remain in effect until payment in full of the Secured Obligations; (b) be binding on Pledgor, its successors and assigns; and (c) inure to the benefit of the Collateral Agent and other Secured Parties and their successors, transferees and assigns. Without limiting the foregoing clause (c), any Holder may assign or otherwise transfer all or a portion of its interests, rights and obligations under the Revolver Note in accordance with the Revolver Documents. Upon the payment in full of the Secured Obligations and Notes, Pledgor will be entitled to the return, on its request and at its expense, of such Collateral as shall not have been disposed of.

SECTION 19. SURVIVAL. All representations and warranties in this Agreement or made in writing by Pledgor in connection herewith will survive the execution and delivery of this Agreement and repayment of the Secured Obligations. Any investigation by any Secured Party will not diminish in any respect its right to rely on such representations and warranties.

SECTION 20. LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION EXCEPT TO THE EXTENT THE PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

SECTION 21. JURISDICTION WAIVER OF JURY TRIAL.

(a) Pledgor irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to the Revolver Documents. To the fullest extent permitted by applicable Law, Pledgor irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Pledgor consents to process being served by or on behalf of the Collateral Agent or any Holder in any suit, action or proceeding of the nature referred to in Section 21(a) by hand delivery, reputable overnight commercial delivery service or by mailing a copy thereof by registered or certified or express mail (or any substantially similar form of mail), postage prepaid; return receipt requested, in each case to it at its address described in Section 15 or at such other address of which the Collateral Agent or such Holder shall then have

been notified pursuant to Section 15. Pledgor agrees that such service upon receipt: (i) will be in every respect effective service of process on it in any such suit, action or proceeding; and (ii) will, to the fullest extent permitted by applicable Law, be valid personal service on and personal delivery to it. Notices hereunder will be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 21 shall affect the right of the Collateral Agent or any Holder to serve process in any manner permitted by Law, or limit any right the Collateral Agent or Holder may have to bring proceedings against Pledgor in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO OR RELATED TO ANY REVOLVER DOCUMENT.

SECTION 22. FINAL AGREEMENT. THIS AGREEMENT AND ANY OTHER REVOLVER DOCUMENTS EXECUTED IN CONNECTION HEREWITH REPRESENT (WITH THE COLLATERAL AGENCY AGREEMENT) THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

SECTION 23. LLC INTERESTS. Pledgor will not: (a) permit any Pledged Company that is a limited liability company to issue any certificate or other instrument to evidence any of Pledgor's limited liability company interests in such Pledged Company; (b) permit the limited liability company interest in any such Pledged Company to be dealt in or traded on any securities exchange or in securities markets; or (c) allow the operating agreement of any such Pledged Company to provide that any limited liability company interest in any such Pledged Company shall be a security governed by Article 8 of the Uniform Commercial Code.

DATED as of the date first above written.

PLEDGOR:

WEST MARICOPA COMBINE, LLC

By: /s/ Michael J. Liebman \_\_\_\_\_

Name: Michael J. Liebman

Title: Manager

COLLATERAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Collateral  
Agent

By: /s/ Mary Ambriz-Reyes \_\_\_\_\_

Name: Mary Ambriz-Reyes

Title: Vice President

**PLEDGED COMPANIES\***

Valencia Water Company, LLC

Water Utility of Greater Buckeye, LLC

Water Utility of Greater Tonopah, LLC

Water Utility of Northern Scottsdale, LLC

Willow Valley Water Co., LLC

*\*All Arizona limited liability companies 100% owned by Pledgor.*

EXECUTION VERSION

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GLOBAL WATER RESOURCES, INC.

