

INTERLOCAL AGREEMENT REGARDING

THE "RED LEDGES" PROPERTY

This Interlocal Agreement (hereafter "Agreement") is made by and among Wasatch County, Utah (hereafter "County"), Heber City (hereafter "City"), and Twin Creeks Special Service District (hereafter "Twin Creeks"), political subdivisions of the State of Utah, regarding the development of the "Red Ledges" property, located in Wasatch County and Heber City. The owners of this property, Red Ledges, LLC, a Florida Limited Liability Company having offices at 18001 Old Cutler Road, Suite 460, Miami, Florida 33157 (hereafter "Red Ledges"), is also a party to this Agreement.

WITNESSETH:

WHEREAS, Red Ledges is the owner of approximately 1,900 acres of land in Wasatch County and Heber City described as follows (hereafter the "Property"):

A PARCEL OF LAND LOCATED IN SECTIONS 27, 28, 33 AND 34, TOWNSHIP 3 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN, WASATCH COUNTY, UTAH, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 34, THENCE NORTH 89°27'47" WEST, 1321.61 FEET; THENCE SOUTH 00°12'04" EAST, 1331.49 FEET; THENCE SOUTH 89°47'21" EAST, 565.58 FEET TO A CORNER OF A FENCE; THENCE ALONG SAID FENCE THE FOLLOWING FIVE COURSES AND DISTANCES: COURSE 1: SOUTH 42°42'11" EAST, 85.28 FEET; COURSE 2: SOUTH 39°09'02" WEST, 551.03 FEET; COURSE 3: SOUTH 42°22'49" EAST, 108.58 FEET; COURSE 4: SOUTH 34°57'40" WEST, 629.21 FEET; COURSE 5: SOUTH 27°28'30" WEST, 52.51 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF CENTER STREET; THENCE ALONG LAST SAID LINE RUN THE FOLLOWING FIFTEEN (15) COURSES AND DISTANCES: COURSE 1: SOUTH 82°29'18" WEST, 236.90 FEET; COURSE 2: NORTH 89°43'51" WEST, 273.61; COURSE 3: SOUTH 89°40'28" WEST, 159.18 FEET TO THE ARC OF A CURVE LEADING SOUTHWESTERLY; COURSE 4: SOUTHWESTERLY, ALONG AND AROUND THE ARC OF SAID CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 798.74 FEET, AN ARC DISTANCE OF 65.47 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 85°56'53" WEST, 65.45 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 5: NORTH 89°59'30" WEST, 47.73 FEET TO THE ARC OF A CURVE LEADING NORTHWESTERLY; COURSE 6: NORTHWESTERLY, ALONG AND AROUND THE ARC OF SAID CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1392.51 FEET, AN ARC DISTANCE OF 528.39 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 75°37'30" WEST, 525.22 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 7: NORTH 66°57'16" WEST, 8.05 FEET TO THE ARC OF A CURVE LEADING NORTHWESTERLY; COURSE 8: NORTHWESTERLY, ALONG AND AROUND THE ARC OF SAID CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1125.00 FEET, AN ARC DISTANCE OF 392.89 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF NORTH 76°57'33" WEST, 390.90 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 9: NORTH 86°57'51" WEST, 479.23 FEET TO THE ARC OF A CURVE LEADING SOUTHWESTERLY; COURSE 10: SOUTHWESTERLY, ALONG AND AROUND THE ARC OF SAID CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 700.00 FEET, AN ARC DISTANCE OF 282.84 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 81°27'38"

