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

Delaware 001-37756 90-0632193
(State of other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

21410 N. 19th Avenue #220, Phoenix, Arizona
(Address of Principal Executive Offices)

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

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

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))
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 Note Purchase Agreement (as defined herein), the Refinancing (as defined herein) and other transactions contemplated thereby. 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. 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.

Note Purchase Agreement and Notes

On June 24, 2016, Global Water Resources, Inc. (the “Company”), pursuant to a previously announced note purchase agreement (the “Note Purchase Agreement”), issued (i) an aggregate principal amount of $28,750,000 of 4.38% Senior Secured Notes, Series A due on June 15, 2028 (each a “Series A Note”), and (ii) an aggregate principal amount of $86,250,000 of 4.58% Senior Secured Notes, Series B due on December 15, 2036 (each a “Series B Note” and, together with the Series A Notes, the “Notes”). The Series A Notes accrue interest at 4.38% per annum from the date of issuance, payable semi-annually on June 15 and December 15 of each year, beginning on December 15, 2016, with a balloon payment due on June 15, 2028. The Series B Notes accrue interest at 4.58% per annum from the date of issuance, payable semi-annually on June 15 and December 15 of each year, beginning on December 15, 2016, with installments of principal in an aggregate amount of $1,916,666.67 payable semi-annually on June 15 and December 15 of each year, beginning December 15, 2021, together with a final payment of principal and interest on December 15, 2036 in an amount equal to the remaining principal of the Series B Notes and the accrued interest thereon. The Notes were offered and sold only to institutional accredited investors in an offering exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

The Company used the proceeds to (i) cause the redemption of the Redeemed Bonds (as defined below) and (ii) pay $3,200,000 in respect of a premium to par for the redemption of the Redeemed Bonds (collectively, the “Refinancing”). The Company will use any remaining proceeds following the Refinancing for general corporate purposes.

The Note Purchase 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 Note Purchase Agreement. As set forth in the Note Purchase Agreement, the Notes are subject to certain customary events of default after which the Notes may be declared due and payable if the default is 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 Note Purchase Agreement and the Notes is qualified in its entirety by the Note Purchase Agreement, which is Exhibit 10.1 to this Current Report on Form 8-K, and the Notes, forms of which are Exhibits 4.1 and 4.2 to this Current Report on Form 8-K, all of which are incorporated herein by reference.

Guaranty Agreements

On June 24, 2016, each of Global Water, LLC and West Maricopa Combine, Inc., each a wholly owned subsidiary of the Company (each a “Guarantor”), entered into a Guaranty Agreement for the benefit of the holders of Notes, pursuant to which each Guarantor jointly and severally guaranteed the Company’s obligations under the Note Purchase Agreement and the Notes.
The foregoing summary of the terms of each Guaranty Agreement is qualified in its entirety by such Guaranty Agreement, which are attached as Exhibits 10.2 and 10.3 to this Current Report on Form 8-K, each of which is incorporated herein by reference.

Pledge and Security Agreements

As previously disclosed in the Company’s Current Report on Form 8-K filed May 26, 2016, the obligations evidenced by the Notes 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. In furtherance thereof; on June 24, 2016, each of the Company and the Guarantors entered into a Pledge and Security Agreement in favor of U.S. Bank National Association, in its capacity as collateral agent for the secured parties.

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

Item 1.02 Termination of a Material Definitive Agreement.

On June 24, 2016, the Company caused the redemption of all of the following previously issued Industrial Development Authority of the County of Pima Water and Wastewater Revenue Bonds (Global Water Resources Projects): (i) the Series 2006 Bonds with an aggregate principal amount of $36,495,000; (ii) the Series 2007 Bonds with an aggregate principal amount of $54,135,000; and (iii) the Series 2008 Bonds with an aggregate principal amount of $24,550,000 (collectively, the “Redeemed Bonds”). The Company paid $3,200,000 in respect of a premium to par for the redemption of the Redeemed Bonds.

Upon closing of the Refinancing, the documents governing the Redeemed Bonds were terminated. These documents included the (i) Trust Indenture Agreement, dated December 1, 2006, by and between the Industrial Development Authority of the County of Pima and U.S. Bank National Association; (ii) the First Supplement to Trust Indenture Agreement, dated November 1, 2007, by and between the Industrial Development Authority of the County of Pima and U.S. Bank National Association; (iii) the Second Supplemental Trust Indenture Agreement, dated August 1, 2008, by and between the Industrial Development Authority of the County of Pima and U.S. Bank National Association; (iv) the Loan Agreement, dated December 1, 2006, between the Industrial Development Authority of the County of Pima, U.S. Bank National Association and the Company; (v) the First Amendment to Loan Agreement, dated November 1, 2007, between the Industrial Development Authority of the County of Pima, U.S. Bank National Association and the Company; (vi) the Second Amendment to Loan Agreement, dated August 1, 2008, between the Industrial Development Authority of the County of Pima, U.S. Bank National Association and the Company; (vii) the Third Amendment to Loan Agreement, dated December 1, 2010, between the Industrial Development Authority of the County of Pima, U.S. Bank National Association and the Company; (viii) the Bond Purchase Agreement, dated December 14, 2006, between the Industrial Development Authority of the County of Pima, Hutchinson, Shockey, Erley & Co. and the Company; (ix) the Bond Purchase Agreement, dated November 19, 2007, between the Industrial Development Authority of the County of Pima, Hutchinson, Shockey, Erley & Co. and the Company; (xi) the Supplement, dated September 19, 2008, to Bond Purchase Agreement, dated September 12, 2008, between the Industrial Development Authority of the County of Pima, Hutchinson, Shockey, Erley & Co. and the Company; (xii) the Amended and Restated Security Agreement, dated October 1, 2008, by and between U.S. Bank National Association and the Company; and (xiii) the Second Amended and Restated Intercreditor Agreement, dated October 1, 2008, between Wells Fargo Bank, National Association, U.S. Bank National Association and the Company.

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 in Item 1.01 and incorporated herein by reference.
Item 7.01  Regulation FD Disclosure.

On June 27, 2016, the Company issued a press release announcing the closing of the Refinancing. The Company’s press release is included as Exhibit 99.1. The press release is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), or otherwise subject to the liabilities of such section, nor shall such information be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 8.01  Other Events.

On June 28, 2016, the Company issued a press release announcing that its board of directors declared a monthly cash dividend on the common shares of the Company (the “Shares”) in the amount of $0.022 per Share (an annualized amount of $0.264 per Share), which will be payable on July 29, 2016, to holders of record at the close of business on July 15, 2016. The dividend payment reflects an increase in the annual dividend of $0.024, or 10%. The Company’s press release is included as Exhibit 99.2.

Item 9.01  Financial Statements and Exhibits.

(d)  Exhibits

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<td>Form of 4.58% Senior Secured Notes, Series B due on December 15, 2036 (included in Exhibit 10.1)</td>
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<td>Note Purchase Agreement, dated as of May 20, 2016, by and among Global Water Resources, Inc. and certain Initial Purchasers (incorporated by reference to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 26, 2016)</td>
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</tr>
<tr>
<td>10.6</td>
<td>Pledge and Security Agreement, dated as of June 24, 2016, by and between West Maricopa Combine, Inc. and U.S. Bank National Association, as collateral agent</td>
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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: June 28, 2016

/s/ Michael J. Liebman
Michael J. Liebman
Chief Financial Officer
GUARANTY AGREEMENT

Dated as of June 24, 2016

of

GLOBAL WATER, LLC
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GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of June 24, 2016 (this “Guaranty Agreement”), is made by Global Water, LLC, a Delaware limited liability company (the “Guarantor”) in favor of the Purchasers (as defined below) and the other holders from time to time of the Notes (as defined below). The Purchasers and such other holders are herein collectively called the “holders” and individually a “holder.”

PRELIMINARY STATEMENTS:

I. Global Water Resources, Inc., a Delaware corporation (the “Company”), is entering into a Note Purchase Agreement dated as of May 20, 2016 (as amended, modified, supplemented or restated from time to time, the “Note Agreement”) with the Persons listed on the signature pages thereto (the “Purchasers”) simultaneously with the delivery of this Guaranty Agreement. Capitalized terms used herein have the meanings specified in the Note Agreement unless otherwise defined herein.

II. The Company, the Purchasers and U.S. Bank National Association, in its capacity as collateral agent for the benefit of the Secured Parties (the “Collateral Agent”) are entering into a Collateral Agency Agreement dated as of June 24, 2016 (as amended, modified, supplemented or restated from time to time, the “Collateral Agreement”).

III. The Company has authorized the issuance, pursuant to the Note Agreement, of (i) 4.38% Senior Secured Series A Notes due June 15, 2028 in the aggregate principal amount of $28,750,000 and (ii) 4.58% Senior Secured Series B Notes due June 15, 2036 in the aggregate principal amount of $86,250,000. Pursuant to the Note Agreement, the Company proposes to issue and sell (i) $28,750,000 aggregate principal amount of its 4.38% Senior Notes due June 15, 2028 (the “Series A Notes”) and (ii) $86,250,000 aggregate principal amount of its 4.58% Senior Secured Series B Notes due June 15, 2036 (the “Series B Notes,” together with the Series A Notes, the “Initial Notes”). The Initial Notes and any other Notes that may from time to time be issued pursuant to the Note Agreement (including any notes issued in substitution for any of the Notes) are herein collectively called the “Notes” and individually a “Note”.

IV. It is a condition to the agreement of the Purchasers to purchase the Notes that this Guaranty Agreement shall have been executed and delivered by the Guarantor and shall be in full force and effect.

V. The Guarantor will receive direct and indirect benefits from the financing arrangements contemplated by the Note Agreement. The member and the managers of the Guarantor have determined that the incurrence of such obligations is in the best interests of the Guarantor.

NOW THEREFORE, in order to induce, and in consideration of, the execution and delivery of the Note Agreement and the purchase of the Notes by each of the Purchasers, the Guarantor hereby covenants and agrees with, and represents and warrants to each of the holders as follows:
SECTION 1. GUARANTY.

The Guarantor hereby irrevocably and unconditionally guarantees to each holder, the due and punctual payment in full of (a) the principal of, Make-Whole Amount, if any, and interest on (including, without limitation, interest accruing after the filing of any petition in bankruptcy, or the 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, the Notes when and as the same shall become due and payable (whether at stated maturity or by required or optional prepayment or by acceleration or otherwise) (b) any expenses, indemnities and other sums which may become due to the holders or the Collateral Agent under the terms and provisions of the Notes, the Note Agreement, the Collateral Agreement or any other Note Document (all such obligations described in clauses (a) and (b) above are herein called the “Guaranteed Obligations”).

The guaranty in the preceding sentence is an absolute, present and continuing guaranty of payment and not of collectability and is in no way conditional or contingent upon any attempt to collect from the Company or any other guarantor of the Notes or other Guaranteed Obligations or upon any other action, occurrence or circumstance whatsoever. In the event that the Company shall fail to pay any of such Guaranteed Obligations, the Guarantor agrees to pay the same when due to the Collateral Agent and/or holders 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 Notes, the Note Agreement, the Collateral Agreement and the other Note Documents. Each default in payment of any of the Guaranteed Obligations shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises. The Guarantor agrees that the Notes issued in connection with the Note Agreement may (but need not) make reference to this Guaranty Agreement.

The Guarantor hereby acknowledges and agrees that the Guarantor’s liability hereunder is joint and several with any other Person(s) who may guarantee the obligations and Indebtedness under and in respect of the Notes, the Note Agreement and other Note Documents.

Notwithstanding the foregoing provisions or any other provision of this Guaranty Agreement, the Purchasers (on behalf of themselves and their successors and assigns) and the Guarantor hereby agree that if at any time the Guaranteed Obligations exceed the Maximum Guaranteed Amount determined as of such time with regard to the Guarantor, then this Guaranty Agreement shall be automatically amended to reduce the Guaranteed Obligations to the Maximum Guaranteed Amount. Such amendment shall not require the written consent of the Guarantor or any holder and shall be deemed to have been automatically consented to by the Guarantor and each holder. The Guarantor agrees that the Guaranteed Obligations may at any time exceed the Maximum Guaranteed Amount without affecting or impairing the obligation of the Guarantor. “Maximum Guaranteed Amount” means as of the date of determination with respect to the Guarantor, the lesser of (a) the amount of the Guaranteed Obligations outstanding on such date and (b) the maximum amount that would not render the Guarantor’s liability under this Guaranty Agreement subject to avoidance under Section 548 of the United States

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Bankruptcy Code (or any successor provision) or any comparable provision of applicable state law.