AMENDMENT NO. 2

to

NOTE PURCHASE AGREEMENT

Dated May 20, 2016

and

AMENDMENT NO. 1 TO SECURITY AGREEMENTS

Dated as of June 24, 2016

Dated as of April 20, 2018

Re: \$28,750,000 4.38% senior secured promissory notes, Series A, due June 15, 2028  
\$86,250,000 4.58% senior secured promissory notes, Series B, due June 15, 2036

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**AMENDMENT NO. 2 TO NOTE PURCHASE AGREEMENT  
AND AMENDMENT NO. 1 TO SECURITY AGREEMENTS**

This Amendment No. 2 to the Note Purchase Agreement dated May 20, 2016 and Amendment No. 1 to Security Agreements dated as of June 24, 2016 is dated as of April 20, 2018 (the or this “*2018 Amendment*”) and is between and among Global Water Resources, Inc., a Delaware corporation (the “*Company*”), Global Water LLC, a Delaware limited liability company, West Maricopa Combine, LLC (f/k/a West Maricopa Combine, Inc.), U.S. Bank National Association, a national banking association, in its capacity as collateral agent for the benefit of the Noteholders (the “*Collateral Agent*”) and each of the holders of the Notes signatory hereto (the “*Noteholders*”).

**RECITALS:**

A. The Company and the Noteholders have entered into the Note Purchase Agreement dated May 20, 2016 (the “*Original Note Purchase Agreement*”) providing for the issuance and sale by the Company and the purchase by the Purchaser of the (i) \$28,750,000 aggregate principal amount of 4.38% senior secured promissory notes, Series A, due June 15, 2028 and (ii) \$86,250,000 aggregate principal amount of 4.58% senior secured promissory notes, Series B, due June 15, 2036 (the “*Notes*”).

B. The Company and the Noteholders entered into that certain Amendment No. 1 to the Note Purchase Agreement dated as of December 19, 2017 (the “*Amendment No. 1*”). The Original Note Purchase Agreement, as amended by Amendment No. 1, is hereinafter referred to as the “*Existing Note Purchase Agreement*.”

C. The Company and the Subsidiary Guarantors have each entered into a separate Security Agreement dated as of June 24, 2016 (the “*Original Security Agreements*”) granting the Collateral Agent a lien and security interest in certain assets.

D. The Company, the Subsidiary Guarantors and the Noteholders now desire to amend the Existing Note Purchase Agreement and the Original Security Agreements in the respects, but only in the respects, hereinafter set forth.

E. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Existing Note Purchase Agreement unless herein defined or the context shall otherwise require.

NOW, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this 2018 Amendment set forth in Section 3 hereof, and for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Company, the Subsidiary Guarantors, the Collateral Agent and the Noteholders do hereby agree as follows:

## SECTION 1. AMENDMENT.

(i) *Note Agreement Amendments.* (A) Section 10.9 of the Existing Note Purchase Agreement is hereby amended and restated to read as follows:

*Section 10.9. Restricted Payments.* The Company will not, declare or make, or incur any liability to declare or make, any Restricted Payment unless at such time and immediately after giving effect to such action, (a) no Default or Event of Default would exist and, (b) the ratio of Consolidated EBITDA to Consolidated Debt Service as of the end of any quarter for each period of four consecutive fiscal quarters (calculated as at the end of each fiscal quarter for the four consecutive fiscal quarters then ended) is not less than (i) 1.25:1.00, for any fiscal quarter ended during the period from June 24, 2016 through and including June 15, 2021, (ii) 1.20:1.00, for any fiscal quarter ended during the period from June 16, 2021 through and including June 15, 2024 and (iii) 1.25:1.00, for any fiscal quarter ended during the period from and after June 16, 2024.

(B) Section 11(f) of the Existing Note Purchase Agreement is hereby amended and restated to read as follows:

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on (A) the Existing Loan Agreement or (B) any Indebtedness that is outstanding in an aggregate principal amount of at least \$15,000,000, beyond any period of grace provided with respect thereto, respectively, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of (A) the Existing Loan Agreement or (B) any Indebtedness in an aggregate outstanding principal amount of at least \$15,000,000 or of any mortgage, indenture or other agreement relating thereto, or any other condition exists, and as a consequence of such default or condition the Existing Loan Agreement or such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (x) the Company or any Subsidiary has become obligated to purchase or repay (A) the Existing Loan Agreement or (B) Indebtedness in an aggregate outstanding principal amount of at least \$15,000,000, before its regular maturity or before its regularly scheduled dates of payment, or (y) one or more Persons have the right to require the Company or any Subsidiary so to purchase or repay such Indebtedness or the Existing Loan Agreement; or

(C) The following definition is hereby added to Schedule A of the Existing Note Purchase Agreement in the appropriate alphabetical order:

*“Existing Loan Agreement”* means that certain \$8,000,000 Revolving Credit Facility dated as of April 20, 2018 between the Company and Midfirst Bank, a federally chartered savings association, and as further amended, supplemented, renewed, extended or otherwise modified or refinanced from time to time and any related loan documents (or words of comparable effect), as such related loan documents may be amended, supplemented, renewed, extended or otherwise modified or refinanced from time to time.