WEST, 280.92 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 11: SOUTH 69°53'06" WEST, 724.11 FEET TO THE ARC OF A CURVE LEADING SOUTHWESTERLY; COURSE 12: SOUTHWESTERLY, ALONG AND AROUND THE ARC OF SAID CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1396.93 FEET, AN ARC DISTANCE OF 493.36 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH 79°58'49" WEST, 490.80 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 13: NORTH 89°55'27" WEST, 699.41 FEET TO THE EASTERLY AND NORTHERLY BOUNDARY OF THE RED LEDGES BOUNDARY PLAT, BY: WILDING ENGINEERING, INC.; COURSE 14: SOUTH 00°37'53" WEST 3.09 FEET; COURSE 15: SOUTH 89°50'25" WEST, 1242.62 FEET TO THE WATER TANK PARCEL, THENCE ALONG SAID PARCEL THE FOLLOWING FIVE (5) COURSES AND DISTANCES: COURSE 1: NORTH 00°38'18" WEST, 610.28 FEET; COURSE 2: NORTH 33°22'32" EAST, 628.59 FEET TO A 100.0 FOOT RADIUS NON TANGENT CURVE; COURSE 3: ALONG THE ARC OF A 100.0 FOOT RADIUS NON-TANGENT CURVE TO THE LEFT, CENTER BEARS NORTH 27°37'50" EAST, THROUGH A CENTRAL ANGLE OF 348°31'28" AND ARC DISTANCE OF 608.27 FEET; COURSE 4: SOUTH 33°22'32" WEST 634.71 FEET; COURSE 5: SOUTH 00°38'18" EAST 616.31 FEET, RETURNING TO THE NORTH LINE OF CENTER STREET; THENCE ALONG SAID NORTH LINE THE FOLLOWING FOUR (4) COURSE AND DISTANCES: COURSE 1: SOUTH 89°44'42" WEST, 747.65 FEET; COURSE 2: SOUTH 89°58'28" WEST, 588.89 FEET; COURSE 3: SOUTH 89°41'17" WEST, 230.66 FEET; COURSE 4: SOUTH 89°21'43" WEST, 1272.98 FEET TO EASTERLY; THENCE ALONG THE EASTERLY LINE, AND LINE EXTENDED OF THE LDS CENTER STREET CHURCH PROPERTY AS SHOWN ON THAT CERTAIN SURVEY FILED FOR RECORD AS OWC-035-0333-0419, ON OCTOBER 25, 1995, IN THE OFFICES OF WASATCH COUNTY, STATE OF UTAH, THENCE ALONG SAID LDS CHURCH PARCEL THE FOLLOWING SIX (6) COURSES AND DISTANCES: COURSE 1: NORTH 19°12'05" EAST 112.98 FEET; COURSE 2: NORTH 15°57'05" EAST, 127.91 FEET; COURSE 3: NORTH 32°26'33" EAST, 61.51 FEET; COURSE 4: NORTH 38°29'54" EAST, 105.48 FEET; COURSE 5: NORTH 28°37'50" EAST, 45.34 FEET; COURSE 6: NORTH 12°33'26" EAST, ALONG SAID EASTERLY LINE, AND LINE EXTENDED 27.82 FEET, TO THE SOUTH LINE OF TIMP MEADOWS EAST SUBDIVISION PHASE 2, RECORDED IN BOOK 501, PAGES 686-695, ENTRY NO. 232941; THENCE ALONG SAID TIMP MEADOWS EAST LINE THE FOLLOWING FIVE (5) COURSES AND DISTANCES: COURSE 1: SOUTH 89°16'30" EAST, 0.24 FEET; COURSE 2: NORTH 03°00'11" EAST, 60.22 FEET; COURSE 3: NORTH 07°59'36" WEST, 1026.65 FEET; COURSE 4: NORTH 27°45'20" WEST, 167.54 FEET; COURSE 5: NORTH 64°07'24" WEST, 225.76 FEET, TO THE EASTERLY LINE OF THE TIMP MEADOWS EAST SUBDIVISION PHASE 3, RECORDED IN BOOK 528, PAGES 125-134, ENTRY NO. 238508; THENCE ALONG SAID TIMP MEADOWS EAST SUBDIVISION PHASE 3 EAST LINE NORTH 03°32'37" EAST, 22.23 FEET; THENCE NORTH 89°24'21" EAST 818.35 FEET; THENCE NORTH 00°34'07" WEST 2205.00 FEET TO THE EAST-WEST 40 ACRE LINE OF THE NORTHWEST QUARTER OF SAID SECTION 33; THENCE NORTH 89°24'37" EAST, ALONG SAID 40 ACRE LINE 441.24 FEET; THENCE SOUTH 00°35'23" EAST 17.60 FEET TO THE CORNER OF AN EXISTING FENCE; THENCE ALONG SAID FENCE NORTH 89°52'01" EAST 1110.58 FEET; THENCE LEAVING SAID FENCE NORTH 00°07'41" EAST 27.45 FEET TO THE TO THE EAST-WEST QUARTER SECTION LINE OF SAID SECTION 33; THENCE NORTH 89°14'45" EAST, ALONG THE EAST-WEST 40 ACRE LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33, 2.68 FEET, THENCE NORTH 00°08'18" EAST, 336.84 FEET; THENCE SOUTH 89°14'18" WEST, 332.86 FEET TO THE QUARTER SECTION LINE OF SAID SECTION 33; THENCE NORTH 00°07'51" EAST, ALONG LAST SAID LINE, 1000.40 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 28; THENCE NORTH 00°23'42" WEST, 3982.55 FEET; THENCE NORTH 89°33'40" EAST, 2703.62 FEET TO THE WEST SECTION LINE OF SAID SECTION 27; THENCE NORTH 00°05'54" WEST, 1316.61 FEET TO THE NORTHWEST

CORNER OF SAID SECTION 27; THENCE NORTH 89°49'35" EAST, ALONG THE NORTH SECTION LINE OF SAID SECTION 27, 5289.47 FEET; THENCE SOUTH 00°09'19" WEST, ALONG THE EAST LINE OF SAID SECTION 27, A DISTANCE OF 5256.54 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 27; THENCE SOUTH 00°02'56" EAST, ALONG THE EAST LINE OF SAID SECTION 34, A DISTANCE OF 2776.76 FEET BACK TO THE POINT OF BEGINNING.

LESS AND EXCEPTING:

A PARCEL OF LAND LOCATED IN THE NORTHEAST QUARTER OF SECTION 33, TOWNSHIP 3 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN, WASATCH COUNTY, UTAH, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT SOUTH 00°00'46" EAST, 131.99 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 33; THENCE SOUTH 00°0'46" EAST, 528.02 FEET; THENCE SOUTH 88°41'25" WEST, 1333.03 FEET; THENCE NORTH 00°05'29" EAST, 536.55 FBET; THENCE NORTH 89°03'22" EAST, 1332.32 FEET BACK TO THE POINT OF BEGINNING.