SECTION 2. OBLIGATIONS ABSOLUTE.

The obligations of the Guarantor hereunder shall be primary, absolute, irrevocable and unconditional, irrespective of the validity or enforceability of the Notes, the Note Agreement, the Collateral Agreement or any other Note Document, shall not be subject to any counterclaim, setoff, deduction or defense based upon any claim the Guarantor may have against the Company or any holder or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not the Guarantor shall have any knowledge or notice thereof), including, without limitation: (a) any amendment to, modification of, supplement to or restatement of the Notes, the Note Agreement or any other Note Document (it being agreed that the obligations of the Guarantor hereunder shall apply to the Notes, the Note Agreement or any other Note Document as so amended, modified, supplemented or restated) or any assignment or transfer of any thereof or of any interest therein, or any furnishing, acceptance or release of any security for the Notes; (b) any waiver, consent, extension, indulgence or other action or inaction under or in respect of the Notes, the Note Agreement, the Collateral Agreement or any other Note Document; (c) any bankruptcy, insolvency, arrangement, reorganization, readjustment, composition, liquidation or similar proceeding with respect to the Company or its property; (d) any merger, amalgamation or consolidation of the Guarantor or of the Company into or with any other Person or any sale, lease or transfer of any or all of the assets of the Guarantor or of the Company to any Person; (e) any failure on the part of the Company for any reason to comply with or perform any of the terms of any other agreement with the Guarantor; (f) any failure on the part of the Collateral Agent or any holder to obtain, maintain, register or otherwise perfect any security; or (g) any 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), and in any event however material or prejudicial it may be to the Guarantor or to any subrogation, contribution or reimbursement rights the Guarantor may otherwise have.

SECTION 3. WAIVER.

The 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 of any amounts due under the Notes, the Note Agreement, the Collateral Agreement or any other Note Document, and of any of the matters referred to in Section 2 hereof, (b) all notices which may be required by statute, rule of law or otherwise to preserve any of the rights of the Collateral Agent or any holder against the Guarantor, including, without limitation, presentment to or demand for payment from the Company or the Guarantor with respect to any Note, notice to the Company or to the Guarantor of 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 to enforce, assert or exercise any right, power or remedy including, without limitation, any right, power or remedy conferred in the Note Agreement, the Notes, the Collateral Agreement or any other Note Document, (d) any requirement for diligence on the part of the Collateral Agent or any holder.
and (e) any other act or omission or thing or delay in doing any other act or thing which might in any manner or to any extent vary the risk of the Guarantor or otherwise operate as a discharge of the Guarantor or in any manner lessen the obligations of the Guarantor hereunder.

SECTION 4. OBLIGATIONS UNIMPAIRED.

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

If an event permitting the acceleration of the maturity of the principal amount of any Notes shall exist and such acceleration shall at such time be prevented or the right of any holder to receive any payment on account of the Guaranteed Obligations shall at such time be delayed or otherwise affected by reason of the pendency against the Company, the Guarantor or any other guarantor of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guaranty Agreement and its obligations hereunder, the maturity of such principal amount shall be deemed to have been accelerated with the same effect as if the holder thereof had accelerated the same in accordance with the terms of the Note Agreement, and the Guarantor shall forthwith pay such accelerated Guaranteed Obligations.

SECTION 5. SUBROGATION AND SUBORDINATION.

(a) The Guarantor will not exercise any rights which it may have acquired by way of subrogation under this Guaranty Agreement, 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 security for the Notes or this Guaranty
Agreement unless and until all of the Guaranteed Obligations shall have been indefeasibly paid in full in cash.

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

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

(d) The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Note Agreement and that its agreements set forth in this Guaranty Agreement (including this Section 5) are knowingly made in contemplation of such benefits.

SECTION 6. REINSTATEMENT OF GUARANTY.

This Guaranty Agreement shall 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 upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or any other guarantor, or upon 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 OF GUARANTY.

The Guarantor will ensure that its payment obligations under this Guaranty Agreement will at all times rank at least pari passu, without preference or priority, with all other unsecured and unsubordinated Indebtedness of the Guarantor now or hereafter existing.
SECTION 8. TERM OF GUARANTY AGREEMENT.

This Guaranty Agreement and all guarantees, covenants and agreements of the Guarantor contained herein shall continue in full force and effect and shall not be discharged until such time as all of the Guaranteed Obligations and all other obligations hereunder shall be indefeasibly paid in full in cash and shall be subject to reinstatement pursuant to Section 6.

SECTION 9. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Guaranty Agreement and may be relied upon by any subsequent holder, regardless of any investigation made at any time by or on behalf of any Purchaser or any other holder. All statements contained in any certificate or other instrument delivered by or on behalf of the Guarantor pursuant to this Guaranty Agreement shall be deemed representations and warranties of the Guarantor under this Guaranty Agreement. Subject to the preceding sentence, this Guaranty Agreement embodies the entire agreement and understanding between each holder and the Guarantor and supersedes all prior agreements and understandings relating to the subject matter hereof.

SECTION 10. AMENDMENT AND WAIVER.

Section 10.1. Requirements. Except as otherwise provided in the fourth paragraph of Section 1 of this Guaranty Agreement, this Guaranty Agreement 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 the Guarantor and the Required Holders, except that no amendment or waiver (a) of any of the first three paragraphs of Section 1 or any of the provisions of Section 2, 3, 4, 5, 6, 7, 8, or 12 hereof; or any defined term (as it is used therein), or (b) which results in the limitation of the liability of the Guarantor hereunder (except to the extent provided in the fourth paragraph of Section 1 of this Guaranty Agreement) will be effective as to any holder unless consented to by such holder in writing.

Section 10.2. Solicitation of Holders of Notes.

(a) Solicitation. The Guarantor will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantor will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 10.2 to each
holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Guarantor will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder as consideration for or as an inducement to the entering into by any holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder even if such holder did not consent to such waiver or amendment.

(c) Consent in Contemplation of Transfer. Any consent made pursuant to this Section 10 by a holder that has transferred or has agreed to transfer its Notes to the Company, or to any Subsidiary or any Affiliate (including the Guarantor) of the Company, and has provided or has agreed to provide such written consent as a condition to such transfer, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

**Section 10.3. Binding Effect.** Any amendment or waiver consented to as provided in this Section 10 applies equally to all holders and is binding upon them and upon each future holder and upon the Guarantor without regard to whether any Note has been marked to indicate such amendment or waiver. No such amendment or waiver 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 the Guarantor and the holder nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder. As used herein, the term “this Guaranty Agreement” and references thereto shall mean this Guaranty Agreement as it may be amended, modified, supplemented or restated from time to time.

**Section 10.4. Notes held by Guarantor, Company, Etc.** Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty Agreement, or have directed the taking of any action provided herein to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Guarantor, the Company or any of their respective Affiliates shall be deemed not to be outstanding.

**SECTION 11. REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR.**

The Guarantor represents and warrants to each holder as follows:

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Section 11.1. Organization; Power and Authority. Such Guarantor has the corporate or similar 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 Agreement and to perform the provisions hereof.

Section 11.2. Authorization, Etc. This Guaranty Agreement has been duly authorized by all necessary corporate or similar action on the part of such Guarantor, and this Guaranty Agreement constitutes upon execution and delivery thereof a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor 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, Etc. 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 such Guarantor of this Guaranty Agreement.

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 of such notice by a recognized overnight delivery service (charges prepaid), or (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 N. 19th Avenue, Suite 220, Phoenix, AZ 85027, or such other address as the Guarantor shall have specified to the holders in writing, or

(b) if to any holder, to such holder at the addresses specified for such communications set forth in Schedule A to the Note Agreement, or such other address as such holder shall have specified to the Company in writing, or

(c) Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Guaranty Agreement shall be in English or accompanied by an English translation thereof.

SECTION 13. MISCELLANEOUS.

Section 13.1. Successors and Assigns. All covenants and other agreements contained in this Guaranty Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns whether so expressed or not.
**Section 13.2. Severability.** Any provision of this Guaranty Agreement 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 hereof, 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 13.3. Construction.** Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such express contrary provision) be deemed to excuse compliance with any other covenant. Whether any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

The section and subsection headings in this Guaranty Agreement are for convenience of reference only and shall neither be deemed to be a part of this Guaranty Agreement nor modify, define, expand or limit any of the terms or provisions hereof. All references herein to numbered sections, unless otherwise indicated, are to sections of this Guaranty Agreement. Words and definitions in the singular shall be read and construed as though in the plural and vice versa, and words in the masculine, neuter or feminine gender shall be read and construed as though in either of the other genders where the context so requires.

**Section 13.4. Further Assurances.** The Guarantor agrees to execute and deliver all such instruments and take all such action as the Required Holders may from time to time reasonably request in order to effectuate fully the purposes of this Guaranty Agreement.

**Section 13.5. Governing Law.** This Guaranty 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 New York, excluding choice-of-law principles of the law of such State that would require or permit the application of the laws of a jurisdiction other than such State.

**Section 13.6. Jurisdiction and Process; Waiver of Jury Trial.** (a) The 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 Agreement. To the fullest extent permitted by applicable law, the 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.

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(b) The Guarantor consents to process being served by or on behalf of any holder in any suit, action or proceeding of the nature referred to in Section 13.6(a) by hand delivery, delivery by reputable commercial delivery service, charges prepaid, by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 12 or at 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 deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon 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 the holders 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) The Guarantor and the holders hereby waive trial by jury in any action brought on or with respect to this Guaranty Agreement or other document executed in connection herewith.

Section 13.7. Reproduction of Documents; Execution. This Guaranty Agreement may be reproduced by any holder by any photographic, photostatic, electronic, digital, or other similar process and such holder may destroy any original document so reproduced. The Guarantor agrees and stipulates that, 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 the Guarantor or any holder of Notes from contesting any such reproduction to the same extent that 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 the Guarantor shall be as effective as delivery of a manually executed counterpart hereof and shall be admissible into evidence for all purposes.
IN WITNESS WHEREOF, the Guarantor has caused this Guaranty Agreement to be duly executed and delivered as of the date and year first above written.

GLOBAL WATER, LLC

By: /s/ Michael J. Liebman
    Name: Michael J. Liebman
    Title: Manager
GUARANTY AGREEMENT

Dated as of June 24, 2016

of

WEST MARICOPA COMBINE, INC.
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GUARANTY AGREEMENT

This GUARANTY AGREEMENT, dated as of June 24, 2016 (this “GUARANTY AGREEMENT”), is made by West Maricopa Combine, Inc., an Arizona corporation (the “GUARANTOR”) in favor of the PURCHASERS (as defined below) and the other holders from time to time of the Notes (as defined below). The PURCHASERS and such other holders are herein collectively called the “holders” and individually a “holder.”

PRELIMINARY STATEMENTS:

I. Global Water Resources, Inc., a Delaware corporation (the “COMPANY”), is entering into a Note Purchase Agreement dated as of May 20, 2016 (as amended, modified, supplemented or restated from time to time, the “NOTE AGREEMENT”) with the persons listed on the signature pages thereto (the “PURCHASERS”) simultaneously with the delivery of this Guaranty Agreement. Capitalized terms used herein have the meanings specified in the Note Agreement unless otherwise defined herein.

II. The COMPANY, the PURCHASERS and U.S. Bank National Association, in its capacity as collateral agent for the benefit of the Secured Parties (the “COLLATERAL AGENT”) are entering into a Collateral Agency Agreement dated as of June 24, 2016 (as amended, modified, supplemented or restated from time to time, the “COLLATERAL AGREEMENT”).

III. The COMPANY has authorized the issuance, pursuant to the Note Agreement, of (i) 4.38% Senior Secured Series A Notes due June 15, 2028 in the aggregate principal amount of $28,750,000 and (ii) 4.58% Senior Secured Series B Notes due June 15, 2036 in the aggregate principal amount of $86,250,000. Pursuant to the Note Agreement, the COMPANY proposes to issue and sell (i) $28,750,000 aggregate principal amount of its 4.38% Senior Notes due June 15, 2028 (the “SERIES A NOTES”) and (ii) $86,250,000 aggregate principal amount of its 4.58% Senior Secured Series B Notes due June 15, 2036 (the “SERIES B NOTES,” together with the Series A Notes, the “INITIAL NOTES”). The Initial Notes and any other Notes that may from time to time be issued pursuant to the Note Agreement (including any notes issued in substitution for any of the Notes) are herein collectively called the “NOTES” and individually a “NOTE”.

