WHEN RECORDED, RETURN TO

Cole S. Cannon CANNON LAW GROUP, PLLC 53 S. 600 E. Salt Lake City, UT 84102 ENT 9221:2016 PG 1 of 57

Jeffery Smith
Utah County Recorder
2016 Feb 03 12:30 PM FEE 128.00 BY SW
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231669

SPACE ABOVE THIS LINE FOR USE BY THE RECORDER

Affecting Parcels Nos. 19:036:0034

19:036:0030 19:036:0073

RESTRICTIVE COVENANT AND INDEMNITY AGREEMENT

THIS RESTRICTIVE COVENANT AND INDMENITY AGREEMENT (the "Agreement") is made as of February 1, 2016 by and between Ridgeline Capital LC, a Utah limited company as owner of two parcels of vacant land located in Utah County, Utah known as parcel tax identification #19:036:0034 ("Parcel #1") and Utah County parcel tax identification #19:036:0030 ("Parcel #2") ("Ridgeline Grantee") and Ridgeline Capital LC a Utah limited company as owner of a parcel of vacant land located in Utah County, Utah known as parcel tax identification #19:036:0073 (Parcel #3") ("Ridgeline Grantor"). The foregoing are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

- A. Ridgeline Capital, LC is the fee owner of three tracts of vacant land located in Utah County, Utah with tax ID numbers 19:036:0034, 19:036:0030, and 19:036:0073, and more particularly described on **Exhibit A** hereto.
- B. Ridgeline Capital, LC entered into that certain Development Agreement dated on, or about, August 25th 2015 ("Development Agreement") between itself, the City of Orem and Boardwalk Industries, LLC. A copy of which is included as **Exhibit B** attached hereto.
- C. Ridgeline Capital, LC entered into that certain Annexation Agreement dated on, or about, August 25th, 2015 ("Annexation Agreement") between itself, the City of Orem, and Boardwalk Industries, LLC. A copy of which is included as **Exhibit C** attached hereto.
- D. Ridgeline Capital, LC desires now to execute and record this restrictive covenant such that Parcel #1 and Parcel #2 will be benefited by Parcel #3; inversely Parcel #3 will be burdened by Parcel #1 and Parcel #2. Namely, Ridgeline Capital LC desires to ensure that future owners of Parcel #3 complete the Municipal Utility Easements and other improvements noted in the Development Agreement and the Annexation Agreement such that the owner of Parcel #1 and Parcel #2 will enjoy access, use, and enjoyment of the offsite improvements made to access the property.
- E. This covenant and Agreement is intended to run with the land and inure to the benefit of Ridgeline Capital, LC, or its lawful successors or assigns, insofar as it has an interest in either Parcel #1 or Parcel #2, either by ownership or through a duly recorded security instrument, or has an outstanding

obligation under the Development or Annexation Agreement. The covenant touches and concerns both the benefitted and burdened properties, and is also a personal covenant benefitting Ridgeline Capital, LC.

F. The below grants, stipulations and restrictions confirm the agreement and understandings with respect to the ownership, use, and burden of property listed herein.

AGREEMENT AND GRANT

NOW THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the owners of Parcels #1, #2, and #3 hereby covenant and agrees as follows:

- Ridgeline Grantor, as the current owner of Parcel #3, and any of its successors and assigns, including those purchasing the property from Ridgeline Grantor, hereby agrees to indemnify and hold Ridgeline Capital, LC, as well as the owner of Parcels #1 and #2, harmless from the obligations outlined in the Development Agreement. Specifically, the owner of Parcel #3 promises to fully discharge and hold Ridgeline Grantee harmless from any and all obligations outlined in the Development Agreement, including, but not limited to, the duty to construct and pay for the improvements required to service and access Parcels #1, #2, and #3 ("Development Improvements").
- 2. <u>Discharge of the Duties of "Owners" as outlined in the Annexation Agreement.</u> Ridgeline Grantor, as the current owner of Parcel #3, and any of its successors and assigns, including those purchasing the property from Ridgeline Grantor, hereby agrees to indemnify and hold Ridgeline Capital, LC, as well as the owners of Parcels #1 and #2, harmless from the obligations outlined in the Annexation Agreement. Specifically, Ridgeline Grantor promised to fully discharge and hold Ridgeline Grantee harmless from any and all obligation outlined in the Annexation Agreement, including, but not limited to, the duty to construct and pay for the Southwest Annexation Municipal Improvements ("SWAMI") necessary to service Parcel #1 and Parcel #2 with the municipal services contemplated by the Annexation Agreement. Collectively, the Development Improvements and the SWAMI are collectively referred to herein as the "Pioneering Improvements", which Pioneering Improvements are intended to include all development and improvement obligations outlined in the Development and Annexation Agreements, including, but not limited to, those attached as <u>Exhibit D</u> hereto.
- Timing of Construction. Unless the owner of Parcel #3 has previously completed the Pioneering Improvements, then it shall have the obligation to complete the improvements with 180 days written notice by first class mail addressed to the owner of record of Parcel #3 (or part of it) from the owner of Parcel #1 or Parcel #2 (the "Notice of Election"). The owner of Parcel #3 shall within thirty days after the Notice of Election provide the owner of Parcel #1 and Parcel #2 adequate assurances that 1) the owner(s) of Parcel #3 will immediately undertake the work necessary to complete the improvements shown on Exhibit D, and, 2) provide verification of funds of at least \$700,000 that has been dedicated to the improvement budget; should the owner(s) of Parcel #3 fail to respond with these contingencies within thirty days of the Notice of Election then the owner of Parcel #1 and/or the owner of Parcel #2 shall have the right to commence the improvements at their expense and lien Parcel #3 for the amounts expended plus interest as further outlined in this Agreement. Should the owner of Parcel #3 be unwilling, or unable, to complete the Pioneering Improvements within 180 days of the Notice of Election then the owner of Parcel #1 and/or Parcel #2 may pay for the Pioneer Improvements to be installed at its expense and assess Parcel #3 the amount of the improvements which is anticipated to be ~\$1,500,000 per plus a 15% per annum interest rate. Should the owner of Parcel #3 fail to repay the owner of Parcel #1 and Parcel #2 within one year of notice of the cost of construction of the Pioneering Improvements then the owner of

Parcel #1 and Parcel #2 shall have the right to sue to foreclose upon the owner of Parcel #3's interest and seek a judicial foreclosure for the amounts owing. The owner of Parcel #3 willingly accepts this covenant although the owner of Parcel #1 and Parcel #2 will benefit from the installation of the Pioneering Improvements without being obligated to pay for them (assuming the improvements are paid for, or reimbursed by the owner of Parcel #3 as contemplated by this Agreement). This Agreement shall serve as a continuing lien upon Parcel #3 until all obligations under the Development and Annexation Agreements have been completed and paid for by the owner of Parcel #3. For the avoidance of doubt the "owner of Parcel #3" shall include the owner of all, or part of, Parcel #3 such that if Parcel #3 is subdivided this Agreement shall run with all subsequent owners unless otherwise terminated pursuant to its terms.

- 4. <u>Termination</u>. This Agreement will terminate upon the earlier of 1) when the Pioneering Improvements are made to the satisfaction of Ridgeline Capital, LC, or 2) when Ridgeline Capital LC has no interest in Parcel #1 or Parcel #2 (either by ownership or a security interest) *and* has no remaining obligations under the Development or Annexation Agreements.
- 5. No Automatic Public Dedication. The provisions of this Agreement are not intended to and do not constitute a dedication for public use of any portion of the covenants created hereby, *provided, however*, that the owner of the Parcels #1, #2, or #3 may elect to dedicate any Pioneering Improvements to a public authority in the sole discretion of the owner of the various Parcels or as may be required by the Development or Annexation Agreements. Further, any owner of any Parcel may elect to dedicate improvements constructed on the Parcel to a public authority in the sole discretion of the owner of that Parcel.
- 6. Running of Benefits and Burdens. All provisions of this instrument, including the burdens stated and implied, touch, concern, and run with Parcel #3 and are a benefit to Parcel #1 and Parcel #2, and are binding upon and inure to the benefit of the successors and assigns of the owners of Parcels #1, #2, and #3.
- 7. <u>Amendments</u>. This Agreement may be amended only by recording, in the office of the Recorder of Wasatch County, Utah, an instrument in writing reciting such amendment, bearing the acknowledged signatures of the owners of Parcels #1, #2, and #3, as well as the signature of Ridgeline Capital LC if the conditions in Section 4 have not been met.
- 8. <u>Miscellaneous</u>. This Agreement may be executed in one or more counterparts, each of which, when taken together, constitutes the original. If any term, provision or condition contained in this Agreement shall to any extent be deemed invalid or unenforceable, the remainder of the Agreement shall not be affected thereby, and each remaining term, provision and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 9. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter contained in this Agreement. All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, pertaining to the subject matter contained in this Agreement are superseded by and merged in this Agreement.
- 10. <u>Attorney Fees</u>. In the event of any action to enforce the provisions of this Agreement, the prevailing Party shall be entitled to receive its costs and attorney fees.
- 11. <u>Construction</u>. This Agreement shall be construed in accordance with the laws of the State of Utah. The rule of strict construction shall not apply to this Agreement and both Parties acknowledge that they are together drafters of this Agreement. This Agreement shall be given a

reasonable construction so that the intention of the Parties to allow Parcel #1 and Parcel #2 to be benefitted by the Pioneering Improvements paid for by Parcel #3 is implemented.

12. <u>Authority, Crossings Representations</u>. Each Party represents and warrants that it has received all necessary approvals, including court approvals, necessary to grant the rights outlined in this Agreement.

IN WITNESS WHEREOF, the undersigned parties have created this Agreement effective as of the date first written above.

GRANTEE

GRANTOR

RIDGELINE CAPITAL, LC, a Utah limited Hability company	RIDGELINE CAPITAL, LC, a Utah limited Jiability company
By: Kyle Bateman Its: Manager	By: (Kyl) Bateman Its: Manager
A	CKNOWLEDGMENTS
The foregoing instrument was a foregoing in the foregoing was a	cknowledged before me this day of January, 2016, by zed Manager of Grantor Ridgeline Capital, LC, a Utah limited bany
COMMISSION# 65707 COMM. EXP. 09-16-201	B
The foregoing instrument was a	cknowledged before me this day of January, 2016, by zed Manager of Grantee Ridgeline Capital, LC, a Utah limited pany.

PUBLIC

JASON VANDENBERG NOTARY PUBLIC-STATE OF UTAH

COMMISSION# 657.078 COMM. EXP. 09-16-2016

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EXHIBIT A

LEGAL DESCRIPTION

Utah County Parcel #s:

19:036:0034 19:036:0030 19:036:0073

Exhibit A LEGAL DESCRIPTION

PARCEL 1:

Commencing at a point on the West side of State Highway, which point is North 906.78 feet and East 1483.89 feet from the South quarter corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence South 76°57' West 364.4 feet; thence South 76°45'50" West 558.34 feet; thence South 1°17' East 20 feet; thence South 87°33' West 582.98 feet; thence North 0°36'50" East 529.08 feet; thence North 88°56'30" East 1323.97 feet; thence South 26°51' East 334.57 feet to the point of beginning.

Subject to a twenty (20) foot right-of-way described as follows:

Commencing at a point on the West side of State Highway, which point is North 906.758 feet and East 1483.89 feet from the South quarter corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence South 78°57' West 364.4 feet; thence South 76°45'50" West 558.34 feet; thence South 1°17' West 20 feet; thence South 8°33' West 20.02 feet; thence North 1°17' East 40.5 feet; thence North 76°57' East 932.0 feet; thence South 26°51' East 22.42 feet to the point of beginning

Less and excepting the following described property:

Using the section line from the South one quarter corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian to the Southeast corner of said Section as South 89°07'30" East, then commencing at the Southwest fence corner, which point is North 651.78 feet and East 3.94 feet from the South quarter corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence North 0°36'50" East 134.79 feet; thence North 87°33' East 578.52 feet; thence South 1°17' East 134.63 feet; thence South 87°33' West 582.98 feet to the point of beginning.

Together with a right of way over the following described property, using the section line from the South quarter corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian, to the Southeast corner of said section as South 89°07'30" East, then commencing at a point at the Southeast corner of property which point is North 906.78 feet and East 1483.89 feet from the South quarter corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence South 76°57'23" West 20.0 feet; thence North 76°50'26" East 913.35 feet; thence South 26°51' East 20.00 feet along the West side of State Road to beginning.