WHEREAS Red Ledges desires to develop the Property as a signature recreational community with various amenities, intended to include a Jack Nicklaus Signature golf course, Cliff Drysdale Tennis Center, spa, fitness center, equestrian center, (hereinafter the "Project") and such other amenities as deemed appropriate by Red Ledges, its staff and advisors; and

WHEREAS Red Ledges has filed a petition to annex the Property into the City; and

WHEREAS the County and Twin Creeks have filed protests to the annexation with the Wasatch County Boundary Commission; and

WHEREAS the City and Red Ledges desire that the County and Twin Creeks withdraw their protests to Red Ledges' petition for annexation; and

WHEREAS Red Ledges, the County, Twin Creeks and City desire to agree and sign an agreement of understanding with respect to certain issues and aspects involving the Parties and the Project; and

WHEREAS the Utah Interlocal Cooperation Act, found in Utah Code Title 11, Chapter 13, provides a statutory mechanism and framework for the parties' agreements and understandings regarding the Property and the Project; and

WHEREAS, Red Ledges currently expects to commence construction of the Project no later than the Summer of 2007, subject to the County's, Twin Creeks and City's timely performance of their covenants and agreements herein; and

WHEREAS the parties hereto wish to set forth in this Interlocal Agreement their mutual understandings with respect to some terms to be followed to mitigate and administer the impact of the Project and come to an agreement with regard to the shared cost of said mitigation; and

WHEREAS the City is considering annexation of the Property, and in the event of such an annexation, City and Red Ledges will enter into additional agreements, not in conflict with this

Agreement, including but not limited to an Annexation Agreement and Master Plan Approvals which will contain additional requirements, considerations and stipulations pertaining to this Project and Development of the same, and

WHEREAS, because the primary purpose of this Agreement is to regulate the development of the Project and the Property, the City, the County, and Twin Creeks each desire to allow the owners of the Property, Red Ledges, to agree to and be bound by the terms of this Agreement; and

WHEREAS this Agreement does not create an interlocal entity, but only represents an interlocal agreement; and

NOW, THEREFORE, the City, the County, Twin Creeks, and Red Ledges hereby agree as follows:

1. Duration of Agreement: This Agreement shall endure for 50 years. However, the payments made and the property deeded hereunder shall be permanent transactions.
2. Purposes: The purposes of this Agreement are to establish a mutually cooperative arrangement among the City, the County and Twin Creeks in regulating the development of the Red Ledges Property, and to establish mutually enforceable general regulations regarding this Property and the associated Project.
3. Financing: Each party to this Agreement will perform their obligations under this Agreement with each's own funds.
4. Termination: This Agreement may be terminated at the conclusion of 50 years or after the Property has been fully developed to the extent permissible under law. However, in the event all parties agree that this Agreement is no longer necessary, it may be terminated by the unanimous stipulation of the parties.
5. Withdrawal of Protests: The County and Twin Creeks agree to withdraw the protests they have each filed, pursuant to Utah Code Ann. §10-2-407 (2003), relating to Red Ledges' petition for annexation into Heber City. The County and Twin Creeks further consent to allow the annexation process to continue under the jurisdiction of Heber City.
6. Water, Secondary Water, and Sewer Services: Twin Creeks agrees to provide all water, secondary water, and sewer service for the Project according to the Rules, Policies, and Procedures of Twin Creeks. Red Ledges shall transfer the necessary water shares to Twin Creeks and shall be responsible for all costs associated with the delivery of water, secondary water, and sewer services. Residential properties will service their irrigation needs through the primary potable water system. County and City agree that the entire Project will be annexed into Twin Creeks and be served by the same. Secondary water will be provided by Twin Creeks for golf courses and other common areas. Twin Creeks further agrees to consider the issuance of bonds for infrastructure costs if requested by Red Ledges.

7. Bypass Road:

a. Red Ledges agrees to grant a 66-foot-wide easement to the City for a bypass road (hereafter "Bypass Road") running south to north near the eastern boundary of the proposed park area depicted in the Red Ledges Master Plan, between Lake Creek Road and the southern boundary of the Wasatch View Estates, as shown on Exhibit B attached hereto (hereafter "Bypass Road"). The centerline of the Bypass Road will be within 100 feet of the following described centerline:

A 66' FOOT RIGHT OF WAY, (33' EACH SIDE OF CENTERLINE) LOCATED IN SECTION 33, TOWNSHIP 3 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN, WASATCH COUNTY, UTAH, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

BEGINNING AT A POINT OF SAID RIGHT OF WAY, SAID POINT LIES 1353.17 FEET SOUTH 89° 49' 54" WEST AND 24.03 FEET NORTH 00°32'07" WEST FROM THE SOUTH QUARTER CORNER OF SAID SECTION 33, AND RUNNING THENCE NORTH 00°32'07" WEST, 153.84 FEET TO THE ARC OF A 800.00 FOOT RADIUS CURVE TO THE RIGHT; THENCE ALONG THE ARC OF SAID 800.00 FOOT RADIUS CURVE 160.88 FEET(CHORD BEARS NORTH 05°13'32" EAST 160.61 FEET); THENCE NORTH 10°59'12" EAST 232.03 FEET TO THE ARC OF A 600.00 FOOT RADIUS CURVE TO THE LEFT; THENCE ALONG THE ARC OF SAID 600.00 FOOT RADIUS CURVE 258.27 FEET(CHORD BEARS NORTH 01°20'41" WEST 256.28 FEET); THENCE NORTH 13°40'34" WEST 243.16 FEET TO THE ARC OF A 600.00 FOOT RADIUS CURVE TO THE RIGHT; THENCE ALONG THE ARC SAID 600.00 FOOT RADIUS CURVE 459.72 FEET(CHORD BEARS NORTH 08°16'26" EAST 448.56 FEET); THENCE NORTH 30°13' 27" EAST, 190.37 FEET TO THE ARC OF A 300 FOOT RADIUS CURVE TO THE LEFT; THENCE ALONG THE ARC OF SAID 300.00 FOOT RADIUS CURVE 161.30 FEET (CHORD BEARS NORTH 14°49'16" EAST 159.36 FEET); THENCE NORTH 00°34'55" WEST, 2204.96 FEET TO THE POINT OF TERMINATION.