IV. It is a condition to the agreement of the PURCHASERS to purchase the Notes that this Guaranty Agreement shall have been executed and delivered by the GUARANTOR and shall be in full force and effect.

V. The GUARANTOR will receive direct and indirect benefits from the financing arrangements contemplated by the NOTE AGREEMENT. The Board of Directors of the GUARANTOR has determined that the incurrence of such obligations is in the best interests of the GUARANTOR.

NOW THEREFORE, in order to induce, and in consideration of, the execution and delivery of the NOTE AGREEMENT and the purchase of the Notes by each of the PURCHASERS, the GUARANTOR hereby covenants and agrees with, and represents and warrants to each of the holders as follows:
SECTION 1. GUARANTY.

The Guarantor hereby irrevocably and unconditionally guarantees to each holder, the due and punctual payment in full of (a) the principal of, Make-Whole Amount, if any, and interest on (including, without limitation, interest accruing after the filing of any petition in bankruptcy, or the 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, the Notes when and as the same shall become due and payable (whether at stated maturity or by required or optional prepayment or by acceleration or otherwise) (b) any expenses, indemnities and other sums which may become due to the holders or the Collateral Agent under the terms and provisions of the Notes, the Note Agreement, the Collateral Agreement or any other Note Document (all such obligations described in clauses (a) and (b) above are herein called the “Guaranteed Obligations”).

The guaranty in the preceding sentence is an absolute, present and continuing guaranty of payment and not of collectability and is in no way conditional or contingent upon any attempt to collect from the Company or any other guarantor of the Notes or other Guaranteed Obligations or upon any other action, occurrence or circumstance whatsoever. In the event that the Company shall fail to pay any of such Guaranteed Obligations, the Guarantor agrees to pay the same when due to the Collateral Agent and/or holders 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 Notes, the Note Agreement, the Collateral Agreement and the other Note Documents. Each default in payment of any of the Guaranteed Obligations shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises. The Guarantor agrees that the Notes issued in connection with the Note Agreement may (but need not) make reference to this Guaranty Agreement.

The Guarantor hereby acknowledges and agrees that the Guarantor’s liability hereunder is joint and several with any other Person(s) who may guarantee the obligations and Indebtedness under and in respect of the Notes, the Note Agreement and other Note Documents.

Notwithstanding the foregoing provisions or any other provision of this Guaranty Agreement, the Purchasers (on behalf of themselves and their successors and assigns) and the Guarantor hereby agree that if at any time the Guaranteed Obligations exceed the Maximum Guaranteed Amount determined as of such time with regard to the Guarantor, then this Guaranty Agreement shall be automatically amended to reduce the Guaranteed Obligations to the Maximum Guaranteed Amount. Such amendment shall not require the written consent of the Guarantor or any holder and shall be deemed to have been automatically consented to by the Guarantor and each holder. The Guarantor agrees that the Guaranteed Obligations may at any time exceed the Maximum Guaranteed Amount without affecting or impairing the obligation of the Guarantor. “Maximum Guaranteed Amount” means as of the date of determination with respect to the Guarantor, the lesser of (a) the amount of the Guaranteed Obligations outstanding on such date and (b) the maximum amount that would not render the Guarantor’s liability under this Guaranty Agreement subject to avoidance under Section 548 of the United States Code.
SECTION 2. OBLIGATIONS ABSOLUTE.

The obligations of the Guarantor hereunder shall be primary, absolute, irrevocable and unconditional, irrespective of the validity or enforceability of the Notes, the Note Agreement, the Collateral Agreement or any other Note Document, shall not be subject to any counterclaim, setoff, deduction or defense based upon any claim the Guarantor may have against the Company or any holder or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not the Guarantor shall have any knowledge or notice thereof), including, without limitation: (a) any amendment to, modification of, supplement to or restatement of the Notes, the Note Agreement or any other Note Document (it being agreed that the obligations of the Guarantor hereunder shall apply to the Notes, the Note Agreement or any other Note Document as so amended, modified, supplemented or restated) or any assignment or transfer of any thereof or of any interest therein, or any furnishing, acceptance or release of any security for the Notes; (b) any waiver, consent, extension, indulgence or other action or inaction under or in respect of the Notes, the Note Agreement, the Collateral Agreement or any other Note Document; (c) any bankruptcy, insolvency, arrangement, reorganization, readjustment, composition, liquidation or similar proceeding with respect to the Company or its property; (d) any merger, amalgamation or consolidation of the Guarantor or of the Company into or with any other Person or any sale, lease or transfer of any or all of the assets of the Guarantor or of the Company to any Person; (e) any failure on the part of the Company for any reason to comply with or perform any of the terms of any other agreement with the Guarantor; (f) any failure on the part of the Collateral Agent or any holder to obtain, maintain, register or otherwise perfect any security; or (g) any 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), and in any event however material or prejudicial it may be to the Guarantor or to any subrogation, contribution or reimbursement rights the Guarantor may otherwise have.

SECTION 3. WAIVER.

The 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 of any amounts due under the Notes, the Note Agreement, the Collateral Agreement or any other Note Document, and of any of the matters referred to in Section 2 hereof, (b) all notices which may be required by statute, rule of law or otherwise to preserve any of the rights of the Collateral Agent or any holder against the Guarantor, including, without limitation, presentment to or demand for payment from the Company or the Guarantor with respect to any Note, notice to the Company or to the Guarantor of 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 to enforce, assert or exercise any right, power or remedy including, without limitation, any right, power or remedy conferred in the Note Agreement, the Notes, the Collateral Agreement or any other Note Document, (d) any requirement for diligence on the part of the Collateral Agent or any holder

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and (e) any other act or omission or thing or delay in doing any other act or thing which might in any manner or to any extent vary the risk of the Guarantor or otherwise operate as a discharge of the Guarantor or in any manner lessen the obligations of the Guarantor hereunder.

SECTION 4. OBLIGATIONS UNIMPAIRED.

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

If an event permitting the acceleration of the maturity of the principal amount of any Notes shall exist and such acceleration shall at such time be prevented or the right of any holder to receive any payment on account of the Guaranteed Obligations shall at such time be delayed or otherwise affected by reason of the pendency against the Company, the Guarantor or any other guarantor of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guaranty Agreement and its obligations hereunder, the maturity of such principal amount shall be deemed to have been accelerated with the same effect as if the holder thereof had accelerated the same in accordance with the terms of the Note Agreement, and the Guarantor shall forthwith pay such accelerated Guaranteed Obligations.

SECTION 5. SUBROGATION AND SUBORDINATION.

(a) The Guarantor will not exercise any rights which it may have acquired by way of subrogation under this Guaranty Agreement, 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 security for the Notes or this Guaranty.
Agreement unless and until all of the Guaranteed Obligations shall have been indefeasibly paid in full in cash.

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

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

(d) The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Note Agreement and that its agreements set forth in this Guaranty Agreement (including this Section 5) are knowingly made in contemplation of such benefits.

SECTION 6. REINSTATEMENT OF GUARANTY.

This Guaranty Agreement shall 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 upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or any other guarantor, or upon 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 OF GUARANTY.

The Guarantor will ensure that its payment obligations under this Guaranty Agreement will at all times rank at least \textit{pari passu}, without preference or priority, with all other unsecured and unsubordinated Indebtedness of the Guarantor now or hereafter existing.

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SECTION 8. TERM OF GUARANTY AGREEMENT.

This Guaranty Agreement and all guarantees, covenants and agreements of the Guarantor contained herein shall continue in full force and effect and shall not be discharged until such time as all of the Guaranteed Obligations and all other obligations hereunder shall be indefeasibly paid in full in cash and shall be subject to reinstatement pursuant to Section 6.

SECTION 9. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Guaranty Agreement and may be relied upon by any subsequent holder, regardless of any investigation made at any time by or on behalf of any Purchaser or any other holder. All statements contained in any certificate or other instrument delivered by or on behalf of the Guarantor pursuant to this Guaranty Agreement shall be deemed representations and warranties of the Guarantor under this Guaranty Agreement. Subject to the preceding sentence, this Guaranty Agreement embodies the entire agreement and understanding between each holder and the Guarantor and supersedes all prior agreements and understandings relating to the subject matter hereof.

SECTION 10. AMENDMENT AND WAIVER.

Section 10.1. Requirements. Except as otherwise provided in the fourth paragraph of Section 1 of this Guaranty Agreement, this Guaranty Agreement 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 the Guarantor and the Required Holders, except that no amendment or waiver (a) of any of the first three paragraphs of Section 1 or any of the provisions of Section 2, 3, 4, 5, 6, 7, 8, or 12 hereof, or any defined term (as it is used therein), or (b) which results in the limitation of the liability of the Guarantor hereunder (except to the extent provided in the fourth paragraph of Section 1 of this Guaranty Agreement) will be effective as to any holder unless consented to by such holder in writing.

Section 10.2. Solicitation of Holders of Notes.

(a) Solicitation. The Guarantor will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantor will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 10.2 to each
holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) **Payment.** The Guarantor will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder as consideration for or as an inducement to the entering into by any holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratable to each holder even if such holder did not consent to such waiver or amendment.

(c) **Consent in Contemplation of Transfer.** Any consent made pursuant to this Section 10 by a holder that has transferred or has agreed to transfer its Notes to the Company, or to any Subsidiary or any Affiliate (including the Guarantor) of the Company, and has provided or has agreed to provide such written consent as a condition to such transfer, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

**Section 10.3. Binding Effect.** Any amendment or waiver consented to as provided in this Section 10 applies equally to all holders and is binding upon them and upon each future holder and upon the Guarantor without regard to whether any Note has been marked to indicate such amendment or waiver. No such amendment or waiver 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 the Guarantor and the holder nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder. As used herein, the term “this Guaranty Agreement” and references thereto shall mean this Guaranty Agreement as it may be amended, modified, supplemented or restated from time to time.

**Section 10.4. Notes held by Guarantor, Company, Etc.** Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty Agreement, or have directed the taking of any action provided herein to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Guarantor, the Company or any of their respective Affiliates shall be deemed not to be outstanding.

**SECTION 11. REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR.**

The Guarantor represents and warrants to each holder as follows:
**Section 11.1. Organization; Power and Authority.** Such Guarantor has the corporate or similar 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 Agreement and to perform the provisions hereof.

**Section 11.2. Authorization, Etc.** This Guaranty Agreement has been duly authorized by all necessary corporate or similar action on the part of such Guarantor, and this Guaranty Agreement constitutes upon execution and delivery thereof a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor 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, Etc.** 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 such Guarantor of this Guaranty Agreement.

**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 of such notice by a recognized overnight delivery service (charges prepaid), or (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 N. 19th Avenue, Suite 220, Phoenix, AZ 85027, or such other address as the Guarantor shall have specified to the holders in writing, or

(b) if to any holder, to such holder at the addresses specified for such communications set forth in Schedule A to the Note Agreement, or such other address as such holder shall have specified to the Company in writing, or

(c) Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Guaranty Agreement shall be in English or accompanied by an English translation thereof.

**SECTION 13. MISCELLANEOUS.**

**Section 13.1. Successors and Assigns.** All covenants and other agreements contained in this Guaranty Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns whether so expressed or not.
Section 13.2. Severability. Any provision of this Guaranty Agreement 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 hereof, 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 13.3. Construction. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such express contrary provision) be deemed to excuse compliance with any other covenant. Whether any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

The section and subsection headings in this Guaranty Agreement are for convenience of reference only and shall neither be deemed to be a part of this Guaranty Agreement nor modify, define, expand or limit any of the terms or provisions hereof. All references herein to numbered sections, unless otherwise indicated, are to sections of this Guaranty Agreement. Words and definitions in the singular shall be read and construed as though in the plural and vice versa, and words in the masculine, neuter or feminine gender shall be read and construed as though in either of the other genders where the context so requires.