(D) The following definitions set forth in Schedule A of the Existing Note Purchase Agreement are hereby amended to read in their entirety as follows:

*“Collateral Agency Agreement”* means the Amended and Restated Collateral Agency Agreement dated as of April 20, 2018, between the Collateral Agent, the holders of the Notes from time to time and Midfirst Bank (as the same may be amended, restated, amended and restated, supplemented, joined or otherwise modified from time to time).

*“Consolidated Debt Service”* means, with respect to any period, the sum of the following: (a) Consolidated Interest Expense for such period, (b) all scheduled amortization payments of principal (other than (i) balloon payments at final maturity of the Series A Notes, and (ii) principal payments of Indebtedness to the extent such payments are made with the proceeds of new Indebtedness incurred in order to refinance such existing Indebtedness) in respect of Indebtedness of the Company and its Subsidiaries (including the principal component of any payments in respect of Capital Lease obligations) paid or payable during such period after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP, and (c) any dividends or stock repurchases related to Equity Interests of the Company paid or payable during such period, in each case, as of the date declared whether or not paid during any period.

*“Material Credit Facility”* means (i) the Existing Loan Agreement, and (ii) as to the Company and its Subsidiaries, any agreement(s) creating or evidencing indebtedness for borrowed money entered into on or after the date of Closing by the Company or any Subsidiary, or in respect of which the Company or any Subsidiary is an obligor or otherwise provides a guarantee or other credit support (*“Credit Facility”*), in a principal amount outstanding or available for borrowing equal to or greater than \$15,000,000 (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency); and if no Credit Facility or Credit Facilities equal or exceed such amounts, then the largest Credit Facility shall be deemed to be a Material Credit Facility.

(ii) *Security Agreement Amendments.*

(A) Section 4(a) of each Original Security Agreement is hereby amended by replacing the reference to “Designated Account” in clause (i) with “Specified Account”;

(B) Section 5(g) of each Original Security Agreement is hereby amended by deleting the phrase “of any Designated Account or any Excluded Account” and replacing such phrase with “of any Specified Account”; and

(C) Section 7(a) of each Original Security Agreement is hereby amended by deleting the phrase “and neither the Collateral Agent nor the Required Holders have delivered the notice specified in Section 7(b)” from the lead-in to such Section.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND SUBSIDIARY GUARANTORS.

To induce the Noteholders to execute and deliver this 2018 Amendment (which representations shall survive the execution and delivery of this 2018 Amendment), the Company and each Subsidiary Guarantor represents and warrants to the Noteholders that:

(a) this 2018 Amendment has been duly authorized, executed and delivered by the Company and each Subsidiary Guarantor and this 2018 Amendment constitutes the legal, valid and binding obligation of the Company and each Subsidiary Guarantor enforceable against the Company and each Subsidiary Guarantor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally or general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(b) the Existing Note Purchase Agreement and each Original Security Agreement, as amended by this 2018 Amendment, constitutes the legal, valid and binding obligation of the Company and each Subsidiary Guarantor party thereto enforceable against the Company and each such Subsidiary Guarantor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally or general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(c) as of the date hereof and after giving effect to this 2018 Amendment, no Default or Event of Default has occurred that is continuing;

SECTION 3. CONDITIONS TO EFFECTIVENESS OF THIS 2018 AMENDMENT.