PARCEL 2:

Commencing at a point West 10.72 chains and North 25 links from the Southeast corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence West 9.78 chains; thence South 25 links, thence West 717.95 feet; thence North 1°17' West 718.81 feet; thence North 76°45'50" East 558.34 feet; thence North 76°57' East 364.4 feet; thence South 27°48'10" East 1031.38 feet to the point of beginning.

Exhibit A

(continued)

PARCEL 3:

Using the Section Line from the South one quarter corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian to the Southeast corner of said Section as South 89°07'30" East. Thence commencing at the Southwest fence corner, which point is North 651.78 feet and East 3.94 feet from the South one quarter corner of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian. Thence North 00°36'50" East 134.79 feet; thence North 87°33'00" East 578.52 feet; thence South 01°17'00" East 134.63 feet; thence South 87°33'00" West 582.98 feet to the point of beginning.

Together with a right of way over the following described property:

Using the section line for the South one quarter of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian to the Southeast corner of said Section as South 89°07'30" East, then commencing at a point at the Southeast corner of property which point is North 906.78 feet and East 1483.89 feet from the South one quarter corner of Section of Section 28, Township 6 South, Range 2 East, Salt Lake Base and Meridian. Thence South 76°57'23" West 364.42 feet; thence South 76°45'01" West 557.78 feet; thence North 01°17'00" West 20.00 feet; thence North 76°50'26" East 913.35 feet; thence South 26°51'00" East 20.00 feet along the West side of State Road to the point of beginning.

Tax Parcel Number: 19-036-0034, 19-036-0073, 19-036-0030

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EXHIBIT B

DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

This Development Agreement is executed in duplicate this 25 day of August, 2015, by and between the City of Orem, a municipal corporation and political subdivision of the State of Utah, with its principal offices located at 56 North State Street, Orem, Utah 84057 (hereinafter referred to as the "City"); Ridgeline Capital, L.C., with its principal office located at 3411 South Mountain Vista Parkway, Springville, Utah 84663 (hereinafter referred to as "Ridgeline"); and Boardwalk Industries, LLC, a Utah limited liability company with its principal office located at 2825 East Cottonwood Parkway #527, Salt Lake City, Utah 84121 (hereinafter referred to as "Boardwalk").

RECITALS

WHEREAS Ridgeline owns three parcels of property in unincorporated Utah County located at approximately 1900 South Geneva Road and identified in the office of the Utah County Recorder as Parcel Nos. 19:036:073 (22.39 acres), 19:036:0034 (12.82 acres), and 19:036:0030 (1.79 acres) which three parcels are hereinafter collectively referred to as the "Property;" and

WHEREAS the Property is more particularly described in Exhibit "A" which is attached hereto and by reference is made a part hereof; and

WHEREAS Boardwalk has a contract to purchase the Property from Ridgeline; and

WHEREAS for purposes of this Agreement Ridgeline and Boardwalk and the representatives of either are collectively referred to herein as "Owner;" and

WHEREAS various owners of property in unincorporated Utah County have submitted an application to annex certain property (hereinafter referred to as the "Annexation Area") including the Property into the City; and

WHEREAS representatives of Owner have filed an application with the City requesting that concurrent with or subsequent to the annexation of the Property into the City, the City create and apply a new planned development zone known as the PD-43 zone to the Property that will allow for the development of a medium density residential development consisting of twinhomes, townhomes and other related uses; and

WHEREAS Owner has submitted a concept plan for the Property, a copy of which is attached hereto as Exhibit "B" that shows how the Property will be developed including the design and layout of residential units, streets, accesses, and future accesses; and

WHEREAS the City has concerns related to access and traffic impacts that will be created by the proposed development of the Property; and

WHEREAS the City believes that certain improvements need to be made to improve access to and from the proposed Project and to mitigate the negative traffic impacts resulting from development of the Property under the proposed PD-43 zone; and

WHEREAS in order to address the City's concerns about access and traffic impacts resulting from development of the Property under the PD-43 zone, Owner is willing to enter into this Development Agreement and develop the Property in accordance with the provisions of this Development Agreement; and

WHEREAS the City, acting pursuant to its authority under Utah Code Section 10-9-101, *et. seq.*, and in furtherance of its land use policies, goals, objectives, ordinances, resolutions, and regulations, has elected to approve this Agreement.

COVENANTS

NOW, THEREFORE, in consideration of the promises and conditions set forth herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the City and Owner hereby agree as follows:

- 1. Access. The parties acknowledge that at the present time the only potential access to the Property is from Geneva Road. The parties anticipate that at some point in the future, access to the Property from that street commonly referred to as 2000 South in Orem and 2000 North in Provo (and for ease of reference hereinafter referred to as "2000 Street") will become available along the southern boundary of the Property and/or from the new Lakeview Parkway which is anticipated to be constructed adjacent to the western boundary of the Property and Owner desires and intends to provide additional access to the Property from one or both of these points. The parties further acknowledge and agree that at least two accesses are necessary for the construction of the number of residential units that are being proposed by Owner. The parties further acknowledge that regulations of the Utah Department of Transportation (UDOT) require an access to a residential development of the type and size being proposed by Owner to be located at least 660 feet away from an intersection and from another access. Owner acknowledges that under these regulations, the Property does not have enough frontage on Geneva Road for two accesses to the Property. However, pursuant to negotiations between UDOT, Owner, and the City, UDOT has agreed that Owner may locate a temporary access to the Property that is approximately 350 feet from the intersection of Geneva Road and 2000 Street as shown in the concept plan under the condition that this access will no longer be used to access residential development on the Property at such time as another access becomes available from 2000 Street or from the future Lakeview Parkway. Pursuant to such negotiations, the City and Owner agree that subject to UDOT approval, the Property may have two accesses from Geneva Road as shown in the concept plan subject to the following conditions:
- 1.1. Access From 2000 Street. Owner shall provide additional access to the Property from 2000 Street in the location shown on the concept plan as soon as such access becomes reasonably feasible. Access from 2000 Street shall be deemed to be reasonably feasible as soon as 2000 Street is improved and extended at least as far west as the access point to 2000 Street from the Property as shown on the concept plan. Owner shall also provide an additional access to the

Property from the future Lakeview Parkway as soon as such access becomes reasonably feasible. Owner shall bond for the construction of the access from 2000 Street in accordance with Article 17-6 of the City Code with the first phase of development on the Property.

- 1.2. **Development to Plan for New Accesses.** Owner shall construct the development on the Property in such a way that future access from the Property to 2000 Street and the future Lakeview Parkway is reasonably feasible. Owner shall stub a street to 2000 Street and to the edge of the Lakeview Parkway Preservation Corridor as shown in the concept plan.
- 1.3. Closure of Southern Geneva Road Access. Access to the residential units on the Property from the southern Geneva Road access shall be discontinued and physically blocked at such time as access to the Property from 2000 Street becomes available. The southern Geneva Road access may continue to be used to access the parcel at the corner of Geneva Road and 2000 Street provided such parcel is used for non-residential uses or provided that the access to the parcel is to a parking lot and not a private street. Owner shall bond for the costs of closing the southern Geneva Road access in accordance with Article 17-6 of the City Code with the first phase of development on the Property.
- 1.4. Notice of Access Changes. Owner shall place a note on the preliminary plat and all final plats that include any part of the Property indicating that an access to the Property from 2000 Street and the future Lakeview Parkway will be created in the location shown on the concept plan as soon as such access(es) becomes feasible. Owner shall also place a note on the preliminary plat and all final plats that include any part of the Property indicating that the southern Geneva Road access will be closed as soon as an access becomes available from 2000 Street. Owner agrees to place similar notes on all maps that are used to market the Property or units on the Property. Owner shall also include a section in the covenants, conditions and restrictions (CC&Rs) governing the Property indicating that an access to the Property from 2000 Street as shown in the concept plan will be created as soon as the creation of such access becomes feasible and that the southern Geneva Road access to the Property will be closed as soon as the access to the Property from 2000 Street becomes available.
- 1.5. Closure of Southern Access Not Required if UDOT Regulations Allow. In the event that UDOT regulations applicable to the Property change in the future such that at the time that Owner would otherwise be required to close the southern Geneva Road access under this Agreement, the southern access is then in compliance with UDOT regulations and UDOT gives its written approval to allow the southern Geneva Road access to remain open, then in that event Owner shall not be required to close the southern Geneva Road access pursuant to this Agreement. However, Owner's obligation to create an access to the Property from 2000 Street shall remain in full force and effect.
- **1.6. Access to Lakeview Parkway.** The development on the Property shall include a street stubbed to the edge of the Lakeview Parkway Preservation Area as shown in the concept plan.
- 2. <u>Dedication of Property for 2000 Street</u>. Owner shall dedicate a portion of the Property to Provo City for the construction and improvement of 2000 Street (hereinafter referred to as the "2000 Street Dedication Area"). The 2000 Street Dedication Area shall be that portion of the Property located south of the back edge of the curb adjacent to 2000 Street as shown in the concept plan. Owner shall dedicate the 2000 Street Dedication Area to Provo City on or before the recording of any final plat for the Property and prior to the issuance of any building permit

for development on the Property. The 2000 Street Dedication Area shall also be designated on the final plat and site plan for the Property.

- Installation of Improvements Along Future 2000 Street. Owner shall construct and install curb and gutter, a landscape strip and sidewalk along the northern boundary of the 2000 Street Dedication Area as shown on the concept plan and in accordance with the requirements of the proposed PD-43 zone concurrent with any phase of development that includes any units located within 100 feet of the northern boundary of the 2000 Street Dedication Area, Owner shall also bond for such improvements in accordance with the requirements of Article 17-6 or the Orem City Code concurrent with any final plat or site plan that includes any units located within 100 feet of the northern boundary of the 2000 Street Dedication Area, However, notwithstanding the foregoing. Owner shall not be obligated to install the curb and gutter improvements until such time as Provo City has acquired the property necessary to extend 2000 Street westward from Geneva Road adjacent to the southern edge of the Property and has approved a final design for the alignment of the 2000 Street extension. In the event that Provo does not acquire all such property and/or has not approved a final design for the extension of 2000 Street within three years from the time that Owner receives approval of a site plan for the Property or within one year after a final occupancy permit is received for the last unit or building shown on the concept plan, whichever is later, then the City shall not require Owner to install the curb and gutter along 2000 Street.
- 4. <u>Geneva Road Improvements</u>. Concurrent with the development of the Property, Owner shall construct and make improvements to the entire length of Geneva Road that is adjacent to the Property. Owner shall construct such improvements to Geneva Road as may be necessary to make that portion of Geneva Road located west of the centerline of Geneva Road conform with the approved cross-section for Geneva Road (south of Lakeview Parkway) which is attached hereto as Exhibit "C" and by reference is made a part hereof. The improvements to be constructed and installed by Owner include, but are not necessarily limited to, asphalt (sufficient to make the asphalt portion of Geneva Road located west of the centerline twenty-nine feet (29') in width), curb and gutter, a landscaped parkstrip eight feet (8') in width and a sidewalk six feet (6') in width (hereinafter collectively referred to as the "Geneva Road Improvements"). Owner shall construct the Geneva Road Improvements in conformance with UDOT construction standards and specifications. Owner shall bond for the Geneva Road Improvements in conformance with the requirements of Chapter 17 of the Orem City Code prior to the issuance of any building permit for new development on the Property. Following completion of the Geneva Road Improvements and acceptance thereof by the City/UDOT, Owner shall dedicate the Geneva Road Improvements to UDOT.
- 5. <u>Lakeview Parkway Corridor</u>. The parties acknowledge and agree that Provo City, the City of Orem, UDOT, Utah County and/or other entities intend to construct a new multi-lane thoroughfare known as the "Lakeview Parkway" adjacent to a portion of the western boundary of the Property. It is anticipated that a portion of the western edge of the Property will be needed for the construction of the Lakeview Parkway. In order to preserve the area of the anticipated Lakeview Parkway Corridor for acquisition by Provo, the City of Orem, UDOT, Utah County and/or other entities that may be involved in the construction of the Lakeview Parkway, Owner

agrees not to construct any structure in the westernmost one hundred ten feet (110') of the Property which is designated as the "Lakeview Parkway Preservation Area" in Exhibit "B." However, this restriction on construction in the Lakeview Parkway Corridor shall expire if a final plan for the Lakeview Parkway is adopted and approved that does not require the use of the property included in the Lakeview Parkway Preservation Area or if no final plan for the Lakeview Parkway has been adopted and approved within fifteen (15) years from the date of this Development Agreement.