Section 13.4. Further Assurances. The Guarantor agrees to execute and deliver all such instruments and take all such action as the Required Holders may from time to time reasonably request in order to effectuate fully the purposes of this Guaranty Agreement.

Section 13.5. Governing Law. This Guaranty 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 New York, excluding choice-of-law principles of the law of such State that would require or permit the application of the laws of a jurisdiction other than such State.

Section 13.6. Jurisdiction and Process; Waiver of Jury Trial. (a) The 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 Agreement. To the fullest extent permitted by applicable law, the 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) The Guarantor consents to process being served by or on behalf of any holder in any suit, action or proceeding of the nature referred to in Section 13.6(a) by hand delivery, delivery by reputable commercial delivery service, charges prepaid, by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 12 or at 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 deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon 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 the holders 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) The Guarantor and the holders hereby waive trial by jury in any action brought on or with respect to this Guaranty Agreement or other document executed in connection herewith.

Section 13.7. Reproduction of Documents; Execution. This Guaranty Agreement may be reproduced by any holder by any photographic, photostatic, electronic, digital, or other similar process and such holder may destroy any original document so reproduced. The Guarantor agrees and stipulates that, 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 the Guarantor or any holder of Notes from contesting any such reproduction to the same extent that 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 the Guarantor shall be as effective as delivery of a manually executed counterpart hereof and shall be admissible into evidence for all purposes.
IN WITNESS WHEREOF, the Guarantor has caused this Guaranty Agreement to be duly executed and delivered as of the date and year first above written.

WEST MARICOPA COMBINE, INC.

By: /s/ Michael J. Liebman
Name: Michael J. Liebman
Title: Senior Vice President
Execution Version

PLEDGE AND SECURITY AGREEMENT

GLOBAL WATER RESOURCES, INC.

THIS PLEDGE AND SECURITY AGREEMENT (this “Agreement”) dated as of June 24, 2016, by and among GLOBAL WATER RESOURCES, INC., a Delaware corporation, whose address for notice is 21410 North 19th Avenue, Suite 220, Phoenix, AZ 85027 (“Pledgor”), is in favor of U.S. Bank National Association, a national banking association, whose address for notice is 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: M. Ambriz-Reyes (Global Water Resources, Inc.), in its capacity as collateral agent for the benefit of the Note holders (together with its successors and permitted assigns in such capacity, the “Collateral Agent”) pursuant to that certain Collateral Agency Agreement dated as of June 24, 2016 between the Collateral Agent, the Purchasers and Global Water Resources, Inc., a Delaware corporation (the “Company”).

PRELIMINARY STATEMENT

WHEREAS, the Pledgor and the Purchasers are parties to that certain Note Purchase Agreement, dated as of May 20, 2016 (as the same may be supplemented, amended, restated or otherwise modified from time to time, the “Note Agreement”), pursuant to which the Purchasers have committed to purchase Notes from the Pledgor in the amount of $115,000,000, consisting of $28,750,000 aggregate principal amount of 4.38% Senior Secured Notes, Series A, due June 15, 2028 and $86,250,000 aggregate principal amount of 4.58% Senior Secured Notes, Series B, due June 15, 2036; and

WHEREAS, pursuant to those certain Guaranty Agreements (the “Guaranty Agreements”) dated as of June 24, 2016 each of Global Water LLC, a Delaware limited liability company and West Maricopa Combine, Inc., an Arizona corporation have guaranteed the obligations of the Company under the Note Agreement and Notes; and

WHEREAS, the Pledgor is the owner and holder of the shares of stock, limited liability company interests or other Equity Interests (as defined below) of the Persons described in Schedule I attached hereto (the “Pledged Companies”); and

WHEREAS, it is a condition precedent to the obligations of the Purchasers to purchase the Notes under the Note Agreement that the Pledgor shall have executed and delivered this Agreement to the Collateral Agent for the benefit of the Secured Parties; and

WHEREAS, the Pledgor desires to execute this Agreement in order to satisfy such condition precedent and to secure its obligations under the Note Agreement.

NOW THEREFORE, in consideration of the premises and in order to induce the Purchasers to purchase the Notes, each of the Pledgor and the Collateral Agent hereby agrees as follows:

...
SECTION 1. DEFINED TERMS.

(a) Each capitalized term used herein (including in the introductory paragraph and recitals hereof) and not defined herein shall have the meaning assigned to such term in the Note 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 the shares of capital stock of (or other ownership or profit interests in) such Person, all of the 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 of the 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 shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

(e) “Indemnified Liabilities” means, collectively, any and all liabilities, obligations, losses, damages, penalties, claims (including claims under Environmental Laws), actions, judgments, suits, costs (including the reasonable costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials), expenses and disbursements of any kind or nature whatsoever (including the 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 any such Indemnitee shall be designated as a party or a 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, that may be 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 the other Note Documents or the transactions contemplated hereby or thereby (including the use or intended use of the proceeds of the Notes, or any enforcement of any of the Note Documents (including any sale of, collection from, or other realization upon any of the Collateral)); or (ii) any claim under Environmental Laws or any Hazardous Materials liability relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership, or practice of the Pledgor or any of its Subsidiaries.

(f) “Pledged Company” has the meaning set forth in the recitals.
(g) “Specified Account” means the segregated account of the Pledgor, 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 the Pledgor, and any and all replacements or substitutions for such account established by the Pledgor, 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 any other account in which the revenues of the regulated utilities are remitted or consolidated.

(h) The term “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 hereof, as well as all other security interests created or assigned as additional security for the Secured Obligations (as defined below in Section 2(c)) pursuant to the provisions of this Agreement, in any Collateral is governed by the UCC as in effect in any other 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. PLEDGE AND GRANT OF SECURITY INTEREST.

(a) To secure the Secured Obligations (as defined in Section 2(c) below) Pledgor grants to the Collateral Agent, for the benefit of the Secured Parties, a lien on and security interest in, and acknowledges and agrees that the Collateral Agent has and shall continue to have a continuing lien on and security interest in, all right, title and interest of the Pledgor, whether now owned or existing or hereafter created, acquired or arising, and regardless of where located, in and to all of the following, (all of the same, collectively, the “Collateral”):

(i) all Equity Interests, including all shares, ownership, economic and management interests, and/or partnership interests in any Person owned or held by Pledgor (ii) any and all payments and distributions of whatever kind or character, whether 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 the 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 (iii) 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, the Pledgor shall retain certain rights as described in Section 7 below;

(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 or all of the foregoing;

(iv) supporting evidence and documents relating to any of the above-described property, including, without limitation, computer programs, disks, tapes, electronic archives, clouds and related electronic data processing media, and all rights of the 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 clauses (i) through (iii) above, all “proceeds” (as defined in 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, in the Notes, the Note Agreement, the Guaranty Agreements and in the other Note Documents, all of the rights and remedies available to a secured party under the UCC, as if such rights and remedies were fully set forth herein.

(c) The lien and security interest herein granted and provided for is made and given to secure, and shall secure, the payment and performance of (i) any and all indebtedness, obligations, and liabilities of whatsoever kind and nature of the Pledgor to the Collateral Agent and the other Secured Parties under the Notes, the Note Agreement, the Guaranty Agreements and the other Note Documents (whether arising before or after the filing of a petition in bankruptcy), whether direct or indirect, absolute or contingent, due or to become due, and whether now existing or hereafter arising and howsoever held, evidenced, or acquired, and whether several, joint, or joint and several and (ii) any and all expenses and charges, legal or otherwise, suffered or incurred by any of the Secured Parties in collecting or enforcing any of such indebtedness, obligations, or liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereby (all of the foregoing being hereinafter referred to as the “Secured Obligations”).

(d) For the avoidance of doubt and notwithstanding anything herein, or in the Note Agreement, the Guaranty Agreements, the Notes or any other Note Documents, to the contrary, (i) no Subsidiary of the Pledgor that is a regulated utility is a borrower or guarantor under any Note Document, nor is any such Subsidiary pledging any of its property or assets 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 further including all reasonable and necessary costs, fees and expenses for operation and maintenance of the system utilities), fees and expenses.
SECTION 3. DELIVERY OF CERTIFICATES OR INSTRUMENTS.

All certificates or instruments representing or evidencing the Collateral, if any, shall be delivered to and held by or on behalf of the Collateral Agent, for the benefit of the Secured Parties pursuant hereto and shall be in suitable form for transfer by delivery, or shall be 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 the Required Holders. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right, at any time in its sole discretion and without notice to the Pledgor, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Collateral, subject only to the revocable rights specified in Section 7(a) hereof and further subject to compliance with the ACC Regulations. In addition, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right at any time 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 Pledgor 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 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 under any Note Document, 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 Required Holders 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 Designated 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 such 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 shall not be deemed to be reasonably satisfactory to the Collateral Agent.

(b) Subject to Section 2(d) hereof, 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 Note Agreement.

SECTION 5. REPRESENTATIONS, WARRANTIES AND CERTAIN COVENANTS.

The Pledgor represents, warrants and covenants as follows:

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(a) The Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable. With respect to any Equity Interests constituting interests in limited liability companies, none of such Equity Interests constitute or are evidenced by “certificated securities”, unless such certificates have been delivered to the Collateral Agent.

(b) The 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 Liens created in favor of the Collateral Agent. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any Equity Interest.

(c) Except for the delivery of certificates or instruments representing the Collateral (if any) to the Collateral Agent pursuant to this Agreement, and the filing of an appropriate financing statement with the Delaware Secretary of State, and any control agreement contemplated by Section 4(a) above, no other action is required to create or maintain the Lien of the Collateral Agent as a valid and perfected first priority Lien 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 paragraph (c) above) is required either (i) for the pledge by the 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 the Secured Parties provided for in this Agreement or the remedies in respect of the Collateral pursuant to this 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 applicable requirements of the ACC regulations as set forth in Section 7(b) and Section 8 hereof).

(e) The execution, delivery and performance of this Agreement does not and will not (i) violate any provision of any law, rule, regulation (including, without limitation, 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 the 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 the Pledgor presently is a party or by which it or its properties may be bound or affected or (iii) result in or require (other than pursuant to this Agreement) the creation or imposition of, any mortgage, deed of trust, pledge, lien, security interest or other share or encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by the Pledgor. The Pledgor is not in violation of or in default under any such law, rule or regulation, order, writ, judgment, injunction, decree, determination or award or any material provision of any such indenture, agreement, lease or instrument.

(f) Schedule I correctly sets forth the name and notice address of the issuer and the number of shares (or percentage of Equity Interests) of each Equity Interest owned by Pledgor.

(g) Except for any such agreements in favor of the Collateral Agent for the benefit of the Secured Parties, 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 Designated Account or any Excluded Account.

(h) Pledgor is a corporation 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 thirty (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, perfected security interest, including the filing of additional UCC financing statements or amendments as may be necessary or as requested by the Collateral Agent.

(i) The 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 of the Collateral, or (ii) create or permit to exist any Lien or security interest upon or with respect to any of the 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) The Pledgor agrees that it will not permit or cause to be issued any Equity Interests (i) in substitution for the 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 shares of stock or other securities, certificates or instruments, Pledgor will execute such documentation as is necessary to pledge or evidence the pledge or as may be requested by Collateral Agent or the Required Holders pledging, and evidencing the pledge hereunder of, such Equity Interests.

(k) The Pledgor shall, at its cost and expense, protect and defend this Agreement, all of the 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 Required Holders might prejudice, imperil or otherwise affect the 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 part of the Collateral and of any threatened or filed claims or proceedings that might in any way affect or impair the terms of this Agreement.

SECTION 6. FURTHER ASSURANCES.

The Pledgor hereby authorizes the Collateral Agent to file any and all financing statements covering the Collateral or any part thereof as the Collateral Agent may require. The Pledgor agrees that from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action that may be necessary or that the Collateral Agent or the Required Holders 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. The 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 the Required Holders may reasonably request, all in reasonable detail as the Collateral Agent or the Required Holders may reasonably request. The 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 and security interest of the Collateral Agent in the Collateral.

SECTION 7. VOTING RIGHTS AND DIVIDENDS.

(a) So long as no Event of Default shall have occurred and be continuing and neither the Collateral Agent nor the Required Holders have delivered the notice specified in Section 7(b):

(i) The Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Collateral or any part thereof for any purpose not inconsistent with the terms of this Agreement, the Notes, the Note Agreement, the Guaranty Agreements or the other Note Documents.