b. No driveways will be allowed to access the Bypass Road, and no on-street parking will be allowed on the Bypass Road.

c. Red Ledges, at its own expense, will construct the Bypass Road pursuant to City Standards; and when it is completed, Red Ledges will deed the underlying land to the City and the City will maintain the Bypass Road in perpetuity. Red Ledges shall plant and maintain the landscaping associated with the public park and Bypass Road in perpetuity.

d. Red Ledges will obtain, in a timely manner, a 66-foot right-of-way for a road running east to west along the north boundary of the property currently referred to as the "Stone Creek Development," and through the lot described as Sage Acres Lot #1, which is located on Mill Road in Heber City, to connect the Bypass Road to Mill Road (hereafter the "Connection Road"). No on-street parking or driveway access will be allowed on the Connection Road. Heber City and Red Ledges will equally

share the cost to acquire Sage Acres Lot #1, at the total cost of approximately \$190,000.

e. Red Ledges, at its own expense, will construct the Connection Road pursuant to the City's Standards and under the City's direction.

f. Red Ledges will complete the construction of both the Bypass Road and the Connection Road within one year of the City's final plat approval of the Project's first phase.

- 8. Open Space: Within six months of the City's final plat approval of the Project's first phase, Red Ledges will convey, to a third-party acceptable to the County and Red Ledges, a conservation easement covering approximately 400 acres in the northeast quadrant of the Property (hereafter "Open Space"). In the event that the County and Red Ledges cannot agree on a third-party to hold the conservation easement, the joint board set forth in paragraph 21 will select one. Exhibit "A," attached hereto, illustrates the approximate location and outline of the 400 acres of Open Space. Exhibit "B," attached hereto, sets forth the terms of the conservation easement that will be used. Red Ledges will immediately thereafter, and within six months of the City's final plat approval of the Project's first phase, convey the fee title in the Open Space to the County. In the event that Red Ledges becomes insolvent or sells, conveys, transfers, or assigns any interest in the Property or the Project to any individual or entity—not including normal financing requirements conducted in the ordinary course of business or the sale of improved lots—the Open Space shall be immediately conveyed as set forth in this paragraph. Red Ledges shall be entitled to permit its residents and prospective buyers to utilize the trails in the Open Space to an equal extent as any other County resident or member of the public.
9. City's Widening of Center Street: Red Ledges shall provide financial assistance to the City to renovate the City's Center Street between Main Street and Mill Road up to a maximum of one-third of the cost of such renovation, with Red Ledges' share of this expense not to exceed One Million Dollars (\$1,000,000.00). Said monies shall be paid to the City when the City initiates the project to widen Center Street (hereafter "Center Street Project") or by January 1, 2012, but in any event no sooner than January 2009 or 180 days after final plat approval of the Project's first phase, whichever first occurs, and no later than January 2012. In the event the Center Street Project has not been initiated by January 2012, Red Ledges shall deposit \$1,000,000 into an escrow account administered by a third party and upon terms and conditions satisfactory to both the City and Red Ledges, provided that the City shall be entitled to any interest earned on said deposit. The City shall consult and confer with Red Ledges regarding the prioritization of expenditures, aesthetic impacts and the timing of improvement.
10. Density: The density determination of the Red Ledges Recreational Community will be set at 1,370 residential units for the land currently owned by it.

11. Storm Drain: The Parties agree that the storm drain system to be installed on the Red Ledges property will be designed to City standards.
12. Fire District Inspections: The Parties agree that the Wasatch County Fire District will perform all fire inspections related to the Property, and it will collect the same fire inspection fees for the Project and the Property that are assessed on a county-wide basis.
13. Project's Interior Roads: The Parties agree that the County's current 26' wide asphalt paving standard will be used for all roads, with rolled curb and gutter in Red Ledges. Sidewalks will only be required if Red Ledges determines they are needed. If needed, sidewalks will only be on one side of the street and will be 4' wide. Maintenance of and services surrounding any such roads shall be administered pursuant to Paragraph 14 below.
14. Gated Community: The Parties agree that Red Ledges Recreational Community will be and shall forever remain, at the election of the HOA, a fully private and gated community, said agreement to be enforceable by the HOA and/or Red Ledges. All roads and storm drain systems within the Community will be maintained by and at the expense of the HOA.
15. Grading Permits for Golf Course: Upon master plan approval by the City and Twin Creeks water approval, the City agrees to forthwith issue grading permits for golf course construction.
16. Building Inspections: All building inspections will be performed by the City in a timely manner. The City will ensure that enough qualified inspectors are available for that purpose.
17. Engineering: The City shall, review all Project engineering documents. Twin Creeks shall be responsible to review engineering for the water and sewer systems, and will supply preliminary plans to the City for review and comment.
18. Planning: Planning for the Project will be done by the City pursuant to City standards. However, Red Ledges understands that the City's "PC" zone, which will apply to the Project, may be modified to be more similar to the County's PUD zone. The Director of Planning for the County will consult with and advise the City planning department as it refines the City's PC zone. The City will involve the Fire District and the County Planning Department in the review of the development proposals with the City's "Development Review Committee." The County's Planning Director will review and consult with the City Planning Department regarding each phase of the project. In the event of a disagreement between the City and the County regarding the planning of the Project, either party may refer the disagreement to the joint board identified by paragraph 21. All parties agree that the County's ridgeline ordinances and standards as currently in effect will apply to the Property and the

Project with the same force and effect as if the Project were occurring within the County's jurisdiction.