- 6. <u>Army Corps of Engineers Approval</u>. Owner acknowledges that approval from the Army Corps of Engineers may be required for part of the Property before development may occur on such part of the Property. Owner agrees to obtain any approvals and permits required by the Army Corps of Engineers and to comply with any mitigation measures that may be required by the Army Corps of Engineers before proceeding with development of any part of the Property for which such approvals, permits or mitigation measures may be required.
- 7. **Relocation of Taylor Drain**. The parties acknowledge that the Taylor Drain is currently located on and runs through the Property. The Taylor Drain is a major conduit for the conveyance of City storm water. In order to accommodate the layout of Owner's concept plan, the Taylor Drain will need to be relocated. Owner agrees to relocate the Taylor Drain and to install new storm drain improvements (hereinafter referred to as the New Storm Drain Improvements") in the size and location shown in Exhibit "D" which is attached hereto and by reference is made a part hereof. The New Storm Drain Improvements shown in Exhibit "D" shall be constructed and installed by Owner in conformance with the City's construction standards and specifications. The New Storm Drain Improvements shall consist of three hundred twenty (320) linear feet of 15" storm drain pipe beginning at the northeast corner of the Ridgeline Property and extending southerly along Geneva Road to connect to the existing Taylor Drain, then 1,027 linear feet of 24" storm drain pipe extending southerly adjacent to Geneva Road from the Taylor Drain to the edge of 2000 Street, then 1,899 linear feet of 24" storm drain pipe extending westerly along the edge of 2000 Street, then 309 linear feet of 24" storm drain pipe extending northerly to connect to the existing Taylor Drain line, all as shown on the attached Exhibit "D." In connection with the installation of the New Storm Drain Improvements described herein, the existing Taylor Drain line located on the Ridgeline Property shall be abandoned and disconnected as also shown on Exhibit "D." Following completion of the New Storm Drain Improvements, Owner shall dedicate and convey the New Storm Drain Improvements to the City. Owner shall also grant the City an easement along the entire length of the New Storm Drain Improvements which easement shall be twenty feet (20') wide with the center line of such easement being generally the location of the New Storm Drain Improvements. The easement shall grant the City the right to use the easement area for the construction, operation, maintenance, upgrade, and repair of a storm water pipe and related appurtenances over, under, across and through the easement area.
- 8. <u>Property to be Subject to Impact Fees</u>. The parties acknowledge that it is likely that if the City Council annexes the Annexation Area (including the Property), that it will also likely adopt an ordinance imposing impact fees on development in the Annexation Area. The parties acknowledge that pursuant to Utah Code Section 11-36a-401(2), an impact fee enactment may

not take effect until 90 days after the day on which the impact fee enactment is approved. The parties understand that this provision was enacted for the protection of property owners and developers to allow the same a period of time in which to protest or contest an impact fee enactment. The parties additionally acknowledge that in order to discourage development in the Annexation Area before the impact fee enactment can take effect and a financing mechanism can be put in place to pay for municipal utility improvements, City Staff would recommend and the City Council would be likely to initially apply a low density residential zone such as the OS-5 zone to all property in the Annexation Area at the time it approves the annexation of the Annexation Area. The parties further acknowledge that City Staff would recommend and the City Council would be likely to maintain a low density residential zone such as the OS-5 zone on all property in the Annexation Area for at least 90 days until the impact fee enactment takes effect. At the expiration of the 90 day period, the parties anticipate that the City Council would consider applications from individual property owners in the Annexation Area to rezone their respective properties to a zoning classification that would allow higher residential densities and/or commercial development. Owner hereby expressly states and affirms that because Owner desires to begin the development of the Property as quickly as possible after annexation and because Owner desires to have the PD-43 zone applied to the Property immediately after annexation, that it would be in Owner's best interest to waive the 90 day waiting period for an impact fee enactment to become effective as to the Property in order to receive a positive recommendation from City Staff to immediately apply the PD-43 zone to the Property. Owner further acknowledges that Owner would suffer substantial delay, expense and loss if it is required to wait 90 days before receiving a positive recommendation from City Staff to rezone the Property to the PD-43 zone. Therefore, in the event the City Council annexes the Annexation Area and adopts an impact fee ordinance that applies impact fees to development in the Annexation Area and applies the PD-43 zone to the Property, then Owner expressly agrees that all development on the Property shall be subject to such impact fees adopted by the City Council notwithstanding that the 90 day period has not elapsed, and Owner expressly agrees to waive the 90 day period as to all development on the Property. Owner further agrees that in consideration of City Staff's recommendation to apply the PD-43 zone to the Property immediately after annexation of the Property into the City, Owner shall not object to, nor contest in any way, the application of impact fees adopted by the City Council to development on the Property.

- 9. <u>Agreement Considered Mitigation of Impact</u>. In consideration for the agreement of Owner to develop the Property in conformity with this Agreement, the City staff shall make a recommendation to the Orem City Council to consider the terms of this Development Agreement as sufficient mitigation of the potential adverse impacts resulting from the request to annex the Property into the City and to apply the PD-43 zone to the Property.
- 10. <u>No Guarantee of Annexation or Desired Zoning</u>. The City makes no representation that the request of Owner to annex the Property into the City or to apply the PD-43 zone to the Property will be approved by the Orem City Council. Therefore, this Agreement shall not be binding upon Owner unless the request to annex the Property into the City and to apply the PD-43 zone to the Property is approved by the Orem City Council at its meeting on August 25-(26), 2015.

- 11. <u>No Limitation on Exercise of Police Power</u>. Nothing in this Agreement shall limit the future exercise of the police power by the City in enacting zoning, subdivision, development, transportation, environmental, open space, and related land use plans, policies, ordinances and regulations after the date of this Agreement.
- 12. <u>Compliance With All Applicable Laws</u>. Owner expressly acknowledges and agrees that nothing in this Agreement shall be deemed to relieve Owner from the obligation to comply with all applicable requirements of the City necessary for approval and recordation of subdivision plats and a site plan (if applicable), including the payment of fees and compliance with all other applicable ordinances, resolutions, including the Orem City Zoning and Subdivision Ordinances and design and construction standards.
- 13. <u>Agreement to be Recorded</u>. Upon the approval of the annexation of the Property into the City and the rezone of the Property to the PD-43 zone by the Orem City Council, this Agreement may be recorded against the Property and shall be deemed to run with the land and shall be binding on all successors and assigns of Owner in the ownership or development of any portion of the Property.
- 14. <u>Indemnification</u>. Owner agrees to indemnify and hold the City harmless from and against any demand, claim, action, damages or loss of any type arising or resulting from the development of the Property except such demands, claims, actions, damages, or losses that are caused by the City's (or its employees') own negligence or willful misconduct.
- 15. <u>Lawful Agreement</u>. The parties represent that each of them has lawfully entered into this Agreement, having complied with all relevant statutes, ordinances, resolutions, bylaws, and other legal requirements applicable to their operation. The parties further represent that each of them has authority to enter into this Agreement and that the individuals signing this Agreement on behalf of each party have authority to bind the party represented by the signing individual.
- 16. <u>Applicable Law</u>. This Agreement shall be interpreted pursuant to the laws of the State of Utah.
- 17. Time of Essence. Time shall be of the essence of this Agreement.
- 18. <u>Interpretation</u>. The invalidity of any portion of this Agreement shall not prevent the remainder from being carried into effect. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the use of any gender shall include the other gender. Should any provision of this Agreement require judicial interpretation, the Court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party, by reason of the rule of construction that a document is to be construed more strictly against the person who himself or

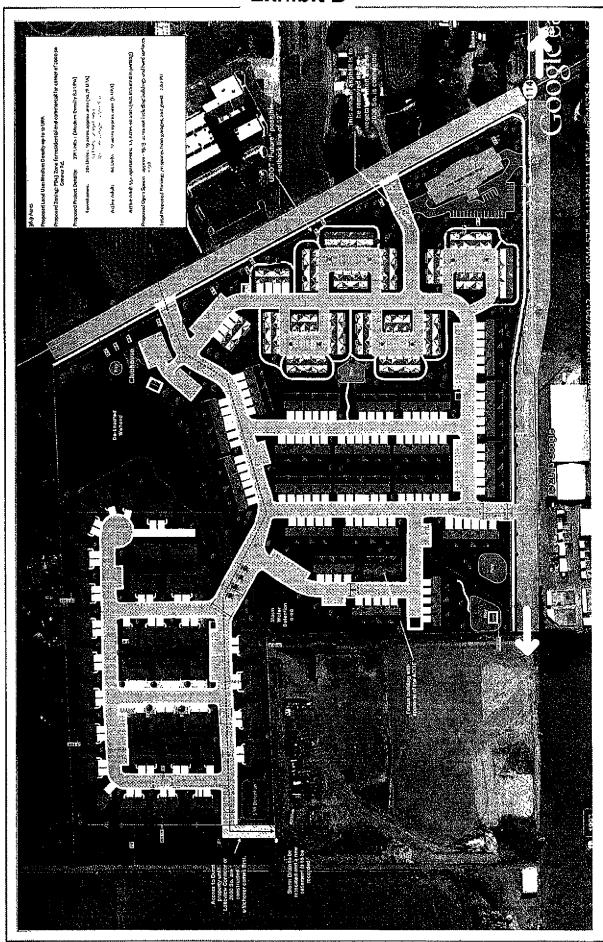
through his agents prepared the same, it being acknowledged that both parties have participated in the preparation hereof.

- 19. <u>Modifications</u>. No oral modifications or amendments to this Agreement shall be effective, but this Agreement may be modified or amended by written agreement.
- 20. <u>Assignment</u>. Neither this Agreement nor any of the provisions, terms or conditions hereof can be assigned to any other party, individual or entity without assigning the rights as well as the responsibilities under this Agreement.
- 21. <u>Relationship of Parties</u>. This Agreement does not create any joint venture, partnership, undertaking or business arrangement between the parties hereto, nor any rights or benefits to a third party.
- 22. <u>Incorporation of Recitals</u>. The Recitals to this Agreement are incorporated by reference into the Covenants section of this Agreement as if fully set forth herein.