(ii) The Pledgor shall be entitled to receive and retain any and all dividends or distributions paid in respect of the Collateral; provided, however, except as expressly permitted by the Note Agreement, that any and all (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, and shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of the 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 the Pledgor all such proxies and other instruments as the Pledgor may reasonably request for the purpose of enabling the Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends which it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Subject in each case, to any applicable requirements of the ACC Regulations, upon the occurrence and during the continuation of an Event of Default:

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

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

SECTION 8. REMEDIES.

Subject in each case, to any applicable requirements of the ACC Regulations:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the 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 upon such other terms as the Collateral Agent may deem commercially reasonable. The Pledgor agrees that at least ten (10) days’ notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall 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 upon all or any part of the 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 Note Agreement and the Collateral Agency Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all of the Secured Obligations 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 holders of the Notes in the Notes, the Note Agreement, the Guaranty Agreements, Note Documents and any other agreement or instrument relating to the Secured Obligations.
(d) In connection with a public or private sale of the Collateral or any part thereof, the Collateral Agent may disclose to prospective purchasers any and all non-public information available to the Collateral Agent which pertains to (i) the issuer of the Collateral, or (ii) the Pledgor, provided in the case of the Pledgor, such non-public information is material to said issuer, its financial condition or the Collateral.

(e) Without in any way limiting the foregoing, upon 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 (ii) 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 such Pledgor.

(d) If the Collateral Agent exercises its right to take possession of the Collateral, the Pledgor shall also at its expense perform any and all other steps requested by the Collateral Agent or the Required Holders 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. WAIERS; PRIVATE SALES.

(a) Pledgor waives any right to require the Collateral Agent or the Required Holders to (i) proceed against any Person, including any other guarantor or pledgor, (ii) proceed against or exhaust any Collateral, or (iii) pursue any other remedy in Collateral Agent’s or the Required Holders’ 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 without limitation, any claim or 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 against any other Person, and waive 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, the Secured Obligations or any part thereof, including increase or decrease of the rate of interest thereon; (b) receive and hold security, other than the Collateral herein described, for the payment of such Secured Obligations or any part thereof, and exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of the Collateral herein described or any part thereof or any such other security; and (c) release or substitute the Pledgor, or any of the endorsers or guarantors of such Secured Obligations or any part thereof, or any other parties thereto.

(b) The Pledgor recognizes that the Collateral Agent may be unable to effect a public sale of any or all of the Collateral by reason of the ACC Regulations and/or certain prohibitions contained in the laws of any jurisdiction outside the United States or in the 1933 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. The Pledgor acknowledges and agrees that any such 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 applicable law, be deemed to have been made in a commercially reasonable manner. The Collateral Agent shall not be under any obligation to delay a sale of any of the 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 1933 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 shall not be required to, conduct a public sale of the Collateral, rather than a private sale, if the Collateral Agent reasonably believes that it would realize a higher sales price in a public sale.

SECTION 10. THE 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 upon it to exercise any such powers. Except for reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall 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 shall be deemed to have exercised reasonable care in the custody and preservation of the 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 shall 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 part of the Collateral and shall 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 shall 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 deemed to 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 an instrument in 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 of Notes may have.

(b) This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of the Pledgor in any way related to the Collateral, and the Collateral Agent shall have no duty or obligation to discharge any such duty or obligation. The Collateral Agent shall 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 the Collateral against the possibility of a decline in market value. Neither the Collateral Agent nor any party acting as attorney for the Collateral Agent shall 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, the Pledgor hereby appoints the Collateral Agent, its nominee, and any other person whom the Collateral Agent may designate, as the Pledgor’s attorney-in-fact, with full power and authority to sign the Pledgor’s name on verifications of Collateral; to send requests for verification of Collateral to obligors; to endorse the Pledgor’s name on any checks, notes, acceptances, money orders, drafts, and any 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 the Collateral or any part thereof; to sign the 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; upon the occurrence and during the continuance of an Event of Default to notify the post office authorities to change the address for delivery of the 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 the Pledgor; and to do all things necessary to carry out this Agreement. The 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 the Pledgor have expired or otherwise have been terminated.

SECTION 12. INDEMNITY; WAIVER.

(a) The 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, the 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 the Pledgor against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Note Document, as determined by a court of competent jurisdiction by final and nonappealable judgment. To the extent that the undertakings to indemnify, pay and hold harmless set forth in this Section 12 may be unenforceable in whole or in part because they are violative of any law or public policy, the Pledgor shall contribute the maximum portion that it is permitted to pay and satisfy under Applicable Laws to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnites or any of them. All amounts due under this clause (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, 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, the Pledgor shall not assert, and the Pledgor hereby 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 Note 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 the Pledgor hereby waives, releases and agrees not to sue upon 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 the other Note 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, without limitation, 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 other 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 clause (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 notes includes any notes issued pursuant to any Loan Document in extension or renewal thereof and in substitution or replacement therefor;

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

(vii) the words “including” (and with 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 amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; and

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

(b) The 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 solely 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 the Pledgor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Pledgor and the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
SECTION 15. NOTICES.

All notices and 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), or (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 any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule B to the Note Agreement, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing,

(iii) if to the Pledgor, to the Pledgor at the following address: 21410 North 19th Avenue, Suite 220, Phoenix, Arizona 95027 to the attention of: Michael J. Liebman, or at such other address as the Pledgor shall have specified to the Collateral Agent and each holder of a Note in writing; or

(iv) if to the Collateral Agent, at the following address: 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 the Pledgor in writing.

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

SECTION 16. SEPARABILITY.

Should any clause, sentence, paragraph, subsection or Section of this Agreement be 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 parties hereto agree that 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 effectiveness as if such stricken part or parts had never been included herein.

SECTION 17. EXECUTION IN COUNTERPARTS.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Signatures of the parties hereto transmitted by facsimile or electronic transmission shall be deemed to be their original signatures for all purposes.
SECTION 18. CONTINUING SECURITY INTEREST; TRANSFER OF NOTES.

This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full of the Secured Obligations, (b) be binding upon the Pledgor, its successors and assigns, and (c) inure to the benefit of the Collateral Agent and the other Secured Parties and their successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Secured Party may assign or otherwise transfer all or a portion of its interests, rights and obligations under the Notes held by it in accordance with the terms of the Note Documents executed in connection with such Notes. Upon the payment in full of the Secured Obligations, the Pledgor shall be entitled to the return, upon its request and at its expense, of such of the Collateral as shall not have been sold or otherwise applied against the Secured Obligations pursuant to the terms hereof.

SECTION 19. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All representations and warranties contained in this Agreement or made in writing by the Pledgor in connection herewith shall survive the execution and delivery of this Agreement and repayment of the Secured Obligations. Any investigation by the Collateral Agent or any other Secured Party shall not diminish in any respect whatsoever its rights to rely on such representations and warranties.

SECTION 20. GOVERNING LAW.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERUNDER 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 THAT THE PERFECTION OF THE SECURITY INTEREST HERUNDER, OR REMEDIES HERUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

SECTION 21. CONSENT TO JURISDICTION AND WAIVER OF JURY TRIAL.

(a) The 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 this Agreement, the Note Agreement, the Guaranty Agreement or the Notes. To the fullest extent permitted by applicable law, the 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) The Pledgor consents to process being served by or on behalf of the Collateral Agent or any holder of Notes 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 specified in Section 15 or at such other address of which the Collateral Agent or such holder shall then have been notified pursuant to said Section. The Pledgor agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon 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 21 shall affect the right of the Collateral Agent or any holder of a Note to serve process in any manner permitted by law, or limit any right that the Collateral Agent or the holders of any of the Notes may have to bring proceedings against the 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 this Agreement, the Notes, the Note Purchase Agreement, the Guaranty Agreements or any other document executed in connection herewith or therewith.

SECTION 22. NOTICE OF FINAL AGREEMENT.

This Security Agreement and any other documents executed in connection herewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

SECTION 23. LLC INTERESTS.

The Pledgor will not:

(a) permit any Pledged Company that is a limited liability company to issue any certificate or other instrument to evidence the Pledgor’s limited liability company interests in such Pledged Company;

(b) permit any of the limited liability company interests in any such Pledged Company to be dealt in or traded on any securities exchange or in securities markets; and

(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.
IN WITNESS WHEREOF, the Pledgor has executed and delivered this Agreement effective 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
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Execution Version

PLEDGE AND SECURITY AGREEMENT

GLOBAL WATER, LLC

THIS PLEDGE AND SECURITY AGREEMENT (this “Agreement”) dated as of June 24, 2016, by and among GLOBAL WATER, LLC, a Delaware limited liability company, whose address for notice is 21410 North 19th Avenue, Suite 220, Phoenix, AZ 85027 (“Pledgor”), is in favor of U.S. Bank National Association, a national banking association, whose address for notice is 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: M. Amriz-Reyes (Global Water Resources, Inc.), in its capacity as collateral agent for the benefit of the Note holders (together with its successors and permitted assigns in such capacity, the “Collateral Agent”) pursuant to that certain Collateral Agency Agreement dated as of June 24, 2016 between the Collateral Agent, the Purchasers and Global Water Resources, Inc., a Delaware corporation (the “Company”).

PRELIMINARY STATEMENT

WHEREAS, the Company and the Purchasers are parties to that certain Note Purchase Agreement, dated as of May 20, 2016 (as the same may be supplemented, amended, restated or otherwise modified from time to time, the “Note Agreement”), pursuant to which the Purchasers have committed to purchase Notes from the Company in the amount of $115,000,000, consisting of $28,750,000 aggregate principal amount of 4.38% Senior Secured Notes, Series A, due June 15, 2028 and $86,250,000 aggregate principal amount of 4.58% Senior Secured Notes, Series B, due June 15, 2036; and

WHEREAS, pursuant to those certain Guaranty Agreements (the “Guaranty Agreements”) dated as of June 24, 2016 each of Pledgor and West Maricopa Combine, Inc., an Arizona corporation have guaranteed the obligations of the Company under the Note Agreement and Notes; and

WHEREAS, the Pledgor is the owner and holder of the shares of stock, limited liability company interests or other Equity Interests (as defined below) of the Persons described in Schedule I attached hereto (the “Pledged Companies”); and

WHEREAS, it is a condition precedent to the obligations of the Purchasers to purchase the Notes under the Note Agreement that the Pledgor shall have executed and delivered this Agreement to the Collateral Agent for the benefit of the Secured Parties; and

WHEREAS, the Pledgor desires to execute this Agreement in order to satisfy such condition precedent and to secure its obligations under the Guaranty Agreement.

NOW THEREFORE, in consideration of the premises and in order to induce the Purchasers to purchase the Notes, each of the Pledgor and the Collateral Agent hereby agrees as follows:
SECTION 1. DEFINED TERMS.

(a) Each capitalized term used herein (including in the introductory paragraph and recitals hereof) and not defined herein shall have the meaning assigned to such term in the Note 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 the shares of capital stock of (or other ownership or profit interests in) such Person, all of the 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 of the 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 shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

(e) “Indemnified Liabilities” means, collectively, any and all liabilities, obligations, losses, damages, penalties, claims (including claims under Environmental Laws), actions, judgments, suits, costs (including the reasonable costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials), expenses and disbursements of any kind or nature whatsoever (including the 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 any such Indemnitee shall be designated as a party or a 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, that may be 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 the other Note Documents or the transactions contemplated hereby or thereby (including the use or intended use of the proceeds of the Notes, or any enforcement of any of the Note Documents (including any sale of, collection from, or other realization upon any of the Collateral)); or (ii) any claim under Environmental Laws or any Hazardous Materials liability relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership, or practice of the Pledged or any of its Subsidiaries.

(f) “Pledged Company” has the meaning set forth in the recitals.
(g) “Specified Account” means the segregated account of the 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 the Company or any Pledgor, and any and all replacements or substitutions for such account established by the Company or any Pledgor, 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 any other account in which the revenues of the regulated utilities are remitted or consolidated.

(h) The term “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 hereof, as well as all other security interests created or assigned as additional security for the Secured Obligations (as defined below in Section 2(c)) pursuant to the provisions of this Agreement, in any Collateral is governed by the UCC as in effect in any other 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. PLEDGE AND GRANT OF SECURITY INTEREST.