19. Fire Station: Within one year of the City's final plat approval of the Project's first phase, Red Ledges agrees to provide a one acre lot, with utilities stubbed to the lot, within the Project at a location to be selected by Red Ledges with access to Lake Creek Road, for use as a fire station. The County will build the station and pay for all improvements on the lot, subject to architectural design review of Red Ledges or the Home-owners Association (hereafter "HOA") as provided in the Project's CC&R's. This design review will only apply to exterior architectural features, and approval will not be unreasonably withheld. If the County determines not to build a station on this lot, said lot shall revert to Red Ledges for any use permitted by City ordinances. In the event that Red Ledges becomes insolvent or sells, conveys, transfers, or assigns any interest in the Property or the Project to any individual or entity—not including normal financing requirements conducted in the ordinary course of business or the sale of improved lots—the lot referred to herein shall be immediately conveyed.
20. Mitigation Fee: Red Ledges agrees to pay a mitigation fee to the County in the amount of \$4,500,000, to be used for the common good and general benefit of the citizens of Wasatch County, for example, but not limited to, acquisition of open space, for creation of parks, and similar facilities. The fee will be structured as follows: one-third to be paid December 31, 2007, provided the initial final plat approval of the first phase is completed with sufficient time for Red Ledges to begin lot sales in 2007, otherwise, the first one-third will be paid within six months of the City's final plat approval of the Project's first phase; the second third to be paid by December 31, 2008, or within 18 months of the City's final plat approval of the Project's first phase, whichever last occurs; and the final third to be paid by December 31, 2009, or within 30 months of the City's final plat approval of the Project's first phase, whichever last occurs. In the event that Red Ledges becomes insolvent or sells, conveys, transfers, or assigns any interest in the Property or the Project to any individual or entity—not including normal financing requirements conducted in the ordinary course of business or the sale of improved lots—the mitigation fee set forth herein shall become immediately due and payable.
21. Joint Board: Pursuant to Utah Code Section 11-13-207(1)(b), this Agreement shall be administered by a joint board consisting of six members, three appointed by the City and three appointed by the County. Four board-members shall constitute a quorum. Matters may be submitted to the joint board at the request of any two members of the joint board, and it shall render its decision within thirty (30) days of the submission. Any matter contemplated by this Agreement may be submitted to this joint board, but the joint board shall have no authority to violate, interpret, or change City's codes or ordinances. The joint board may adopt rules and bylaws as appropriate for the internal operation of the joint board. If a two-thirds majority (4) of the entire committee cannot agree with reference to any decision to be made, the

matter in dispute shall be submitted to the Mountainlands Association of Governments for arbitration. Provided, however, this dispute resolution mechanism shall not be construed as authorizing any material change to the Parties' rights and obligations under this Agreement, and no provision of this Agreement may be construed as giving Red Ledges the right to circumvent the City's planning and appeal process as set forth in the City's code and ordinances.

22. Effective Date: This Agreement shall be neither effective nor binding on any party until all parties have signed hereto. The effective date of this Agreement shall be the date of the last signature hereto.
23. Trail System: Red Ledges will provide a trail system that appropriately connects with the County trail system. Red Ledges will cooperate with the County Trail Planner to do so. Any dispute regarding the requirements of this paragraph may be referred to the joint board identified by paragraph 21.

C. Miscellaneous Provisions

24. Rescission: The parties recognize that while this Agreement anticipates the City's annexation of the Property, this Agreement does not bind the City to do so. In the event that the City decides not to annex the Property, all parties will be deemed to have rescinded this Agreement, and this Agreement shall become null and void and of no further force or effect.
25. Default, Noncompliance: In the event of a default under this Agreement or any non-compliance with the Agreement, any party may sue for injunctive relief, specific performance, and damages. The prevailing party or parties shall recover their costs and attorney's fees. Attorney fees for an attorney employed full-time by a governmental agency shall be calculated by using the same rate as the average rate for attorney's fees charged by privately employed attorneys in the State of Utah who have a similar number of years' experience as the governmental agency's attorney.
26. Forum: This Agreement and all matters pertaining to the validity, construction, interpretation, and effect of this Agreement shall be governed by the laws of the State of Utah. Any litigation regarding this Agreement shall take place in the Fourth District Court, Heber Department, in the State of Utah.
27. Severability: If any provision of this Agreement, or the application thereof to any person or circumstances, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such provision to the other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

28. Entire Agreement: This Agreement contains the entire understanding and agreement between the Parties, and all preceding agreements are merged herewith. It is expressly understood and agreed that this Agreement may not be altered, amended, or otherwise modified in any respect except by a written instrument, duly executed by all Parties hereto.
29. Additional Documents: The Parties agree to cooperate fully and execute any and all supplementary documents and to take all necessary actions that may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.
30. Successors in Interest: This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their successors and assigns.
31. Jointly Drafted: The Parties agree that this Agreement is the product of a negotiation between the Parties. The Agreement, therefore, shall be deemed to have been drafted jointly by all of the Parties.
32. Authorization: Each person executing this Agreement on behalf of any entity represents and warrants that they are duly authorized to sign on their behalf and to bind the entity.
- a. Pursuant to Utah Code Section 11-13-202.5(1)(b), this Agreement must be approved by the legislative body of the public agencies who are parties to this Agreement. This approval will be reflected by the signature of the chair of such body on this Agreement.
- b. Pursuant to Utah Code Section 11-13-202.5(2), the legislative body of each public agency which is a party to this Agreement shall adopt a resolution or ordinance approving this Agreement and specifying the effective date of the Agreement.
- c. Pursuant to Utah Code Section 11-13-203(3), the legislative body of each public agency which is a party to this Agreement shall cause this Agreement to be reviewed by the attorney authorized to represent the public agency for review as to proper form and compliance with applicable law. This review will be reflected by the signature of such attorney to this Agreement.
33. Notice: Any notice to be given or other document to be delivered by any Party to the other or others hereunder may be delivered in person, or may be deposited in the United States mail, duly certified or registered, return receipt requested, with postage

prepaid, and addressed to the Party for whom intended, as follows:

WASATCH COUNTY
Attention: Council Chair
25 North Main Street
Heber City, Utah 84032

With a copy to:

Thomas Low, Esq.
805 West 100 South
Heber City, Utah 84032

HEBER CITY MAYOR
Attention: Mark Anderson
75 North Main Street
Heber City, Utah 84032

With a copy to:

J. Mark Smedley, Esq.
30 North Main
Heber City, Utah 84032

TWIN CREEKS SPECIAL SERVICE DISTRICT
Attn: Dan Matthews
55 South 500 East
Heber City, Utah 84032

RED LEDGES, L.L.C.
Attention: M. Anthony Burns
18001 Old Cutler Rd, Suite 460
Miami, FL 33157

With a copy to:

Craig V. Wentz, Esq.
50 South Main Street, Suite 1500
Salt Lake City, UT 84144

WASATCH COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF UTAH:

Steve Farrell Dated: 2/21/2007
By: Steve Farrell, Wasatch County Council Chair

Michael Davis Dated: 2/21/07
By: Michael Davis, Wasatch County Manager

APPROVED BY: Thomas L. Low Dated: 2/21/07
Thomas L. Low, Wasatch County Attorney

HEBER CITY, A MUNICIPAL CORPORATION:

David R. Phillips Dated: 2/21/07
By: Mayor, David R. Phillips, Heber City

APPROVED BY: J. Mark Smedley Dated: 21st Feb. 2007
J. Mark Smedley, Heber City Attorney

TWIN CREEKS SPECIAL SERVICE DISTRICT:

Kendall Crittenden Dated: 2/21/07
By: Kendall Crittenden, Chair

APPROVED BY: [Signature] Dated: 2/21/07
Attorney for Twin Creeks Special Service District

RED LEDGES, LLC, A FLORIDA LIMITED LIABILITY CO.

Todd R. Cates Dated: 2/21/07
By: Todd R. Cates, Vice President

Exhibit "A": Approximate Location and Outline Of 400 Acres Open Space



Exhibit "B": Terms of Conservation Easement

1. **Purpose.** It is the purpose of this Easement to assure that the Property will be retained predominantly in its natural, open space condition and to prevent any use of the Property that will significantly impair or interfere with the Conservation Values of the Property. Grantor intends that this Easement will confine the use of the Property to such activities as are consistent with the purpose and provisions of this Easement.

2. **Rights of Grantee.** To accomplish the purpose of this Easement the following rights are conveyed to Grantee by this Easement:

a) To preserve and protect the Conservation Values of the Property;

b) To enter upon the Property at reasonable times in order to monitor Grantor's compliance with and otherwise enforce the terms of this Easement; provided that such entry shall be upon prior reasonable notice to Grantor except in emergencies or cases of suspected deliberate violations, and Grantee shall not unreasonably interfere with Grantors' use and quiet enjoyment of the Property;

c) To prevent any activity on or use of the Property that is inconsistent with the purpose of this Easement and to require the restoration of such areas or features of the Property that may be damaged by any inconsistent activity or use; and

d) To review, comment upon, approve or object to any proposed plans relating to prohibited uses and permitted uses as set forth below.

3. **Prohibited Uses.** Any activity on or use of the Property inconsistent with the purpose of this Easement is prohibited. Without limiting the generality of the foregoing, the following activities and uses are expressly prohibited:

a) **Subdivision.** The division or subdivision or de facto subdivision of the Property into smaller parcels for any purpose.

b) **Structures and Improvements.** The construction or maintenance of any, houses, mobile homes, docks, and aircraft landing strips unless otherwise allowed herein.

c) **Mineral Development.** Surface mining, extraction or subsurface mining. Quarrying, excavating, or removing rocks, minerals, gravel, sand, topsoil, or other similar materials on or from the Property.

d) **Topography Modification.** Changes in the existing general topography of the landscape or land surface of the Property, excluding minor changes as a result of activities expressly permitted herein, unless such changes were caused by the forces of nature. Changing

the topography of the Property by placing on it any soil, land fill, or other material, except as necessary to conduct specific water preservation, collection and distribution purposes.

e) **Waste Disposal and Hazardous Materials.** Use of the Property for dumps, landfills, or the storage or deposit of waste materials of any kind. Placing, filling, storing or dumping on the Property of trash, debris, refuse, vehicle bodies, junk or waste. Using the Property for dumping, depositing, abandoning, discharging, storing, maintaining or releasing any gaseous, liquid, solid, radioactive or hazardous waste materials or pollutants of whatever nature on, in or over the ground or into the subsurface or groundwater of the Property. Dumping or other disposal of non-compostable refuse, animal carcasses, wildlife-attracting materials, or any other material which could reasonably be considered debris. Dumping ashes, sawdust, bark trash, rubbish or any other material or using the Property for dumps, landfills, or the storage or deposit of waste materials of any kind. Disposal of any waste materials generated by activities expressly permitted herein shall be in accordance with applicable state laws. Slash and other debris associated with timber harvesting activities shall be disposed of according to standard forestry practices. (This prohibition does not impose liability on Grantee, nor shall Grantee be construed as having liability as a "responsible party" under CERCLA or similar federal or state statutes.)