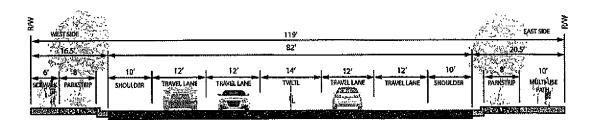
SIGNED and ENTERED I	INTO this	s <u>Q6</u> day of August, 2015.
		City of Orem, by:
		James P. Davidson, Orem City Manager
		banes x, barason, orem one manager
ATTEST: Donna Weaver, City Reco	rder	
		Ridgeline Capital, L.C. By:
STATE OF UTAH)	
	:ss.	
COUNTY OF UTAH)	
by		as acknowledged before me this day of August, 2015,, as the of Ridgeline at he signed this Agreement on behalf of Ridgeline Capital,
Notary Public		
		Boardwalk Industries, LLC By:
STATE OF UTAH) :ss.	
Jeff Mansell, as the Manag) ument wa ing Mem	as acknowledged before me this day of August; 2015, by the description of Boardwalk Industries, LLC, who acknowledged that of Boardwalk Industries, LLC.
Notary Public		••••••••••••••••••••••••••••••••••••••
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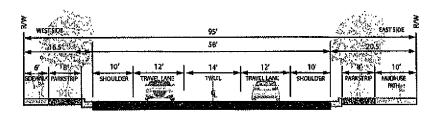
Exhibit "A"



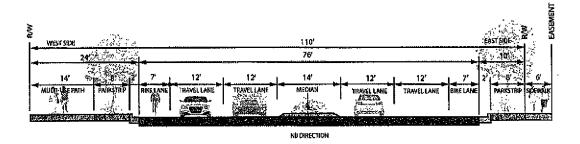
Geneva Road - 119' ROW (North of Lakeview Parkway)



Geneva Road - 95' ROW (South of Lakeview Parkway)



Lakeview Parkway - 110' ROW (6' Easement)



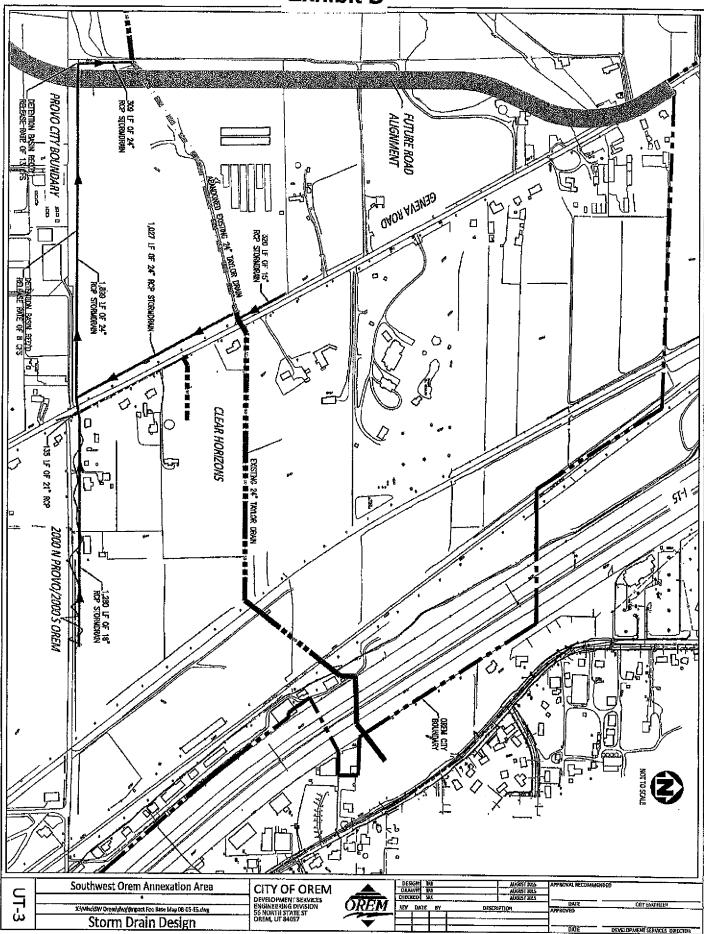


EXHIBIT C

ANNEXATION AGREEMENT INCLUDING ENUMERATION OF OFF-SITE IMPROVEMENTS AS LISTED ON THE 10-1-15 CONSTRUCTION DRAWINGS

AGREEMENT

This Agreement is executed in duplicate this as day of August, 2015, by and between the City of Orem, a municipal corporation and political subdivision of the State of Utah, with its principal offices located at 56 North State Street, Orem, Utah 84057 (hereinafter referred to as "Orem"); Ridgeline Capital, L.C., with its principal office located at 3411 South Mountain Vista Parkway, Springville, Utah 84663 (hereinafter referred to as "Ridgeline"); and Boardwalk Industries, LLC, a Utah limited liability company with its principal office located at 2825 East Cottonwood Parkway #527, Salt Lake City, Utah 84121 (hereinafter referred to as "Boardwalk").

RECITALS

WHEREAS Ridgeline owns three parcels of property in unincorporated Utah County located at approximately 1900 South Geneva Road and identified in the office of the Utah County Recorder as Parcel Nos. 19:036:073 (22.39 acres), 19:036:0034 (12.82 acres), and 19:036:0030 (1.79 acres) which three parcels are hereinafter collectively referred to as the "Ridgeline Property;" and

WHEREAS the Ridgeline Property is more particularly described in Exhibit "A" which is attached hereto and by reference is made a part hereof; and

WHEREAS Boardwalk has a contract to purchase the Ridgeline Property from Ridgeline; and

WHEREAS Ridgeline and Boardwalk are hereinafter collectively referred to as the "Owners"; and

WHEREAS the Ridgeline Property is currently located in unincorporated Utah County; and

WHEREAS the Ridgeline Property is currently zoned by Utah County as TR-5 (Transitional Residential, 5 acre minimum lot size); and

WHEREAS the Ridgeline Property does not currently have access to municipal culinary water, sanitary sewer or storm drain services (hereinafter collectively referred to as "municipal utility services;" and

WHEREAS the development potential of the Ridgeline Property is severely limited because of its lack of access to municipal utility services; and

WHEREAS the Owners desire to annex the Ridgeline Property into the City of Orem; and

WHEREAS a petition was filed on or about March 17, 2014, to annex certain property, including the Ridgeline Property, into the City of Orem (hereinafter referred to as the "Annexation Petition"); and

WHEREAS the Annexation Petition proposes the annexation of approximately 227.5 acres into the City of Orem (hereinafter referred to as the "Southwest Annexation Area" or "Annexation Area"); and

WHEREAS the Orem City Council accepted the Annexation Petition on June 17, 2014; and

WHEREAS the Orem City Recorder certified the Annexation Petition on July 11, 2014; and

WHEREAS the City of Provo filed an objection to the Annexation Petition with Utah County on or about August 7, 2014 due to concerns about the location of the common boundary between Provo and Orem along that street known as 2000 South Orem and 2000 North (and for ease of reference hereinafter referred to as 2000 Street); and

WHEREAS Orem and Provo have subsequently entered into an agreement (hereinafter referred to as the (2000 Street Agreement") that establishes the common boundary between the two cities and resolves issues related to maintenance, improvement, signalization, and design of 2000 Street; and

WHEREAS because Provo's reasons for objecting to the Annexation Petition have been addressed and resolved in the 2000 Street Agreement, Provo's protest has been deemed withdrawn; and

WHEREAS the parties anticipate that the Orem City Council will hold a public hearing on or about August 25, 2015 to consider and decide whether to grant final approval of the Annexation Petition; and

WHEREAS with the exception of partial sewer and water lines that were installed on property located at approximately 1885 South Geneva Road (hereinafter the "Hurst Property") in connection with the development of that property, there are virtually no culinary water, sanitary sewer or storm drain facilities in the Annexation Area that could be connected to or integrated into the City's municipal services systems; and

WHEREAS before any property in the Annexation Area can be developed with densities greater than currently allowed by Utah County, culinary water lines, sanitary sewer lines, storm drain lines, lift stations, pump stations and other appurtenant facilities (hereinafter collectively referred to as the "Municipal Utility Improvements" or "MUIs") need to be installed in the Annexation Area and connected to the City's existing culinary water, sanitary sewer and storm drain systems; and

WHEREAS the City has prepared a preliminary design plan for the installation of Municipal Utility Improvements in the Annexation Area that shows the anticipated location and dimensions of Municipal Utility Improvements needed to serve property in the Annexation Area (main lines and appurtenant facilities and not private lateral lines)(hereinafter referred to as the Southwest Annexation Municipal Utility Plan"); and

WHEREAS the Municipal Utility Improvements included in the Southwest Annexation Municipal Utility Improvement Plan are hereinafter referred to as the "Southwest Annexation Municipal Improvements" or "SWAMI;" and

WHEREAS the City has prepared a preliminary estimate of the cost of constructing the SWAMI based on current estimated construction and materials costs; and

WHEREAS the City does not have the funding necessary to construct and install the Southwest Annexation Municipal Utility Improvements; and

WHEREAS the firm of Lewis Young has performed an impact fee analysis (the "Impact Fee Analysis") for the Southwest Annexation Area to determine the level of impact fees that would be necessary to pay for the SWAMI; and

WHEREAS it is anticipated that the City Council will consider the Impact Fee Analysis and will decide whether to impose impact fees on development in the Southwest Annexation Area in a public meeting to be held on August 25, 2015 and

WHEREAS it is anticipated that the City will not provide funding for any part of the SWAMI other than through the imposition and collection of impact fees; and

WHEREAS because it is likely that the City will not provide any initial funding for the installation of any part of the SWAMI, owners of property in the Southwest Annexation Area who desire to develop their property will be responsible for constructing and installing all MUIs necessary to bring municipal culinary water, sanitary sewer and storm sewer services to their respective properties (hereinafter referred to as "Municipal Utility Services;") and

WHEREAS the Owners desire to construct, at their own cost, that part of the SWAMI necessary to bring Municipal Utility Services to their respective properties with the understanding that they may be entitled to a credit for impact fees that would be levied against the Ridgeline Property in an amount equal to all or a part of the cost the Owners incur to construct a portion of the SWAMI; and

WHEREAS the City and the Owners desire to enter into this development agreement to set forth the terms under which the Owners will install a part of the SWAMI and under which Owners will be entitled to a credit for impact fees that would be levied against the Ridgeline Property in an amount equal to all or a part of their costs of doing so.

COVENANTS

NOW, THEREFORE, in consideration of the mutual covenants of the parties as hereinafter set forth, the City and the Owners mutually agree as follows:

- 1. <u>Conditions Precedent</u>. The parties acknowledge and agree that this Development Agreement is conditioned upon and subject to the occurrence of several contingencies including the following:
- 1.1 Orem City Council approval of the Annexation Petition as it may be amended.
- 1.2. Adoption of an impact fee ordinance by the Orem City Council that enacts impact fees on development in the Annexation Area for culinary water, sanitary sewer, storm water, parks and fire protection facilities, or a combination thereof.
- 1.3. Enactment of the PD-43 zone and application of the PD-43 zone to the Ridgeline Property.
- 2. Statement of Intent. The parties acknowledge and agree that the City does not intend to provide funding for construction of the Southwest Annexation Municipal Improvements ("SWAMI"). Although the City Council may annex the Annexation Area into the City and may levy impact fees on development in the Annexation Area, the City intends that the SWAMI be installed by private developers with the possibility that such developers may receive a credit for the costs of such installation that may be applied toward impact fees that are levied against their property in the Southwest Annexation Area. The City assumes no obligation to install any part of the SWAMI that may be necessary for the development of a particular parcel of property in the Annexation Area. Property owners in the Annexation Area who wish to develop their property at a density greater than currently allowed by Utah County shall be solely responsible to construct that part of the SWAMI needed to serve their property owner. Owners specifically acknowledge and agree that Owners will be solely responsible to construct and install that part of the SWAMI that may be necessary to bring Municipal Utility Services to their respective properties.

3. <u>Installation of Southwest Annexation Municipal Improvements.</u>

- 3.1. **Pioneering Improvements**. Owners shall install, at Owners' own cost, that portion of the Southwest Annexation Municipal Improvements ("SWAMI") necessary to bring City culinary water, sanitary sewer and storm drain services to the Ridgeline Property. Specifically, Owners shall install the municipal utility improvements shown in Exhibit "B" which include the following (hereinafter referred to as the "Pioneering Improvements"):
- 3.1.1. Culinary Water Facilities. A sixteen inch (16") water main line beginning at and connecting to the City's current 16" water main line located at approximately 2000 Street and the western edge of the I-15 right of way line and extending from that point westerly and northerly to connect to an existing 16" dry water line on the Hurst Property and from thence extending northerly along Geneva Road to connect to the City's existing 16" water line at approximately 1400 South Geneva Road all as shown on Exhibit "B" which is attached hereto and by reference is made a part hereof. The water line improvements described herein include approximately 7,018 linear feet of 16" water line and appurtenant facilities.