(a) To secure the Secured Obligations (as defined in Section 2(c) below) Pledgor grants to the Collateral Agent, for the benefit of the Secured Parties, a lien on and security interest in, and acknowledges and agrees that the Collateral Agent has and shall continue to have a continuing lien on and security interest in, all right, title and interest of the Pledgor, whether now owned or existing or hereafter created, acquired or arising, and regardless of where located, in and to all of the following, (all of the same, collectively, the “Collateral”):

(i) all Equity Interests, including all shares, ownership, economic and management interests, and/or partnership interests in any Person owned or held by Pledgor (ii) any and all payments and distributions of whatever kind or character, whether 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 the 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 (iii) 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, the Pledgor shall retain certain rights as described in Section 7 below;

(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 or all of the foregoing;

(iv) supporting evidence and documents relating to any of the above-described property, including, without limitation, computer programs, disks, tapes, electronic archives, clouds and related electronic data processing media, and all rights of the 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 clauses (i) through (iii) above, all “proceeds” (as defined in 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, in the Notes, the Note Agreement, the Guaranty Agreements and in the other Note Documents, all of the rights and remedies available to a secured party under the UCC, as if such rights and remedies were fully set forth herein.

(c) The lien and security interest herein granted and provided for is made and given to secure, and shall secure, the payment and performance of (i) any and all indebtedness, obligations, and liabilities of whatsoever kind and nature of the Pledgor to the Collateral Agent and the other Secured Parties under the Notes, the Note Agreement, the Guaranty Agreements and the other Note Documents (whether arising before or after the filing of a petition in bankruptcy), whether direct or indirect, absolute or contingent, due or to become due, and whether now existing or hereafter arising and howsoever held, evidenced, or acquired, and whether several, joint, or joint and several and (ii) any and all expenses and charges, legal or otherwise, suffered or incurred by any of the Secured Parties in collecting or enforcing any of such indebtedness, obligations, or liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereby (all of the foregoing being hereinafter referred to as the “Secured Obligations”).

(d) For the avoidance of doubt and notwithstanding anything herein, or in the Note Agreement, the Guaranty Agreements, the Notes or any other Note Documents, to the contrary, (i) no Subsidiary of the Pledgor that is a regulated utility is a borrower or guarantor under any Note Document, nor is any such Subsidiary pledging any of its property or assets 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 further including all reasonable and necessary costs, fees and expenses for operation and maintenance of the system utilities), fees and expenses.
SECTION 3. DELIVERY OF CERTIFICATES OR INSTRUMENTS.

All certificates or instruments representing or evidencing the Collateral, if any, shall be delivered to and held by or on behalf of the Collateral Agent, for the benefit of the Secured Parties pursuant hereto and shall be in suitable form for transfer by delivery, or shall be 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 the Required Holders. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right, at any time in its sole discretion and without notice to the Pledgor, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Collateral, subject only to the revocable rights specified in Section 7(a) hereof and further subject to compliance with the ACC Regulations. In addition, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right at any time 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 the 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 under any Note Document, 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 Required Holders 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 Designated 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 such 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 shall not be deemed to be reasonably satisfactory to the Collateral Agent.

(b) Subject to Section 2(d) hereof, 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 Note Agreement.

SECTION 5. REPRESENTATIONS, WARRANTIES AND CERTAIN COVENANTS.

The Pledgor represents, warrants and covenants as follows:
Global Water, LLC

Pledge and Security Agreement

(a) The Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable. With respect to any Equity Interests constituting interests in limited liability companies, none of such Equity Interests constitute or are evidenced by “certificated securities”, unless such certificates have been delivered to the Collateral Agent.

(b) The 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 Liens created in favor of the Collateral Agent. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any Equity Interest.

(c) Except for the delivery of certificates or instruments representing the Collateral (if any) to the Collateral Agent pursuant to this Agreement, and the filing of an appropriate financing statement with the Delaware Secretary of State, and any control agreement contemplated by Section 4(a) above, no other action is required to create or maintain the Lien of the Collateral Agent as a valid and perfected first priority Lien 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 paragraph (c) above) is required either (i) for the pledge by the 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 the Secured Parties provided for in this Agreement or the remedies in respect of the Collateral pursuant to this 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 applicable requirements of the ACC regulations as set forth in Section 7(b) and Section 8 hereof).

(e) The execution, delivery and performance of this Agreement does not and will not (i) violate any provision of any law, rule, regulation (including, without limitation, 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 the 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 the Pledgor presently is a party or by which it or its properties may be bound or affected or (iii) result in or require (other than pursuant to this Agreement) the creation or imposition of, any mortgage, deed of trust, pledge, lien, security interest or other share or encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by the Pledgor. The Pledgor is not in violation of or in default under any such law, rule or regulation, order, writ, judgment, injunction, decree, determination or award or any material provision of any such indenture, agreement, lease or instrument.

(f) Schedule I correctly sets forth the name and notice address of the issuer and the number of shares (or percentage of Equity Interests) of each Equity Interest owned by Pledgor.

(g) Except for any such agreements in favor of the Collateral Agent for the benefit of the Secured Parties, 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 Designated Account or any Excluded 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 thirty (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, perfected security interest, including the filing of additional UCC financing statements or amendments as may be necessary or as requested by the Collateral Agent.

(i) The 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 of the Collateral, or (ii) create or permit to exist any Lien or security interest upon or with respect to any of the 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) The Pledgor agrees that it will not permit or cause to be issued any Equity Interests (i) in substitution for the 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 shares of stock or other securities, certificates or instruments, Pledgor will execute such documentation as is necessary to pledge or evidence the pledge or as may be requested by Collateral Agent or the Required Holders pledging, and evidencing the pledge hereunder of, such Equity Interests.

(k) The Pledgor shall, at its cost and expense, protect and defend this Agreement, all of the 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 Required Holders might prejudice, imperil or otherwise affect the 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 part of the Collateral and of any threatened or filed claims or proceedings that might in any way affect or impair the terms of this Agreement.

SECTION 6. FURTHER ASSURANCES.

The Pledgor hereby authorizes the Collateral Agent to file any and all financing statements covering the Collateral or any part thereof as the Collateral Agent may require. The Pledgor agrees that from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action that may be necessary or that the Collateral Agent or the Required Holders 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. The Pledgor will furnish to the Collateral Agent from time to time statements and
Global Water, LLC

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schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent or the Required Holders may reasonably request, all in reasonable detail as the Collateral Agent or the Required Holders may reasonably request. The 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 and security interest of the Collateral Agent in the Collateral.

SECTION 7. VOTING RIGHTS AND DIVIDENDS.

(a) So long as no Event of Default shall have occurred and be continuing and neither the Collateral Agent nor the Required Holders have delivered the notice specified in Section 7(b):

(i) The Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Collateral or any part thereof for any purpose not inconsistent with the terms of this Agreement, the Notes, the Note Agreement, the Guaranty Agreements or the other Note Documents.

(ii) The Pledgor shall be entitled to receive and retain any and all dividends or distributions paid in respect of the Collateral; provided, however, except as expressly permitted by the Note Agreement, that any and all (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, and shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of the 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 the Pledgor all such proxies and other instruments as the Pledgor may reasonably request for the purpose of enabling the Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends which it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Subject in each case, to any applicable requirements of the ACC Regulations, upon the occurrence and during the continuation of an Event of Default:

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

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

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

SECTION 8. REMEDIES.

Subject in each case, to any applicable requirements of the ACC Regulations:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the 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 upon such other terms as the Collateral Agent may deem commercially reasonable. The Pledgor agrees that at least ten (10) days’ notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall 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 upon all or any part of the 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 Note Agreement and the Collateral Agency Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all of the Secured Obligations 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 holders of the Notes in the Notes, the Note Agreement, the Guaranty Agreements, Note Documents and any other agreement or instrument relating to the Secured Obligations.
(d) In connection with a public or private sale of the Collateral or any part thereof, the Collateral Agent may disclose to prospective purchasers any and all non-public information available to the Collateral Agent which pertains to (i) the issuer of the Collateral, or (ii) the Pledgor, provided in the case of the Pledgor, such non-public information is material to said issuer, its financial condition or the Collateral.

(e) Without in any way limiting the foregoing, upon 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 (ii) 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 such Pledgor.

(d) If the Collateral Agent exercises its right to take possession of the Collateral, the Pledgor shall also at its expense perform any and all other steps requested by the Collateral Agent or the Required Holders 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 the Required Holders to (i) proceed against any Person, including any other guarantor or pledgor, (ii) proceed against or exhaust any Collateral, or (iii) pursue any other remedy in Collateral Agent’s or the Required Holders’ 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 without limitation, any claim or 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 against any other person, and waive 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, the Secured Obligations or any part thereof, including increase or decrease of the rate of interest thereon; (b) receive and hold security, other than the Collateral herein described, for the payment of such Secured Obligations or any part thereof, and exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of the Collateral herein described or any part thereof or any such other security; and (c) release or substitute the Company, or any of the endorsers or guarantors of such Secured Obligations or any part thereof, or any other parties thereto.

(b) The Pledgor recognizes that the Collateral Agent may be unable to effect a public sale of any or all of the Collateral by reason of the ACC Regulations and/or certain prohibitions contained in the laws of any jurisdiction outside the United States or in the 1933 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. The Pledgor acknowledges and agrees that any such 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 applicable law, be deemed to have been made in a commercially reasonable manner. The Collateral Agent shall not be under any obligation to delay a sale of any of the 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 1933 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 shall not be required to, conduct a public sale of the Collateral, rather than a private sale, if the Collateral Agent reasonably believes that it would realize a higher sales price in a public sale.

SECTION 10. THE 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 upon it to exercise any such powers. Except for reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall 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 shall be deemed to have exercised reasonable care in the custody and preservation of the 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 shall 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 part of the Collateral and shall 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 shall 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

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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 deemed to 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 an instrument in 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 of Notes may have.

(b) This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of the Pledgor in any way related to the Collateral, and the Collateral Agent shall have no duty or obligation to discharge any such duty or obligation. The Collateral Agent shall 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 the Collateral against the possibility of a decline in market value. Neither the Collateral Agent nor any party acting as attorney for the Collateral Agent shall 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, the Pledgor hereby appoints the Collateral Agent, its nominee, and any other person whom the Collateral Agent may designate, as the Pledgor’s attorney-in-fact, with full power and authority to sign the Pledgor’s name on verifications of Collateral; to send requests for verification of Collateral to obligors; to endorse the Pledgor’s name on any checks, notes, acceptances, money orders, drafts, and any 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 the Collateral or any part thereof; to sign the 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; upon the occurrence and during the continuance of an Event of Default to notify the post office authorities to change the address for delivery of the 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 the Pledgor; and to do all things necessary to carry out this Agreement. The 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 the Pledgor have expired or otherwise have been terminated.

SECTION 12. INDEMNITY; WAIVER.

(a) The 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, the 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 the Pledgor against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Note Document, as determined by a court of competent jurisdiction by final and nonappealable judgment. To the extent that the undertakings to indemnify, pay and hold harmless set forth in this Section 12 may be unenforceable in whole or in part because they are violative of any law or public policy, the Pledgor shall contribute the maximum portion that it is permitted to pay and satisfy under Applicable Laws to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnites or any of them. All amounts due under this clause (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, 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, the Pledgor shall not assert, and the Pledgor hereby 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 Note 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 the Pledgor hereby waives, releases and agrees not to sue upon 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 the other Note 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, without limitation, 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 other 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 clause (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 notes includes any notes issued pursuant to any Loan Document in extension or renewal thereof and in substitution or replacement therefor;

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

(vii) the words “including” (and with 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 amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; and

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

(b) The 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 solely 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 the Pledgor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Pledgor and the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
SECTION 15. NOTICES.

All notices and 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), or (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 any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule B to the Note Agreement, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing,

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

(iv) if to the Collateral Agent, at the following address: 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 the Pledgor in writing.

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

SECTION 16. SEPARABILITY.

Should any clause, sentence, paragraph, subsection or Section of this Agreement be 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 parties hereto agree that 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 effectiveness as if such stricken part or parts had never been included herein.

SECTION 17. EXECUTION IN COUNTERPARTS.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Signatures of the parties hereto transmitted by facsimile or electronic transmission shall be deemed to be their original signatures for all purposes.
SECTION 18. CONTINUING SECURITY INTEREST; TRANSFER OF NOTES.