This 2018 Amendment shall not become effective until, and shall become effective when, each and every one of the following conditions shall have been satisfied:

(a) executed counterparts of this 2018 Amendment, duly executed by the Company, the Subsidiary Guarantors, the Collateral Agent and the Noteholders of the outstanding principal of the Notes, shall have been delivered to the Noteholders and the Company;

(b) the Noteholder shall have received evidence satisfactory to it that the Existing Loan Agreement has been entered into substantially as proposed in the form annexed hereto as Exhibit A;

(c) the representations and warranties of the Company set forth in Section 2 hereof are true and correct on and with respect to the date hereof;

(d) no Default or Event of Default shall have occurred and be continuing;

Upon receipt of all of the foregoing, this 2018 Amendment shall become effective.

#### SECTION 4. MISCELLANEOUS.

*Section 4.1.* (a) This 2018 Amendment shall be construed in connection with and as part of the Existing Note Purchase Agreement and the Original Security Agreements, and except as modified and expressly amended by this 2018 Amendment, all terms, conditions and covenants contained in the Existing Note Purchase Agreement, the Original Security Agreements and the Notes are hereby ratified and shall be and remain in full force and effect.

(b) The execution and delivery of this 2018 Amendment and performance of the Note Documents shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Noteholder under, the Note Documents.

(c) Upon the conditions precedent set forth herein being satisfied, this 2018 Amendment shall be construed as one with the Note Documents, and the Note Documents shall, where the context requires, be read and construed throughout so as to incorporate this 2018 Amendment.

(d) If there is any conflict between the terms and provisions of this 2018 Amendment and the terms and provisions of the Note Documents, the terms and provisions of this 2018 Amendment shall govern.

*Section 4.2.* Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this 2018 Amendment may refer to the Existing Note Purchase Agreement or the Original Security Agreements without making specific reference to this 2018 Amendment but nevertheless all such references shall include this 2018 Amendment unless the context otherwise requires.

*Section 4.3.* The descriptive headings of the various Sections or parts of this 2018 Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

*Section 4.4.* This 2018 Amendment shall be governed by and construed in accordance with the law of the State of New York.

*Section 4.5.* Each Subsidiary Guarantor acknowledges that its consent to the amendments to the Existing Note Purchase Agreement effected by this 2018 Amendment is not required, but each Subsidiary Guarantor nevertheless hereby agrees and consents to the amendments to the Existing Note Purchase Agreement effected by this 2018 Amendment and to the documents and agreements referred to herein. Each Subsidiary Guarantor agrees and acknowledges that (i) notwithstanding the effectiveness of this 2018 Amendment, each Subsidiary Guaranty (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time) shall remain in full force and effect without modification thereto, and (ii) nothing herein shall in any way limit any of the terms or provisions of each Subsidiary Guaranty executed by any

Subsidiary Guarantor (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time), all of which are hereby ratified, confirmed and affirmed in all respects. Each Subsidiary Guarantor hereby agrees and acknowledges that no other agreement, instrument, consent or document shall be required to give effect to this section. Each Subsidiary Guarantor hereby further acknowledges that the Subsidiary Guarantor may from time to time enter into any further amendments, modifications, terminations and/or waivers of any provisions of the Existing Note Purchase Agreement without notice to or consent from any Subsidiary Guarantor and without affecting the validity or enforceability of any Subsidiary Guaranty (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time) giving rise to any reduction, limitation, impairment, discharge or termination of any Subsidiary Guaranty (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time).

*Section 4.6.* This 2018 Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this 2018 Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all of which together shall constitute one instrument. Delivery of this 2018 Amendment by facsimile, electronic mail or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

*Section 4.7.* The Company and each Subsidiary Guarantor acknowledge and agree that the Original Security Agreements are amended by this 2018 Amendment.

*Section 4.8. Reaffirmation of Agreements.* (a) For greater certainty, the Company and each Subsidiary Guarantor hereby confirms and agrees in favour of the Secured Parties that each mortgage, charge, assignment, grant of a security interest, representation, warranty, covenant, liability, indemnity or other obligation that is expressed in the Original Security Agreements to be made or given by, or otherwise binding upon such “*Pledgor*” (including without limitation the grant of a security interest by such “*Pledgor*” in Section 2 thereof) is, and shall be deemed to be, a guarantee, representation, warranty, covenant, liability, indemnity or obligation, as applicable, made or given by, and binding upon, each such Note Party respectively, and each mortgage, charge, assignment or grant provided for therein shall be of the respective Note Party’s rights in the Collateral subject thereto.