- 3.1.2. Sewer Facilities. A fifteen inch (15") sewer line beginning at and connecting to the City's existing 15" inch sewer line at approximately 1400 South Geneva Road and extending southerly from that point along Geneva Road approximately 3,573 linear feet and then approximately 293 linear feet of 8" sewer pipe extending easterly to connect to an existing dry 8" inch sewer pipe located on the Hurst Property, and then approximately 842 linear feet of 8" pipe extending from the southerly end of the Hurst sewer pipe easterly and southerly and then approximately 1,494 linear feet of 8" pipe extending easterly along the edge of 2000 South Street all as shown on the attached Exhibit "B." The sewer facilities to be installed also include a sewer lift station at the northwesterly corner of the Ridgeline Property and approximately 1,211 linear feet of force main line (the size of line to be determined from final engineering plans) extending from the lift station easterly to connect to the 15" sewer main line to be constructed adjacent to Geneva Road all as also shown in Exhibit "B."
- 3.1.3. Storm Water Facilities. Three hundred twenty (320) linear feet of 15" storm drain pipe beginning at the northeast corner of the Ridgeline Property and extending southerly along Geneva Road to connect to the existing Taylor Drain, then 1,027 linear feet of 24" storm drain pipe extending southerly adjacent to Geneva Road from the Taylor Drain to the edge of 2000 Street, then 1,899 linear feet of 24" storm drain pipe extending westerly along the edge of 2000 Street, then 309 linear feet of 24" storm drain pipe extending northerly to connect to the existing Taylor Drain line, all as shown on the attached Exhibit "B;" also an additional 1,280 linear feet of 18" storm drain pipe extending easterly along the edge of 2000 Street from the new storm drain line at the intersection of 2000 Street and Geneva Road. In connection with the installation of the new storm drain lines described herein, the existing Taylor Drain line located on the Ridgeline Property shall be abandoned and disconnected as also shown on Exhibit "B."
- 3.1.3.4. **Upsizing of Storm Water Lines**. The City shall have the right to require Owners to construct and install storm water lines that are larger than shown in Exhibit "B" and described above provided that in such event the City shall have the obligation to pay the difference between the cost of the lines shown in Exhibit "B" and described above and the upsized lines that the City requires to be installed.
- 3.2. Pioneering Improvements Do Not Include Private Improvements. The Pioneering Improvements include only those improvements specifically described above and do not include any private water, sewer or storm drain laterals or other private appurtenant facilities. 3.3. Engineer's Estimate. The City Engineer shall prepare an engineer's estimate of the cost of the Pioneering Improvements based on estimated current construction and materials costs. 3.4. Solicitation of Bids. Owners shall advertise and solicit bids for the construction of the Pioneering Improvements. Owners shall follow substantially the same process and requirements that the City follows for soliciting bids for projects of a similar type and size. Owners shall review the bids received with the City Engineer and shall consider any input provided by the City Engineer in selecting a bidder. Owners shall select the lowest responsible bidder to construct the Pioneering Improvements. However, in the event that the lowest responsible bid is substantially higher than the Engineer's Estimate and the City Engineer determines, in his sole discretion, that the amount by which the lowest responsible bid exceeds the Engineer's Estimate is unreasonable given current market conditions, then the City shall have the right to limit the amount of the credit/reimbursement to which Owners will be entitled pursuant to Section 4 to the amount of the Engineer's Estimate and in such event Owners shall

not be entitled to any credit or reimbursement for any amounts expended toward the construction of the Pioneering Improvements that exceed the Engineer's Estimate.

3.5. **Approved Contractor**. The contractor performing the construction of the Geneva Water Line shall be properly licensed, insured and bonded with Orem.

- 3.6. Easements and Right-of-Way Approvals and Permits. Owners shall be responsible to obtain all easements, permits and/or authorizations necessary to install the Pioneering Improvements on private property and in street rights of way as may be required to install the Pioneering Improvements in the locations designated in Exhibit "B." Owners shall make any payments and shall pay any fees necessary to acquire any necessary easements and/or to obtain any required permits and authorizations needed to install the Pioneering Improvements in the locations shown in Exhibit "B." If any Owner is unable to acquire the easements necessary to construct the Pioneering Improvements in the locations shown in Exhibit "B," the City will work with said Owner and will use its best efforts to establish an alternate route for the Pioneering Improvements sufficient to provide water, sewer and storm drain services to the Ridgeline Property and to loop (connect) the culinary water line with the City's existing water line located at the western edge of I-15 and 2000 Street.
- 3.7. **Bonding**. Owners shall bond for the proper construction and completion of the Pioneering Improvements in accordance with the requirements of Article 17-6 of the Orem City Code. The amount of the required bonding shall be the amount of the bid accepted by the Owners to construct the Pioneering Improvements. No building permits may be issued for the Ridgeline Property until the bonding required by this subsection has been provided to and accepted by the City.
- 3.8. City Construction Standards and Specifications. The Pioneering Improvements shall be constructed in conformance with the City's construction standards and specifications. Owners shall clearly indicate in their solicitation of bids that the Pioneering Improvements must be constructed in conformance with the City's construction standards and specifications. The City shall have the right to reject any part of the Pioneering Improvements that are not constructed in conformance with the City's construction standards and specifications and Owners shall be responsible for any additional costs that may be incurred to correct any part of the Pioneering Improvements that are not constructed in accordance with the City's construction standards and specifications.
- 3.9. City Review of Design, Engineering and Construction Plans. Prior to the commencement of construction of the Pioneering Improvements, Owner shall require the contractor selected to construct the Pioneering Improvements to review all design, engineering and construction plans with the City Engineer. The City Engineer must approve all such design, engineering and construction plans in writing prior to the commencement of any construction of the Pioneering Improvements.
- 3.10. Contractor Insurance. Owners shall require any contractor that performs any work related to the construction or installation of the Pioneering Improvements to obtain Commercial General Liability Insurance, Business Auto Insurance and Workers' Compensation Insurance in the amounts and types typically required by the City for projects of a similar type and scope. Owners shall provide verification that its contractors obtain and maintain such insurance coverage until the Pioneering Improvements are completed.
- 3.11. City Inspection of Construction of Pioneering Improvements. The City shall have the right, at any time, to inspect the ongoing construction of the Pioneering Improvements to verify

that the Pioneering Improvements are being constructed in accordance with City construction standards and specifications and with the design, engineering and construction plans approved by the City Engineer. The Owners shall allow and the Owners shall require their contractor to allow City personnel immediate access to any part of the construction of the Pioneering Improvements at any time upon request.

- 3.12. **Final Inspection.** Following completion of the Pioneering Improvements, the City shall perform a final inspection of the Pioneering Improvements to ensure that they comply with the approved design, engineering and construction plans approved by the City Engineer and that they comply with the City's construction standards and specifications. The City shall have the right to reject and/or require the Owners to correct any part of the Pioneering Improvements that do not comply with the design, engineering and construction plans approved by the City Engineer or any part of the Pioneering Improvements that do not comply with the City's construction standards and specifications.
- 3.13. Warranty Period. Following final inspection and approval of the Pioneering Improvements by the City, Owners shall warrant that the Pioneering Improvements remain free from defects or deficiencies for a period of one year from the date the City grants final approval in writing of the Pioneering Improvements. Owners shall correct any defects in the Pioneering Improvements that are discovered within the one year warranty period at its sole cost. The City shall retain ten percent (10%) of the bond during the warranty period to ensure the correction of any defects that are discovered during the warranty period.
- 3.14. **Dedication of Pioneering Improvements**. Following the completion of the Pioneering Improvements, the expiration of the warranty period and the correction of any defects by Owners that are discovered during the warranty period, Owners shall dedicate the Pioneering Improvements to the City. Following dedication to and acceptance of the Pioneering Improvements by the City, the City shall be responsible for the ongoing maintenance of the Pioneering Improvements.
- 3.15. **Time for Construction**. The Ploneering Improvements must be completed and accepted by the City prior to the occupancy of any building on the Ridgeline Property.
- 3.16. City Completion of Pioneering Improvements. If Owners fail to complete any portion of the Pioneering Improvements in the manner and time specified in this Agreement, the City shall have the right and Owners hereby authorize the City and/or the City's contractors to enter upon any part of the properties on which the Pioneering Improvements are being installed or on which the Pioneering Improvements were intended to be installed in accordance with this Agreement, to complete said Pioneering Improvements. The City shall have the right to execute on the bond(s) provided by Owners to pay for the City's costs in completing the Pioneering Improvements to the standard required by the City. In the event that the amount of the bond(s) is insufficient to pay all of the City's costs in completing the Pioneering Improvements, Owners shall be obligated to reimburse the City for the balance of any such costs. The City shall also have the right to reduce the amount of the credit/reimbursement to which Owners may be entitled by the amount of the costs incurred by the City to complete the Pioneering Improvements that are in excess of the amount of the bond(s) obtained by the City to pay for the cost of completing the Pioneering Improvements.
- 4. <u>Credit Toward Impact Fees</u>. Following the completion of the Pioneering Improvements and acceptance thereof by the City, the Owners shall be entitled to a credit (hereinafter referred

to as the "Credit") that may be used to offset impact fees that are levied, charged or imposed by the City on development on the Ridgeline Property subject to the following requirements and conditions:

- 4.1. Impact Fee Analysis. The firm of Lewis Young has performed an impact fee analysis (the "Impact Fee Analysis") for the Southwest Annexation Area which has determined the level of impact fees that would be necessary to pay for the SWAMI. The Impact Fee Analysis is based on the assumption that the Southwest Annexation Area will be developed under a low density scenario equivalent to an average of approximately 4.3 equivalent residential units (ERUs) per acre. The Impact Fee Analysis has determined that the impact fees that would be necessary to fund the cost of the SWAMI are as follows:
- 4.1.1. Culinary Water:.....\$2,369 per Equivalent Residential Unit (ERU).
- 4.1.2. Sanitary Sewer:..........\$3,643 per Equivalent Residential Unit.
- 4.1.3. Storm Water:.....\$8,410 per acre (equivalent to approximately \$1,944/ERU).
- 4.1.5. Fire Facilities:\$219 per residential unit or \$5,251 per noncommercial acre. Although the impact fees listed above are the amounts contained in the Impact Fee Analysis, the parties acknowledge and agree that the actual amount of impact fees that will be enacted for development in the Annexation Area is subject to decision of the Orem City Council and the City makes no representation that the above listed fees will accurately reflect the fees that will be enacted by the City Council.
- 4.2. Acceptance of Impact Fees. Ridgeline expressly acknowledges and agree that the impact fee amounts described above are reasonable and agree that development on their respective properties in the Annexation Area shall be subject to said impact fees upon passage of an ordinance by the Orem City Council levying such impact fees on property in the Annexation Area.
- 4.3. Owners Agree to be Subject to Impact Fees. The parties acknowledge that pursuant to Utah Code Section 11-36a-401(2), an impact fee enactment may not take effect until 90 days after the day on which the impact fee enactment is approved. The parties understand that this provision was enacted for the protection of property owners and developers to allow the same a period of time in which to protest or contest an impact fee enactment. The parties further acknowledge that it is likely that if the City Council adopts and approves the Annexation Petition that it will likely adopt an ordinance imposing impact fees on development in the Annexation Area at the same meeting in a subsequent hearing. The parties additionally acknowledge that in order to discourage development in the Annexation Area before the impact fee enactment can take effect and a financing mechanism can be put in place to pay for municipal utility improvements, City Staff would recommend and the City Council is likely to initially apply a low density residential zone such as the OS-5 zone to all property in the Annexation Area at the time it approves the annexation of the Southwest Annexation Area. The parties further acknowledge that City Staff would recommend and the City Council is likely to maintain a low density residential zone such as the OS-5 zone on all property in the Annexation Area for at least 90 days until the impact fee enactment takes effect. At the expiration of the 90 day period, the parties anticipate that the City Council would consider applications from individual property owners in the Annexation Area to rezone their respective properties to a zoning classification that would allow higher residential densities and/or commercial development. Owners state and affirm that because they desire to begin the

development of their respective properties as quickly as possible after annexation and because they desire to have a new zoning classification (PD-43 zone) applied to the Ridgeline Property immediately after annexation, that it would be in their best interest to waive the 90 day waiting period for an impact fee enactment to become effective as to the Ridgeline Property. Owners further acknowledge that they would suffer substantial delay, expense and loss if they are required to wait 90 days before they could receive a positive recommendation from City Staff to rezone the Ridgeline Property to their desired zoning classification. Therefore, in the event the City Council annexes the Annexation Area and adopts an impact fee ordinance that applies impact fees to development in the Annexation Area in substantially the same amounts (or less) as described above, and applies the PD-43 zone to the Ridgeline property in substantially the same form as shown in Appendix "C" which is attached hereto and by reference is made a part hereof, then Owners expressly agree that the Ridgeline Property shall be subject to such impact fees adopted by the City Council notwithstanding that the 90 day period has not elapsed, and Owners expressly agree to waive the 90 day period as to the Ridgeline Property.