This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full of the Secured Obligations, (b) be binding upon the Pledgor, its successors and assigns, and (c) inure to the benefit of the Collateral Agent and the other Secured Parties and their successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Secured Party may assign or otherwise transfer all or a portion of its interests, rights and obligations under the Notes held by it in accordance with the terms of the Note Documents executed in connection with such Notes. Upon the payment in full of the Secured Obligations, the Pledgor shall be entitled to the return, upon its request and at its expense, of such of the Collateral as shall not have been sold or otherwise applied against the Secured Obligations pursuant to the terms hereof.

SECTION 19. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All representations and warranties contained in this Agreement or made in writing by the Pledgor in connection herewith shall survive the execution and delivery of this Agreement and repayment of the Secured Obligations. Any investigation by the Collateral Agent or any other Secured Party shall not diminish in any respect whatsoever its rights to rely on such representations and warranties.

SECTION 20. GOVERNING 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 THAT 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. CONSENT TO JURISDICTION AND WAIVER OF JURY TRIAL.

(a) The 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 this Agreement, the Note Agreement, the Guaranty Agreement or the Notes. To the fullest extent permitted by applicable law, the 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) The Pledgor consents to process being served by or on behalf of the Collateral Agent or any holder of Notes 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 specified in Section 15 or at such other address of which the Collateral Agent or such holder shall then have been notified pursuant to said Section. The Pledgor agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon 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 21 shall affect the right of the Collateral Agent or any holder of a Note to serve process in any manner permitted by law, or limit any right that the Collateral Agent or the holders of any of the Notes may have to bring proceedings against the 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 this Agreement, the Notes, the Note Purchase Agreement, the Guaranty Agreements or any other document executed in connection herewith or therewith.

SECTION 22. NOTICE OF FINAL AGREEMENT.

This Security Agreement and any other documents executed in connection herewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

SECTION 23. LLC INTERESTS.

The Pledgor will not:

(a) permit any Pledged Company that is a limited liability company to issue any certificate or other instrument to evidence the Pledgor’s limited liability company interests in such Pledged Company;

(b) permit any of the limited liability company interests in any such Pledged Company to be dealt in or traded on any securities exchange or in securities markets; and

(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.
IN WITNESS WHEREOF, the Pledgor has executed and delivered this Agreement effective 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
## EXHIBIT I

### PLEDGED EQUITY INTERESTS

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PLEDGE AND SECURITY AGREEMENT

WEST MARICOPA COMBINE, INC.

THIS PLEDGE AND SECURITY AGREEMENT (this “Agreement”) dated as of June 24, 2016, by and among WEST MARICOPA COMBINE, INC., an Arizona corporation, whose address for notice is 21410 North 19th Avenue, Suite 220, Phoenix, AZ 85027 (“Pledgor”), is in favor of U.S. Bank National Association, a national banking association, whose address for notice is 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: M. Ambriz-Reyes (Global Water Resources, Inc.), in its capacity as collateral agent for the benefit of the Note holders (together with its successors and permitted assigns in such capacity, the “Collateral Agent”) pursuant to that certain Collateral Agency Agreement dated as of June 24, 2016 between the Collateral Agent, the Purchasers and Global Water Resources, Inc., a Delaware corporation (the “Company”).

PRELIMINARY STATEMENT

WHEREAS, the Company and the Purchasers are parties to that certain Note Purchase Agreement, dated as of May 20, 2016 (as the same may be supplemented, amended, restated or otherwise modified from time to time, the “Note Agreement”), pursuant to which the Purchasers have committed to purchase Notes from the Company in the amount of $115,000,000, consisting of $28,750,000 aggregate principal amount of 4.38% Senior Secured Notes, Series A, due June 15, 2028 and $86,250,000 aggregate principal amount of 4.58% Senior Secured Notes, Series B, due June 15, 2036; and

WHEREAS, pursuant to those certain Guaranty Agreements (the “Guaranty Agreements”) dated as of June 24, 2016 each of Global Water LLC, a Delaware limited liability company and the Pledgor have guaranteed the obligations of the Company under the Note Agreement and Notes; and

WHEREAS, the Pledgor is the owner and holder of the shares of stock, limited liability company interests or other Equity Interests (as defined below) of the Persons described in Schedule I attached hereto (the “Pledged Companies”); and

WHEREAS, it is a condition precedent to the obligations of the Purchasers to purchase the Notes under the Note Agreement that the Pledgor shall have executed and delivered this Agreement to the Collateral Agent for the benefit of the Secured Parties; and

WHEREAS, the Pledgor desires to execute this Agreement in order to satisfy such condition precedent and to secure its obligations under the Guaranty Agreement.

NOW THEREFORE, in consideration of the premises and in order to induce the Purchasers to purchase the Notes, each of the Pledgor and the Collateral Agent hereby agrees as follows:
SECTION 1. DEFINED TERMS.

(a) Each capitalized term used herein (including in the introductory paragraph and recitals hereof) and not defined herein shall have the meaning assigned to such term in the Note 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 the shares of capital stock of (or other ownership or profit interests in) such Person, all of the 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 of the 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 shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

(e) “Indemnified Liabilities” means, collectively, any and all liabilities, obligations, losses, damages, penalties, claims (including claims under Environmental Laws), actions, judgments, suits, costs (including the reasonable costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials), expenses and disbursements of any kind or nature whatsoever (including the 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 any such Indemnitee shall be designated as a party or a 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, that may be 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 the other Note Documents or the transactions contemplated hereby or thereby (including the use or intended use of the proceeds of the Notes, or any enforcement of any of the Note Documents (including any sale of, collection from, or other realization upon any of the Collateral)); or (ii) any claim under Environmental Laws or any Hazardous Materials liability relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership, or practice of the Pledgor or any of its Subsidiaries.

(f) “Pledged Company” has the meaning set forth in the recitals.
(g) “Specified Account” means the segregated account of the Pledgor, 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 the Company or any Pledgor, and any and all replacements or substitutions for such account established by the Company or any Pledgor, 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 any other account in which the revenues of the regulated utilities are remitted or consolidated.

(h) The term “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 hereof, as well as all other security interests created or assigned as additional security for the Secured Obligations (as defined below in Section 2(c)) pursuant to the provisions of this Agreement, in any Collateral is governed by the UCC as in effect in any other 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. PLEDGE AND GRANT OF SECURITY INTEREST.

(a) To secure the Secured Obligations (as defined in Section 2(c) below) Pledgor grants to the Collateral Agent, for the benefit of the Secured Parties, a lien on and security interest in, and acknowledges and agrees that the Collateral Agent has and shall continue to have a continuing lien on and security interest in, all right, title and interest of the Pledgor, whether now owned or existing or hereafter created, acquired or arising, and regardless of where located, in and to all of the following, (all of the same, collectively, the “Collateral”):

(i) all Equity Interests, including all shares, ownership, economic and management interests, and/or partnership interests in any Person owned or held by Pledgor (ii) any and all payments and distributions of whatever kind or character, whether 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 the 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 (iii) 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, the Pledgor shall retain certain rights as described in Section 7 below;

(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 or all of the foregoing;

(iv) supporting evidence and documents relating to any of the above-described property, including, without limitation, computer programs, disks, tapes, electronic archives, clouds and related electronic data processing media, and all rights of the 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 clauses (i) through (iii) above, all “proceeds” (as defined in 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, in the Notes, the Note Agreement, the Guaranty Agreements and in the other Note Documents, all of the rights and remedies available to a secured party under the UCC, as if such rights and remedies were fully set forth herein.

(c) The lien and security interest herein granted and provided for is made and given to secure, and shall secure, the payment and performance of (i) any and all indebtedness, obligations, and liabilities of whatsoever kind and nature of the Pledgor to the Collateral Agent and the other Secured Parties under the Notes, the Note Agreement, the Guaranty Agreements and the other Note Documents (whether arising before or after the filing of a petition in bankruptcy), whether direct or indirect, absolute or contingent, due or to become due, and whether now existing or hereafter arising and howsoever evidenced, or acquired, and whether several, joint, or joint and several and (ii) any and all expenses and changes, legal or otherwise, suffered or incurred by any of the Secured Parties in collecting or enforcing any of such indebtedness, obligations, or liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereby (all of the foregoing being hereinafter referred to as the “Secured Obligations”).

(d) For the avoidance of doubt and notwithstanding anything herein, or in the Note Agreement, the Guaranty Agreements, the Notes or any other Note Documents, to the contrary, (i) no Subsidiary of the Pledgor that is a regulated utility is a borrower or guarantor under any Note Document, nor is any such Subsidiary pledging any of its property or assets 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 further including all reasonable and necessary costs, fees and expenses for operation and maintenance of the system utilities), fees and expenses.
SECTION 3. DELIVERY OF CERTIFICATES OR INSTRUMENTS.

All certificates or instruments representing or evidencing the Collateral, if any, shall be delivered to and held by or on behalf of the Collateral Agent, for the benefit of the Secured Parties pursuant hereto and shall be in suitable form for transfer by delivery, or shall be 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 the Required Holders. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right, at any time in its sole discretion and without notice to the Pledgor, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Collateral, subject only to the revocable rights specified in Section 7(a) hereof and further subject to compliance with the ACC Regulations. In addition, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right at any time 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 the 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 under any Note Document, 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 Required Holders 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 Designated 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 such 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 shall not be deemed to be reasonably satisfactory to the Collateral Agent.

(b) Subject to Section 2(d) hereof, 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 Note Agreement.

SECTION 5. REPRESENTATIONS, WARRANTIES AND CERTAIN COVENANTS.

The 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. With respect to any Equity Interests constituting interests in limited liability companies, none of such Equity Interests constitute or are evidenced by “certificated securities”, unless such certificates have been delivered to the Collateral Agent.

(b) The 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 Liens created in favor of the Collateral Agent. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any Equity Interest.

(c) Except for the delivery of certificates or instruments representing the Collateral (if any) to the Collateral Agent pursuant to this Agreement, and the filing of an appropriate financing statement with the Arizona Secretary of State, and any control agreement contemplated by Section 4(a) above, no other action is required to create or maintain the Lien of the Collateral Agent as a valid and perfected first priority Lien 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 paragraph (c) above) is required either (i) for the pledge by the 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 the Secured Parties provided for in this Agreement or the remedies in respect of the Collateral pursuant to this 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 applicable requirements of the ACC regulations as set forth in Section 7(b) and Section 8 hereof).

(e) The execution, delivery and performance of this Agreement does not and will not (i) violate any provision of any law, rule, regulation (including, without limitation, 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 the 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 the Pledgor presently is a party or by which it or its properties may be bound or affected or (iii) result in or require (other than pursuant to this Agreement) the creation or imposition of, any mortgage, deed of trust, pledge, lien, security interest or other share or encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by the Pledgor. The Pledgor is not in violation of or in default under any such law, rule or regulation, order, writ, judgment, injunction, decree, determination or award or any material provision of any such indenture, agreement, lease or instrument.

(f) Schedule I correctly sets forth the name and notice address of the issuer and the number of shares (or percentage of Equity Interests) of each Equity Interest owned by Pledgor.

(g) Except for any such agreements in favor of the Collateral Agent for the benefit of the Secured Parties, 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 Designated Account or any Excluded Account.

(h) Pledgor is a corporation duly formed under the laws of Arizona, 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 thirty (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, perfected security interest, including the filing of additional UCC financing statements or amendments as may be necessary or as requested by the Collateral Agent.

(i) The 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 of the Collateral, or (ii) create or permit to exist any Lien or security interest upon or with respect to any of the 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) The Pledgor agrees that it will not permit or cause to be issued any Equity Interests (i) in substitution for the 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 shares of stock or other securities, certificates or instruments, Pledgor will execute such documentation as is necessary to pledge or evidence the pledge or as may be requested by Collateral Agent or the Required Holders pledging, and evidencing the pledge hereunder of, such Equity Interests.

(k) The Pledgor shall, at its cost and expense, protect and defend this Agreement, all of the 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 Required Holders might prejudice, imperil or otherwise affect the 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 part of the Collateral and of any threatened or filed claims or proceedings that might in any way affect or impair the terms of this Agreement.

SECTION 6. FURTHER ASSURANCES.