f) **Industrial, Commercial and Residential Activities.** The use of the Property for industrial, commercial (except grazing of livestock) or residential activities.

g) **Game Farming or Game Farm Animals.** Construction or operation of a game farm on the Property, or raising or holding game farm animals on the Property. "Game farm animals" include those animals regulated or prohibited by the Utah Legislature, the Division of Wildlife Resources, or the Department of Agriculture and Food.

h) **Commercial Feed Lot.** Establishing or maintaining any commercial feedlot on the Property. For purposes of this Easement, a commercial feedlot is defined as a permanently constructed, confined area or facility, within which the land is not grazed or cropped annually, used for purposes of engaging in the business of receiving and feeding livestock for hire.

i) **Signs and Billboards.** Placing any sign or billboard on the Property, except to state the name and address of the Property owner and manager; to advertise on-site activities which are permitted on the Property; to advertise the sale or rental of the Property; to identify natural environmental features; to give road or trail directions; or to control unauthorized entry or use of the Property. Signs shall be no larger than fifteen (15) square feet in area. This paragraph shall not prohibit Grantee from displaying such signs as it may customarily use to identify lands under conservation easement and the terms of such conservation easement; provided however, that the location of any such signs placed by Grantee shall be subject to receipt of Grantor's prior approval for same.

j) **Water Rights, Alteration of Water Course and Topography.** Use of the Property that would be detrimental to water quality or that would permanently alter the normal

water level and/or flow of surface or groundwater, except as is reasonable to carry out the permitted activities on the Property.

k. **Disturbance of Ecological Features.** Changing, disturbing, altering or impairing the significant relatively natural ecological features and values such as prime, unique, or important farmland soils; or the destruction of other significant conservation interests on the Property.

l. **Native Vegetation.** Conversion of native vegetation to exotic cover species or the introduction of non-native plant species. Cutting, removing, or destruction of native vegetation, except by grazing, haying, or other agricultural practices.

m. **Motor vehicle use.** Use of snowmobiles, motorcycles, or other motorized vehicles off of roads, trails or travelways established for that purpose, except for utilization of water rights, Water Facilities or property-maintenance purposes.

(i) **Exceptions.** Motor vehicles shall be allowed for the limited purpose of accessing the Property by the general public at entryways or the location of access roads on the periphery of the Property and for parking lots for the public. Off Highway vehicles (OHVs) such as, snowmobiles, motorcycles, All-terrain vehicles (ATV's), and other such recreational vehicles, as designated by Grantor, shall be allowed, but only on designated areas or designated trails established, and maintained by the Grantor for such use. Areas designated for such use may only be accessed through trail heads or access points established by Grantor and designated for that purpose. Areas located within 1000 feet of the developed property will be designated as Motorized Recreational Vehicle No Play Zones and under no circumstances shall such vehicles be allowed to operate within, nor shall any OHV trails be established within (1,000) feet of the developed property. All OHV's shall be equipped with regulation mufflers and not violate County sound ordinances then in effect.

n. **Trapping.** Animal trapping for purposes other than control of predatory animals which demonstrably have caused damage to property. Trapping methods employed must be selected for the target species, in accordance with Federal, state and local law and administered as humanely as is possible.

o. **Storage.** Keeping or storage on the Property of any automobiles, trucks, campers, travel trailers, motor homes, boats, heavy equipment, or other type of machinery not associated with property maintenance of water facilities.

4. **Reserved Rights.** Grantor reserves all rights accruing from its ownership of the Property, including the right to engage in, or permit or invite others to engage in, all uses of the Property that are not expressly prohibited herein and are not inconsistent with the purpose of this Easement. Without limiting the generality of the foregoing, the following rights are expressly reserved:

a. **Trails, low intensity uses and restrooms.** It is intended that there shall be constructed and maintained trails of various types (including but not limited to pedestrian, cycling, equestrian, and Off Highway Vehicle (OHV)) with trailheads, parking lots, gathering places and low intensive recreational facilities which would include restrooms with water, electricity and sewer connections which would be located on the Property.

b. **Grazing Rights.** Use of the Property for grazing of cattle, horses, sheep and goats is an express permitted use so long as conservation of the soils is maintained and the Property is not overgrazed as shall be determined by industry standards.

c. **Hunting.** Hunting of elk, deer, and rabbits, and all game birds such as shall be permitted by the Wildlife Resources Division of the State of Utah shall be a permitted use, subject to public safety restrictions on the discharging of firearms within proximity limits of residential housing as are determined by the Wasatch County Sheriff's Department.

d. **Facilities.** Grantor may maintain, replace, and repair the fences, roads and other improvements located on the Property as of the date of this Easement, as identified in the Baseline Documentation. Grantor may maintain, replace, and repair the existing fences, roads and other improvements identified in the Baseline Documentation, as may be necessary for the uses permitted by this Easement, provided such fence, road or improvement is maintained, replaced or repaired in its original approximate size and general location. If any or all of such facilities are removed or destroyed, Grantor may replace them with similar structures of the same size in the same location.

e. **Construction of additional items.** Grantor may construct additional fences and roads as may be necessary for the uses permitted by this Easement upon prior written approval by Grantee, as provided in Section 5 of this Easement. Grantor may construct fences along the exterior border of the Property without prior approval of Grantee. Drift fences may be constructed as necessary to control drifting snow.