- 4.4. Amount of Credit. The amount of the Credit shall be the lesser of (1) the actual cost of installing the Pioneering Improvements, (2) the contract price for installing the Pioneering Improvements provided that such contract price was deemed reasonable by the City Engineer in writing, or (3) the Engineer's Estimate if the contract price was not deemed reasonable by the City Engineer in writing. The amount of the Credit may also include the following additional costs:
- 4.4.1. Any additional reasonable costs incurred by the Owners to acquire easements and/or right of way necessary to construct the Pioneering Improvements.
- 4.4.2. Any additional costs reasonably incurred by the Owners in connection with change orders or reasonable unforeseen expenses in connection with the construction of the Pioneering Improvements that are approved in writing by the City Engineer, in his sole discretion.
- 4.4.3. Any other items allowed by law that the City Engineer deems reasonably necessary, in his sole discretion, for the construction of the Pioneering Improvements, and not reasonably foreseen prior to construction of the Pioneering Improvements,.
- 4.5. Availability of Credit. The Credit shall only become available to Owners upon the completion of the Pioneering Improvements and the acceptance thereof by the City. Owners shall not be entitled to any Credit under this Agreement if Owners fail to comply with any provision of this Agreement. No Credit shall be available to any Owner unless all of the Improvements are installed and completed in accordance with the terms of this Agreement. However, notwithstanding the foregoing, the City, in its sole discretion, may allow all or a part of the anticipated Credits to be used by Owners before completion of the Pioneering Improvements if Owners demonstrate to the City's satisfaction that Owners have acquired all of the right-of-way, permits and easements necessary for the construction of the Pioneering Improvements and if Owners have provided a bond for the completion of the Pioneering Improvements and have provided to the City any other information or documentation requested by the City to provide the City adequate assurance that the Pioneering Improvements can and will be installed.
- 4.6. **Limitation on Type of Credit**. A Credit may only be given for the same kind of impact fee as the type of infrastructure constructed. For example, a Credit for water impact fees may

only be given to offset the cost of constructing water facilities, a Credit for sewer impact fees may only be given to offset the cost of constructing sewer facilities, etc.

- 4.7. **Non-Transferability**. Credits granted pursuant to this Agreement are not transferable to any other person or entity and may not be applied toward development on any other property other than the Ridgeline Property.
- 4.8. Credit to be Unavailable if Impact Fee is Contested or Waiver Deemed Invalid. In the event that Owners' agreement to be subject to the impact fees enacted by the City Council and to waive the 90 day waiting period for such impact fees to become effective is determined to be invalid, ineffective or void for any reason, then in such event Owners shall not be entitled to any Credit or any reimbursement whatsoever for their costs incurred in installing the Pioneering Improvements or any part thereof. If any Owner contests the validity of the impact fees or makes any claim that the impact fees do not apply to the Ridgeline Property, then Owners shall not be entitled to receive any Credit described in this Agreement and shall also not be entitled to any other legal or equitable remedy against the City.
- 5. <u>Reimbursement</u>. In the event that Owners have a remaining Credit for water, sewer, or storm water impact fees after applying such Credit toward the impact fees charged for Owners' development activity on the Ridgeline Property, the City may reimburse Owners for part or all of the remaining amount of the Credit if and when the City collects additional impact fees from future additional development in the Annexation Area. Any reimbursement pursuant to this Section shall be subject to the following terms and conditions:
- 5.1. **No Guarantee of Reimbursement**. The City makes no representation or guarantee as to when or if the City will ever collect additional impact fees in an amount sufficient to reimburse Owners for the full amount of any remaining Owner Credit and Owners agree to assume the full risk that Owners may not ever receive reimbursement for any part of any remaining impact fee Credit.
- 6. Payment of Impact Fees for Which No Credit is Available. Nothing in this Agreement shall be construed to relieve Owners of the obligation to pay impact fees that are imposed on development activity on any Owners' property for which Owners do not have Credits in an amount sufficient to fully offset the cost of a specific impact fee. For example, if Owners construct Pioneering Improvements consisting of only sewer improvements, Owners would be entitled to a Credit for sewer impact fees upon compliance with all the terms of this Agreement, but would not be entitled to a Credit for water, storm water, parks or fire facilities impact fees and Owners would be required to pay any such water, storm water, parks or fire facilities impact fees in accordance with any City Council enactment of such impact fees. As a second example, if Owners install water improvements for which they would be entitled to receive a water impact fee credit in the amount of \$100,000 and Owners have development for which water impact fees amount to \$200,000, Owners would be entitled to a Credit of \$100,000 and would be required to pay the City the remaining balance of \$100,000 for water impact fees even if Owners have other unused Credits hereunder for sewer, storm water or other impact fees.
- 7. <u>No Guarantee of Annexation or Desired Zoning</u>. The City makes no representation that the request of Owners to annex the Property into the City or to apply the PD-43 zone to the

Property will be approved by the Orem City Council. Therefore, this Agreement shall not be binding upon Owners unless the request to annex the Ridgeline Property into the City and to apply the PD-43 zone to the Property is approved by the Orem City Council at its meeting on August 25-(26), 2015.

- 8. <u>No Limitation on Exercise of Police Power</u>. Nothing in this Agreement shall limit the future exercise of the police power by the City in enacting zoning, subdivision, development, transportation, environmental, open space, and related land use plans, policies, ordinances and regulations after the date of this Agreement.
- 9. <u>Compliance With All Applicable Laws</u>. Owners expressly acknowledge and agree that nothing in this Agreement shall be deemed to relieve Owners from the obligation to comply with all applicable requirements of the City necessary for approval and recordation of subdivision plats and a site plan (if applicable), including the payment of fees and compliance with all other applicable ordinances, resolutions, including the Orem City Zoning and Subdivision Ordinances and design and construction standards.
- 10. <u>Agreement to be Recorded</u>. Upon the approval of the annexation of the Property into the City and the rezone of the Ridgeline Property to the PD-43 zone by the Orem City Council, this Agreement may be recorded against the Ridgeline Property and shall be deemed to run with the land and shall be binding on all successors and assigns of Owners in the ownership or development of any portion of the Ridgeline Property.
- 11. **Incorporation of Recitals**. The Recitals to this Agreement are hereby incorporated into the Covenants section of this Agreement as if fully set forth herein.
- 12. Time of Essence. Time shall be of the essence of this Agreement.
- Binding effect. This Agreement shall be binding upon the heirs, successors, administrators and assigns of each of the parties hereto.
- 14. <u>Amendments</u>. No oral modifications or amendments to this Agreement shall be effective, but this Agreement may be modified or amended by written agreement.
- 15. <u>Applicable Law</u>. This Agreement shall be interpreted pursuant to the laws of the State of Utah.
- 16. <u>Interpretation</u>. The invalidity of any portion of this Agreement shall not prevent the remainder from being carried into effect. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the use of any gender shall include the other gender. Should any provision of this Agreement require judicial interpretation, the Court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party, by reason of the rule of construction that a document is to be construed more strictly against the person

who himself or through his agents prepared the same, it being acknowledged that all parties have participated in the preparation hereof.

17. <u>Lawful Agreement</u>. The parties represent that each of them has lawfully entered into this Agreement, having complied with all relevant statutes, ordinances, resolutions, bylaws, and other legal requirements applicable to their operation. The parties further represent that each of them has authority to enter into this Agreement and that the individuals signing this Agreement on behalf of each party have authority to bind the party represented by the signing individual.

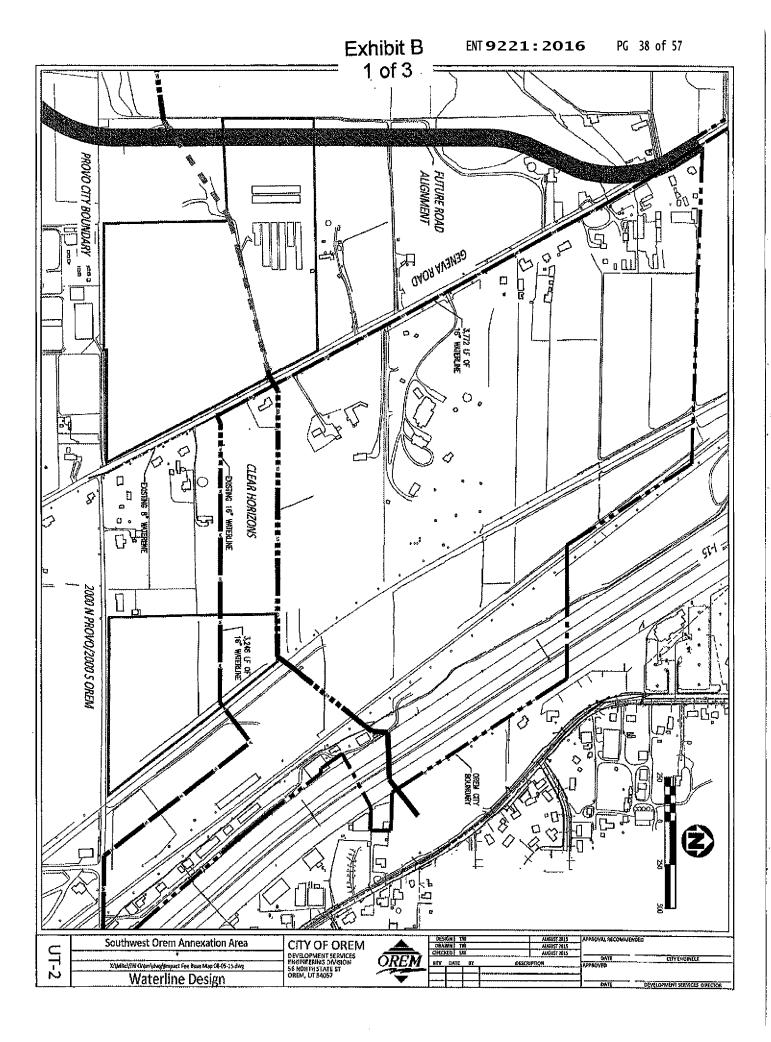
Signed and entered into this 25^{44}	tay of August, 2015.
	City of Orem, by:
	James P. Davidson, City Manager
ATTEST:	
Donna Weaver, City Recorder	
	Ridgeline Capital, L.C By:
	TITLE
STATE OF UTAH) : ss. COUNTY OF UTAH)	
The foregoing instrument waby, as acknowledged that he/she executed t	as acknowledged before me this day of August, 2015, of Ridgeline Capital, L.C, who this Agreement on behalf of Ridgeline Capital, L.C.
NOTARY PUBLIC	_
	Boardwalk Industries, LLC By:
	Aldelle.
	TITLE .