The Pledgor hereby authorizes the Collateral Agent to file any and all financing statements covering the Collateral or any part thereof as the Collateral Agent may require. The Pledgor agrees that from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action that may be necessary or that the Collateral Agent or the Required Holders 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. The 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 the Required Holders may reasonably request, all in reasonable detail as the Collateral Agent or the Required Holders may reasonably request. The 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 and security interest of the Collateral Agent in the Collateral.

SECTION 7. VOTING RIGHTS AND DIVIDENDS.

(a) So long as no Event of Default shall have occurred and be continuing and neither the Collateral Agent nor the Required Holders have delivered the notice specified in Section 7(b):

(i) The Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Collateral or any part thereof for any purpose not inconsistent with the terms of this Agreement, the Notes, the Note Agreement, the Guaranty Agreements or the other Note Documents.

(ii) The Pledgor shall be entitled to receive and retain any and all dividends or distributions paid in respect of the Collateral; provided, however, except as expressly permitted by the Note Agreement, that any and all (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, and shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of the 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 the Pledgor all such proxies and other instruments as the Pledgor may reasonably request for the purpose of enabling the Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends which it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Subject in each case, to any applicable requirements of the ACC Regulations, upon the occurrence and during the continuation of an Event of Default:

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

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

SECTION 8. REMEDIES.

Subject in each case, to any applicable requirements of the ACC Regulations:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the 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 upon such other terms as the Collateral Agent may deem commercially reasonable. The Pledgor agrees that at least ten (10) days’ notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall 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 upon all or any part of the 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 Note Agreement and the Collateral Agency Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all of the Secured Obligations 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 holders of the Notes in the Notes, the Note Agreement, the Guaranty Agreements, Note Documents and any other agreement or instrument relating to the Secured Obligations.
(d) In connection with a public or private sale of the Collateral or any part thereof, the Collateral Agent may disclose to prospective purchasers any and all non-public information available to the Collateral Agent which pertains to (i) the issuer of the Collateral, or (ii) the Pledgor, provided in the case of the Pledgor, such non-public information is material to said issuer, its financial condition or the Collateral.

(e) Without in any way limiting the foregoing, upon 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 (ii) 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 such Pledgor.

(d) If the Collateral Agent exercises its right to take possession of the Collateral, the Pledgor shall also at its expense perform any and all other steps requested by the Collateral Agent or the Required Holders 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 the Required Holders to (i) proceed against any Person, including any other guarantor or pledgor, (ii) proceed against or exhaust any Collateral, or (iii) pursue any other remedy in Collateral Agent’s or the Required Holders’ 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 without limitation, any claim or 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 against any other Person, and waive 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, the Secured Obligations or any part thereof, including increase or decrease of the rate of interest thereon; (b) receive and hold security, other than the Collateral herein described, for the payment of such Secured Obligations or any part thereof, and exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of the Collateral herein described or any part thereof or any such other security; and (c) release or substitute the Company, or any of the endorsers or guarantors of such Secured Obligations or any part thereof, or any other parties thereto.

(b) The Pledgor recognizes that the Collateral Agent may be unable to effect a public sale of any or all of the Collateral by reason of the ACC Regulations and/or certain prohibitions contained in the laws of any jurisdiction outside the United States or in the 1933 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. The Pledgor acknowledges and agrees that any such 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 applicable law, be deemed to have been made in a commercially reasonable manner. The Collateral Agent shall not be under any obligation to delay a sale of any of the 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 1933 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 shall not be required to, conduct a public sale of the Collateral, rather than a private sale, if the Collateral Agent reasonably believes that it would realize a higher sales price in a public sale.

SECTION 10. THE 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 upon it to exercise any such powers. Except for reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall 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 shall be deemed to have exercised reasonable care in the custody and preservation of the 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 shall 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 part of the Collateral and shall 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 shall 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 deemed to 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 an instrument in 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 of Notes may have.

(b) This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of the Pledgor in any way related to the Collateral, and the Collateral Agent shall have no duty or obligation to discharge any such duty or obligation. The Collateral Agent shall 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 the Collateral against the possibility of a decline in market value. Neither the Collateral Agent nor any party acting as attorney for the Collateral Agent shall 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, the Pledgor hereby appoints the Collateral Agent, its nominee, and any other person whom the Collateral Agent may designate, as the Pledgor’s attorney-in-fact, with full power and authority to sign the Pledgor’s name on verifications of Collateral; to send requests for verification of Collateral to obligors; to endorse the Pledgor’s name on any checks, notes, acceptances, money orders, drafts, and any 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 the Collateral or any part thereof; to sign the 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; upon the occurrence and during the continuance of an Event of Default to notify the post office authorities to change the address for delivery of the 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 the Pledgor; and to do all things necessary to carry out this Agreement. The 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 the Pledgor have expired or otherwise have been terminated.

SECTION 12. INDEMNITY; WAIVER.

(a) The 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, the 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 the Pledgor against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Note Document, as determined by a court of competent jurisdiction by final and nonappealable judgment. To the extent that the undertakings to indemnify, pay and hold harmless set forth in this Section 12 may be unenforceable in whole or in part because they are violative of any law or public policy, the Pledgor shall contribute the maximum portion that it is permitted to pay and satisfy under Applicable Laws to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnities or any of them. All amounts due under this clause (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, 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, the Pledgor shall not assert, and the Pledgor hereby 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 Note Document or any agreement or instrument contemplated hereby or therein 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 the Pledgor hereby waives, releases and agrees not to sue upon 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 the other Note 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, without limitation, 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 other 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 clause (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 notes includes any notes issued pursuant to any Loan Document in extension or renewal thereof and in substitution or replacement therefor;

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

(vii) the words “including” (and with 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 amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; and

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

(b) The 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 solely 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 the Pledgor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Pledgor and the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

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SECTION 15. NOTICES.

All notices and 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), or (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 any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule B to the Note Agreement, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing,

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

(iv) if to the Collateral Agent, at the following address: 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 the Pledgor in writing.

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

SECTION 16. SEPARABILITY.

Should any clause, sentence, paragraph, subsection or Section of this Agreement be 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 parties hereto agree that 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 effectiveness as if such stricken part or parts had never been included herein.

SECTION 17. EXECUTION IN COUNTERPARTS.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Signatures of the parties hereto transmitted by facsimile or electronic transmission shall be deemed to be their original signatures for all purposes.
SECTION 18. CONTINUING SECURITY INTEREST; TRANSFER OF NOTES.

This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full of the Secured Obligations, (b) be binding upon the Pledgor, its successors and assigns, and (c) inure to the benefit of the Collateral Agent and the other Secured Parties and their successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Secured Party may assign or otherwise transfer all or a portion of its interests, rights and obligations under the Notes held by it in accordance with the terms of the Note Documents executed in connection with such Notes. Upon the payment in full of the Secured Obligations, the Pledgor shall be entitled to the return, upon its request and at its expense, of such of the Collateral as shall not have been sold or otherwise applied against the Secured Obligations pursuant to the terms hereof.

SECTION 19. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All representations and warranties contained in this Agreement or made in writing by the Pledgor in connection herewith shall survive the execution and delivery of this Agreement and repayment of the Secured Obligations. Any investigation by the Collateral Agent or any other Secured Party shall not diminish in any respect whatsoever its rights to rely on such representations and warranties.

SECTION 20. GOVERNING 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 that 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. CONSENT TO JURISDICTION AND WAIVER OF JURY TRIAL.

(a) The 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 this Agreement, the Note Agreement, the Guaranty Agreement or the Notes. To the fullest extent permitted by applicable law, the 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) The Pledgor consents to process being served by or on behalf of the Collateral Agent or any holder of Notes 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 specified in Section 15 or at such other address of which the Collateral Agent or such holder shall then have been notified pursuant to said Section. The Pledgor agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon 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 21 shall affect the right of the Collateral Agent or any holder of a Note to serve process in any manner permitted by law, or limit any right that the Collateral Agent or the holders of any of the Notes may have to bring proceedings against the 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 this Agreement, the Notes, the Note Purchase Agreement, the Guaranty Agreements or any other document executed in connection herewith or therewith.

SECTION 22. NOTICE OF FINAL AGREEMENT.

This Security Agreement and any other documents executed in connection herewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

SECTION 23. LLC INTERESTS.

The Pledgor will not:

(a) permit any Pledged Company that is a limited liability company to issue any certificate or other instrument to evidence the Pledgor’s limited liability company interests in such Pledged Company;

(b) permit any of the limited liability company interests in any such Pledged Company to be dealt in or traded on any securities exchange or in securities markets; and

(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.
IN WITNESS WHEREOF, the Pledgor has executed and delivered this Agreement effective as of the date first above written.

PLEDGOR:

WEST MARICOPA COMBINE, INC.

By: /s/ Michael J. Liebman
   Name: Michael J. Liebman
   Title: Senior Vice President

COLLATERAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Mary Ambriz-Reyes
   Name: Mary Ambriz-Reyes
   Title: Vice President
EXHIBIT I
PLEDGED EQUITY INTERESTS

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<th>ISSUER</th>
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GLOBAL WATER RESOURCES, INC. ANNOUNCES COMPLETION
OF DEBT REFINANCING

PHOENIX, AZ – June 27, 2016 – Global Water Resources, Inc. (NASDAQ: GWR, TSX: GWR) (the “Company”) announced today that it has completed the refinancing of its long-term debt. The Company issued, pursuant to a Note Purchase Agreement dated May 20, 2016, two series of senior secured notes in a total principal amount of $115 million. The new notes have a blended interest rate of 4.55% and provide for no principal payments during the first five years of the term. The Company used the proceeds to retire its existing long-term debt of $107 million and pay the associated prepayment penalties of $3.2 million. The remaining proceeds will be used by the Company for general corporate purposes. The transaction closed on June 24, 2016.

“This debt refinancing significantly improves our cash flow and provides us the liquidity to make strategic decisions that focus on growing the long term value of the Company,” said Ron Fleming, Chief Executive Officer. “This closing marks the completion of a four year strategy to best position the Company for the long term.”

“In addition to lower interest costs and deferred principal payments, the Company’s cash balance has increased more than $12.0 million, as a result of this transaction,” added Mike Liebman, Chief Financial Officer. “We look forward to the opportunities the refinancing provides us as we look to grow into the future.”

About Global Water Resources, Inc.

The Company is a water resource management company located in Phoenix, Arizona, that owns and operates regulated water, wastewater and recycled water utilities in the metropolitan Phoenix area.

Cautionary Note Regarding Forward-Looking Statements

This press release includes certain forward-looking statements. These forward-looking statements include, but are not limited to, interest costs, the expected use of proceeds, the expected improvements in cash flow and liquidity and other statements that are not historical facts as well as statements identified by words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, or the negative of these terms, or other words of similar meaning. These statements are based on our current beliefs or expectations and are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond our control. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors and other factors. Accordingly, investors are cautioned not to place undue reliance on any forward-looking statements, which reflect management’s views as of the date hereof. Factors that may affect
future results are disclosed under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our filings with the Securities and Exchange Commission (the “SEC”), which are available at the SEC’s website at www.sec.gov. We undertake no obligation to publicly update any forward-looking statement, except as required by law, whether as a result of new information, future developments or otherwise.

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PRESS RELEASE
For Immediate Release

GLOBAL WATER RESOURCES, INC. DECLARES INCREASED MONTHLY DIVIDEND

PHOENIX, AZ – June 28, 2016 – Global Water Resources, Inc. (GWRS) (the “Company”) announced today that its board of directors declared, under its dividend policy, a monthly cash dividend on the common shares of the Company (the “Shares”) in the amount of $0.022 per Share (an annualized amount of $0.264 per Share), which will be payable on July 29, 2016, to holders of record at the close of business on July 15, 2016. The dividend payment reflects an increase in the annual dividend of $0.024, or 10%.

“This dividend increase reflects our ongoing commitment to increasing shareholder value,” said Ron Fleming, President and CEO of Global Water. “Over the past year, we’ve completed many strategic initiatives, including a U.S. IPO and refinancing the Company’s outstanding debt. Completing these initiatives allowed us to review our dividend policy and make this 10% increase. Moving forward, we are committed to further value creation by pursuing EBITDA growth, making targeted investments, and periodically reviewing our dividend policy.”

About Global Water
Global Water Resources, Inc. is a water resource management company located in Phoenix, Arizona, that owns and operates regulated water, wastewater and recycled water utilities in the metropolitan Phoenix area.

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