f. **Maintenance.** Replacement or repair of existing fences within the Property boundaries and construction of new fences on the Property's exterior boundary shall be constructed in such a manner and with such materials as not to unduly endanger wildlife safety or to materially inhibit wildlife movement. Grantee's prior written approval, consistent with Section 5 of this Easement, must be obtained prior to replacing, repairing, or constructing any fencing on the Property that unduly endangers wildlife safety or that materially inhibits wildlife movement.

g. **Defensible space for fire protection.** Any existing or new structures are required to manage vegetation to reduce fire intensities. The recommended treatment of vegetation is dependent on fuel type (kinds of trees/shrubs/grass) and slope.

h. **Agricultural Chemicals.** Use of agricultural chemicals for the following purposes and under the following conditions:

(1) For the control of noxious weeds, other invasive exotic plant species and plants toxic to domestic livestock; provided that chemical herbicides may be used only in those amounts and with a frequency of application that constitute the minimum necessary for control; and, except with the prior approval of Grantee, that the herbicide is not applied by aerial spraying.

(2) For the control of agricultural, forest, or rangeland pests; provided that chemical biocides may be used only when no other reasonable and generally accepted method of control is effective, that the biocide is used only in those amounts and with a frequency of application constituting the minimum necessary to accomplish reasonable agricultural and residential purposes, that the biocide has minimal adverse effects on non-target species of plants or animals, and, except with the prior approval of Grantee, that the biocide is not applied by aerial spraying.

i. **Utilities and Easements.** Grantor may establish easements or rights of way for public utilities or communication facilities such as antennas, satellite dishes etc. and supporting structures and access roads. Such easements and uses may only be allowed if they can be established in locations or in a manner that will not significantly detract from the conservation values established herein. Such facilities may not be located within (1500) feet of the developed property.

5. Review of Grantor Plans Pursuant to Prohibited Uses and Reserved Rights.

Before undertaking any activity pursuant to any reserved right under Section 4 above or any exception to a prohibited use under Section 3 above, Grantor shall submit to Grantee a detailed written plan describing the undertaking. Grantee shall have a period of forty-five (45) days from receipt of said plan to review said plan and make objections to same. All such objections shall be based upon inconsistencies between the plan and the purpose of this Easement or the Conservation Values of the Property. If within said (45) day period, Grantee makes no objections, then Grantee shall be deemed to have approved said plan, but nothing else not contained in the plan. If Grantee raises objections, the parties agree to meet and resolve in good faith all such objections prior to Grantor undertaking such development. If no agreement can be reached between the parties regarding the plan despite use of the parties' best efforts to do so, either one of the parties may submit the matter to binding arbitration. Any matter submitted to arbitration shall be submitted to and heard by the Salt Lake City Office of the American Arbitration Association in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association.

6. **Grantee's Facilitation and Enhancement of Conservation Values.** Nothing set forth herein shall prevent Grantee from seeking to facilitate or enhance the Conservation Values of the Property or the purposes of this Easement. Before undertaking any such facilitation, improvement or enhancement of the Conservation Values, Grantee shall prepare and submit to Grantor a detailed written plan describing same. Grantor shall have a period of forty-five (45) days from receipt of said plan to review said plan and make objections to same. All such objections shall be based upon inconsistencies between the plan and the purposes of this

Easement and the Conservation Values of the Property; provided however, that such enhancements shall not be in derogation of the reserved rights or the exceptions to the prohibited uses reserved to Grantor in this Easement. If within said 45 day period, Grantor makes no objections, the Grantor shall be deemed to have approved said plan, but no other matters except those set forth in the plan. If Grantor raises objections, the parties agree to meet and resolve in good faith all such objections prior to Grantee undertaking such development.

7. General Agreed Parameters for Certain Types of Improvements and Uses. The parties agree to the following matters with regard to particular types of possible improvements or uses of the Property:

a. **Roads.** The parties agree that any road which is permitted and constructed will be constructed in such a fashion and manner so as to:

- (1) minimize the width and length of such road;
- (2) maximize the ability of the road to be reclaimed and returned to a natural state when it is no longer required or needed;
- (3) minimize the road's impact on the Conservation Values of the Property.

8. Structures and Other Improvements. The parties agree that any structures or other improvement which are permitted and constructed will be constructed in such a fashion and manner so as to minimize the structure's impact on the Conservation Values of the Property.

9. Access. An express right of access by the general public is hereby granted to the Property and is conveyed by this Easement as may be controlled by the Grantor in strict compliance with Parks and Open Space General Plan of the Grantees and the preservation of water rights and water facilities.

10. Modification. If circumstances arise under which an amendment to or modification of the Easement would be appropriate, Grantor and the Grantee may jointly amend the Easement; provided that no amendment shall be allowed that affects the qualification of the Easement under the IRS Code 170 (h), or any regulation promulgated in this section, or the 'Land Conservation Easement Act' of Utah's statutes, Sections 57-18-1 to 57-18-7, successor statute or which affect the rights of DIC as contained in this Easement. Any such amendment shall be consistent with the purposes of the Easement, shall not affect its perpetual duration, shall not permit additional development or improvements to be undertaken on the Property other than development or improvements currently permitted by the Easement, and shall not impair any of the significant conservation values of the Property. Any such amendment shall be recorded in the official records of the county in which the Property is located. Any such proposed amendment would require (60) days notice to the public in writing and published in a daily newspaper for (3) consecutive weeks.