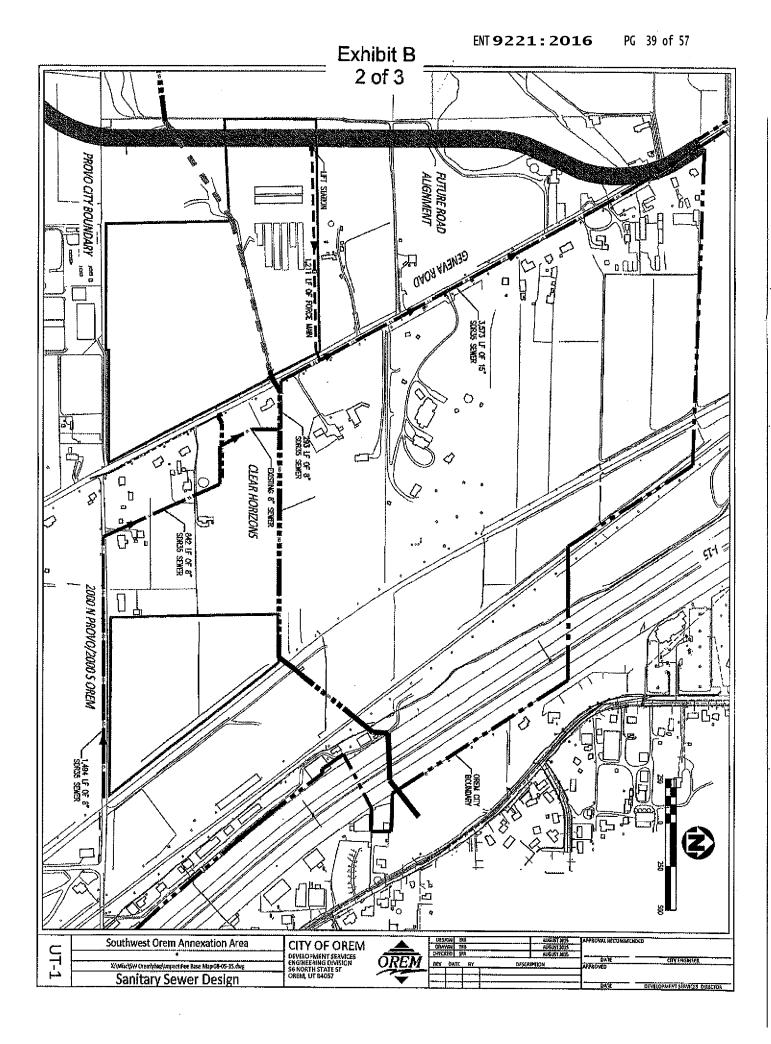
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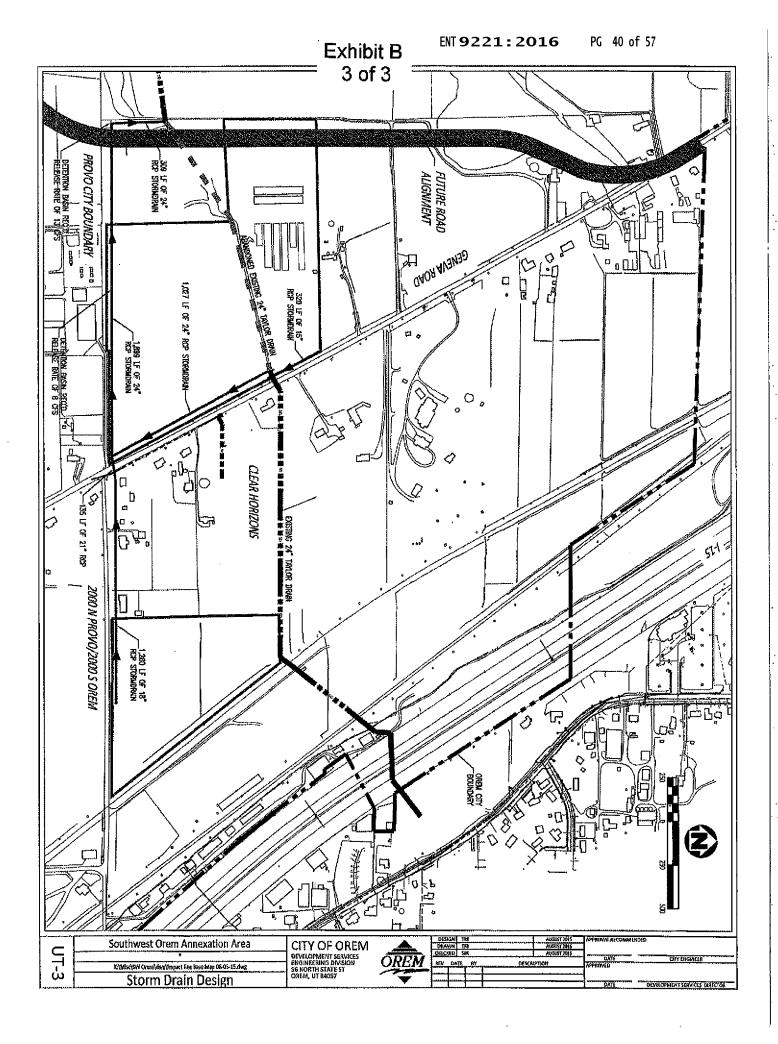
Boardwalk Industries LLC.

NOTARY PUBLIC

EXHIBIT "A"



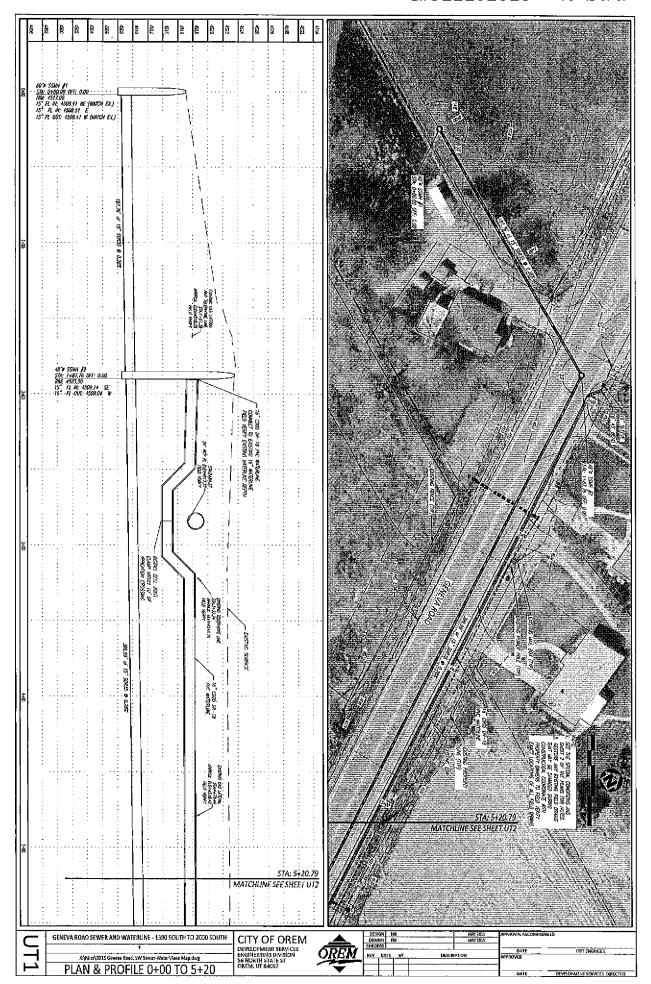


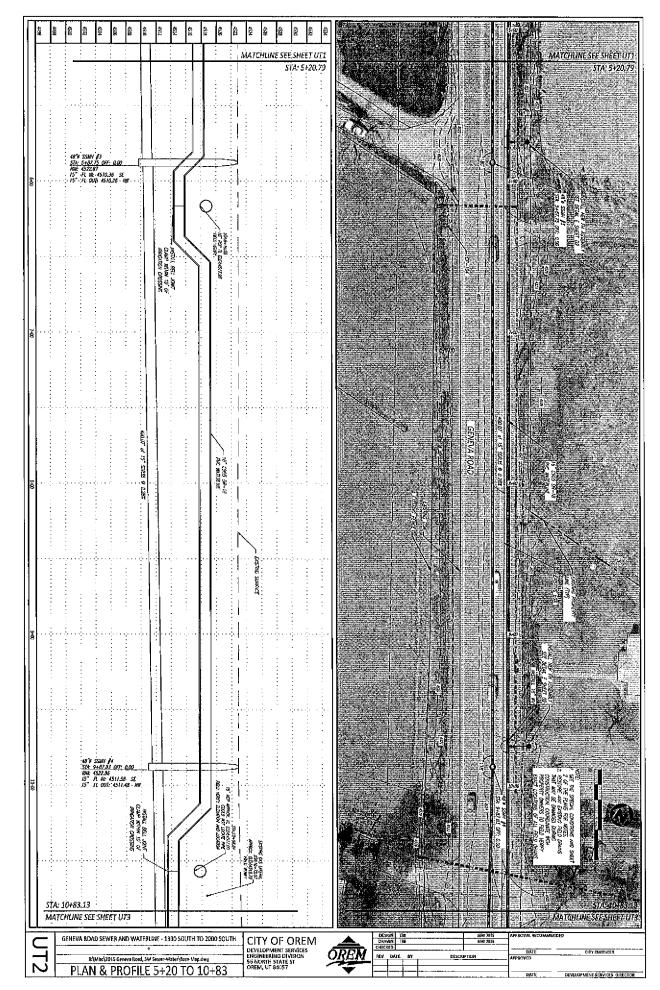


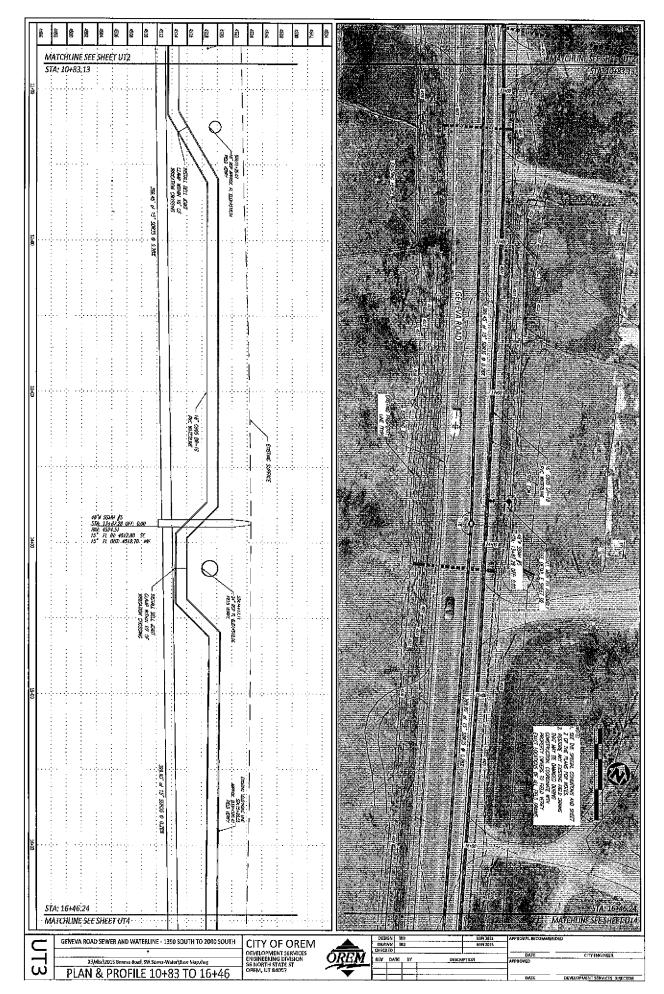
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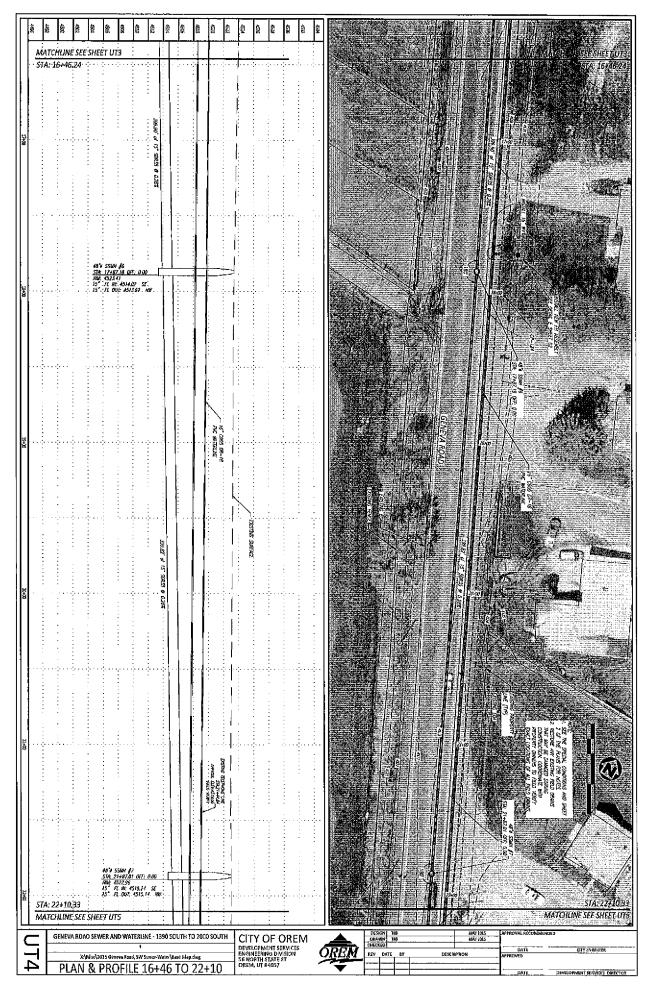
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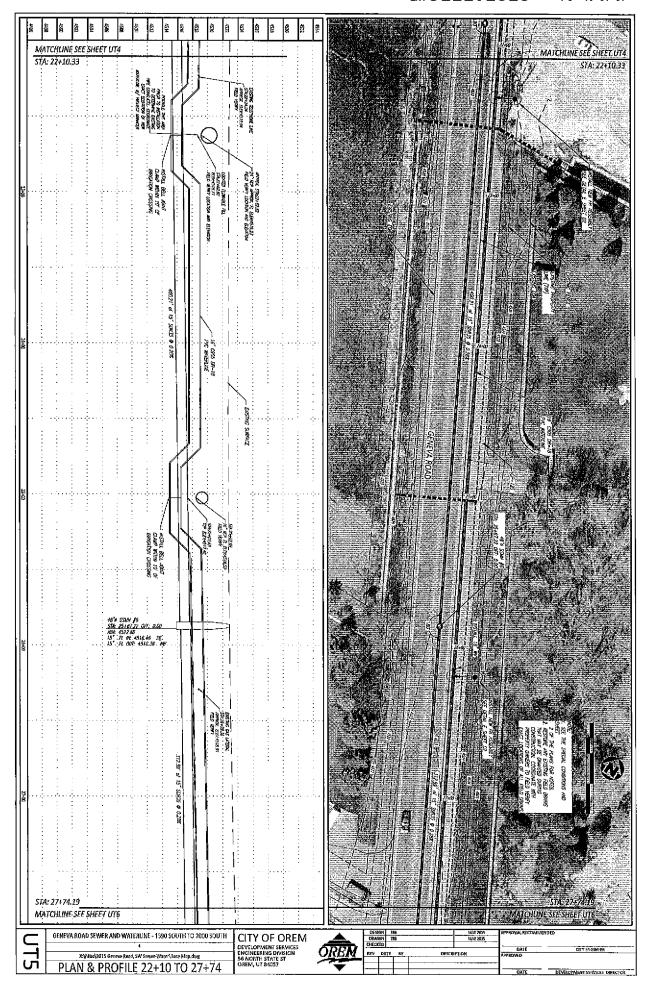
ILLUSTRATIONS OF SOME PIONEERING IMPROVEMENTS