(b) This 2018 Amendment does not constitute a novation of the Original Security Agreements or the Note Documents or any of the Obligations under the Note Documents.

[Remainder of Page Left Intentionally Blank.]

The foregoing 2018 Amendment is hereby acknowledged and agreed as of the date first above written.

GLOBAL WATER RESOURCES, INC.

By: /s/ Michael J. Liebman  
Name: Michael J. Liebman  
Title: Senior Vice President, Chief Financial  
Officer and Secretary

GLOBAL WATER LLC

By: /s/ Michael J. Liebman  
Name: Michael J. Liebman  
Title: Manager, Secretary and Treasurer

WEST MARICOPA COMBINE, LLC

By: /s/ Michael J. Liebman  
Name: Michael J. Liebman  
Title: Manager, Secretary and Treasurer

The foregoing 2018 Amendment is hereby acknowledged and agreed as of the date first above written with respect to the Original Security Agreements.

U.S. BANK NATIONAL ASSOCIATION, AS  
COLLATERAL AGENT

By: /s/ Mary Ambriz-Reyes  
Name: Mary Ambriz-Reyes  
Title: Vice President

The foregoing 2018 Amendment is hereby acknowledged and agreed as of the date first above written.

METROPOLITAN LIFE INSURANCE COMPANY

By: MetLife Investment Advisors, LLC, its investment  
manager

By: /s/ John A. Wills

Name: John A. Wills

Title: Senior Vice President and Managing Director

BRIGHTHOUSE LIFE INSURANCE COMPANY

By: MetLife Investment Advisors, LLC, its investment  
manager

By: /s/ Judith A. Gulotta

Name: Judith A. Gulotta

Title: Managing Director

The foregoing 2018 Amendment is hereby acknowledged and agreed as of the date first above written.

THE PRUDENTIAL INSURANCE COMPANY OF  
AMERICA

By: /s/ Brian Lemons  
Vice President

PRIVATE PLACEMENT TRUST INVESTORS, LLC

By: Prudential Private Placement Investors, L.P., as  
Managing Member

By: Prudential Private Placement Investors, Inc., as its  
General Partner

By: /s/ Brian Lemons  
Vice President

PRUCO LIFE INSURANCE COMPANY OF NEW  
JERSEY

By: /s/ Brian Lemons  
Assistant Vice President

PRUCO LIFE INSURANCE COMPANY

By: /s/ Brian Lemons  
Assistant Vice President

PRUDENTIAL ARIZONA REINSURANCE TERM  
COMPANY

By: PGIM, Inc., as investment manager

By: /s/ Brian Lemons  
Assistant Vice President

The foregoing 2018 Amendment is hereby acknowledged and agreed as of the date first above written.

SUN LIFE ASSURANCE COMPANY OF CANADA

By: /s/ Deborah J. Foss

Name: Deborah J. Foss

Title: Managing Director, Head of Private Debt,  
Private Fixed Income

By: /s/ Ann C. King

Name: Ann C. King

Title: Assistant Vice President and Senior Counsel

SUN LIFE ASSURANCE COMPANY OF CANADA  
(U.S. BRANCH)

SUN LIFE OF CANADA FUND SEPARATE ACCOUNT

By: /s/ Deborah J. Foss

Name: Deborah J. Foss

Title: Managing Director, Head of Private Debt,  
Private Fixed Income

By: /s/ Ann C. King

Name: Ann C. King

Title: Assistant Vice President and Senior Counsel

The foregoing 2018 Amendment is hereby acknowledged and agreed as of the date first above written.

AMERICAN EQUITY INVESTMENT LIFE  
INSURANCE COMPANY

By: /s/ Jeffrey A. Fossell  
Name: Jeffrey A. Fossell  
Title: Authorized Signatory

**Exhibit A**

EXISTING LOAN AGREEMENT

[Attached]