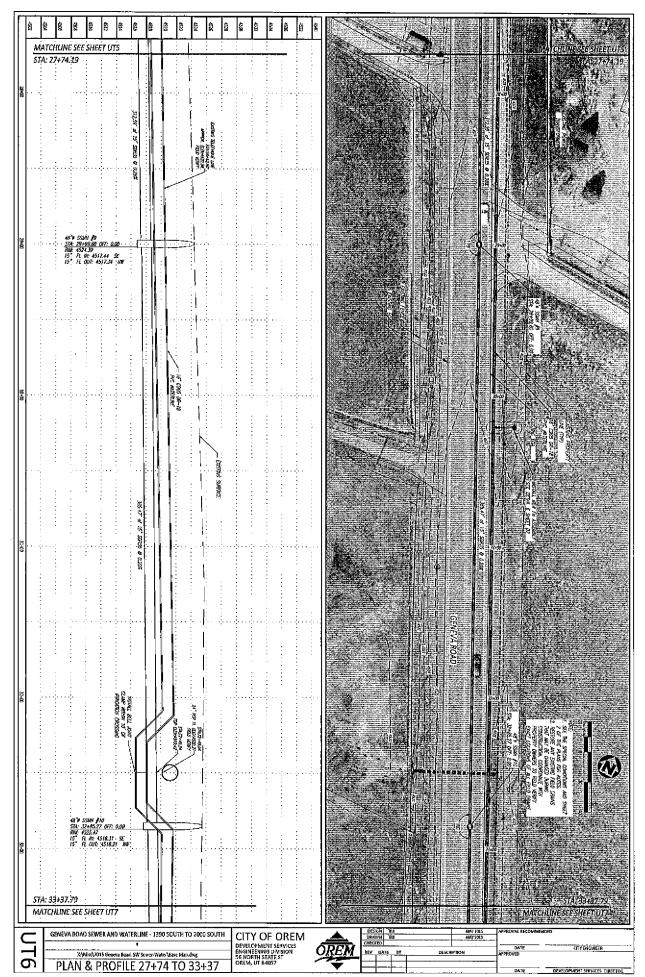


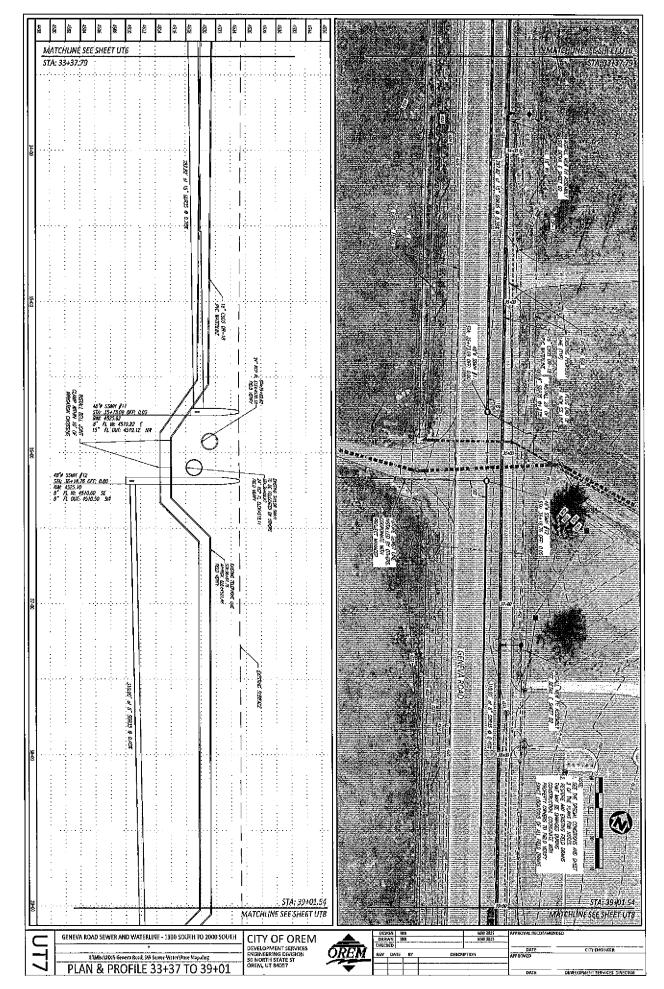


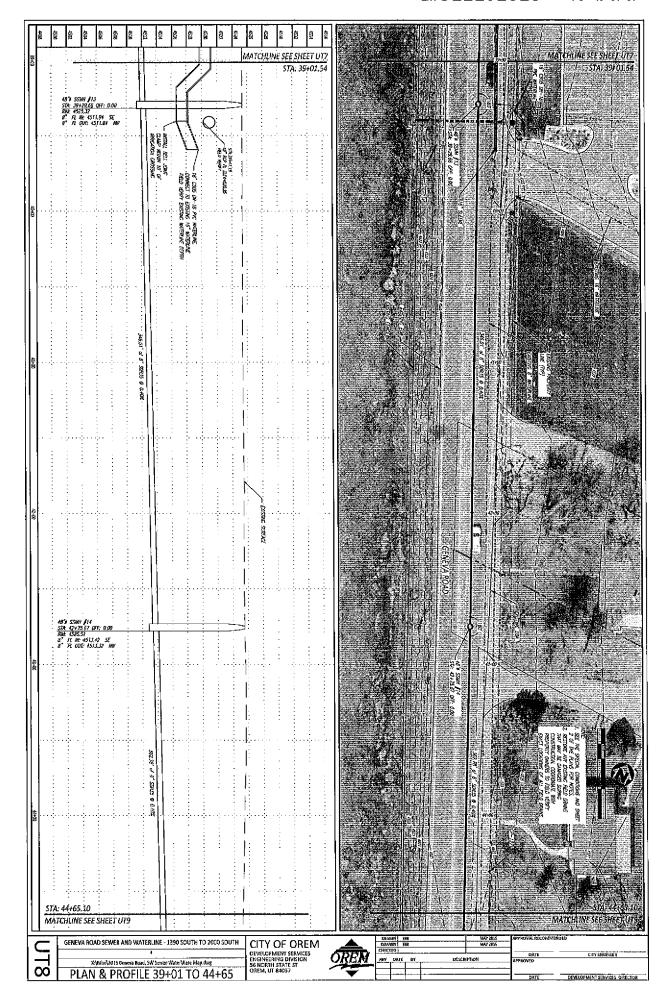


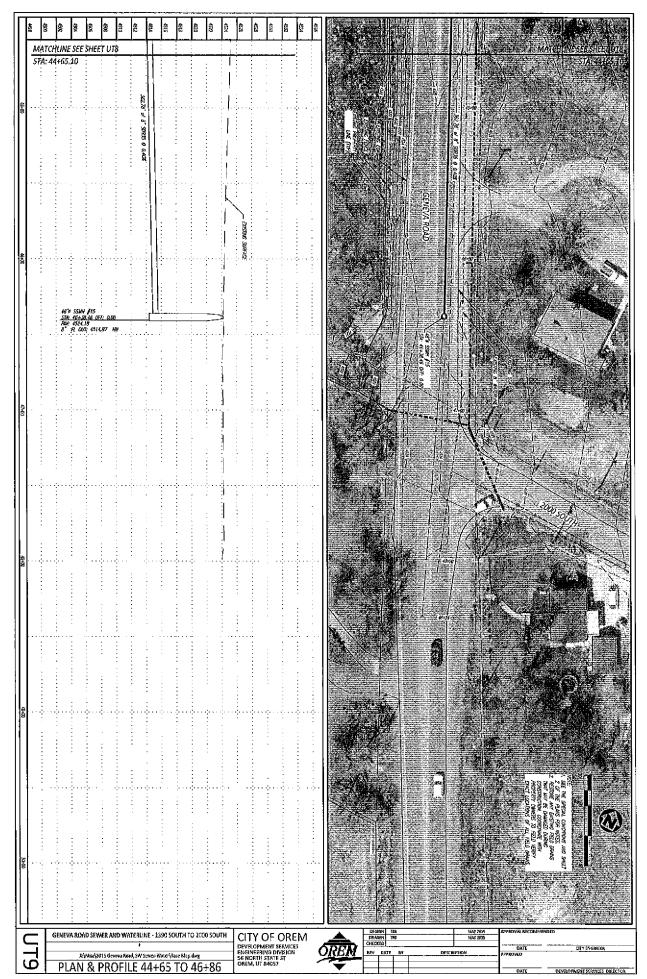


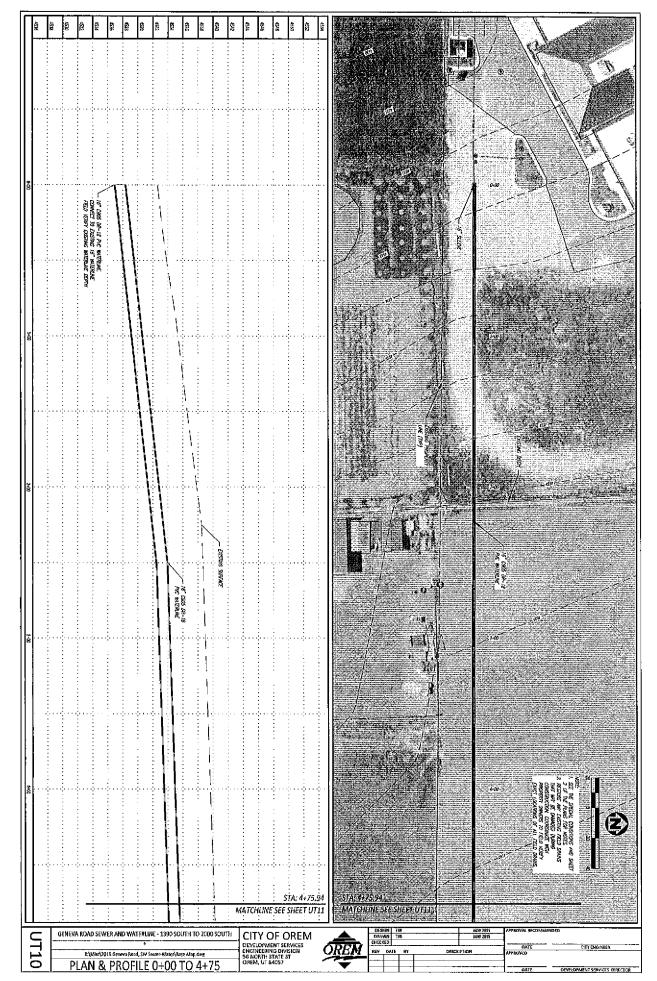


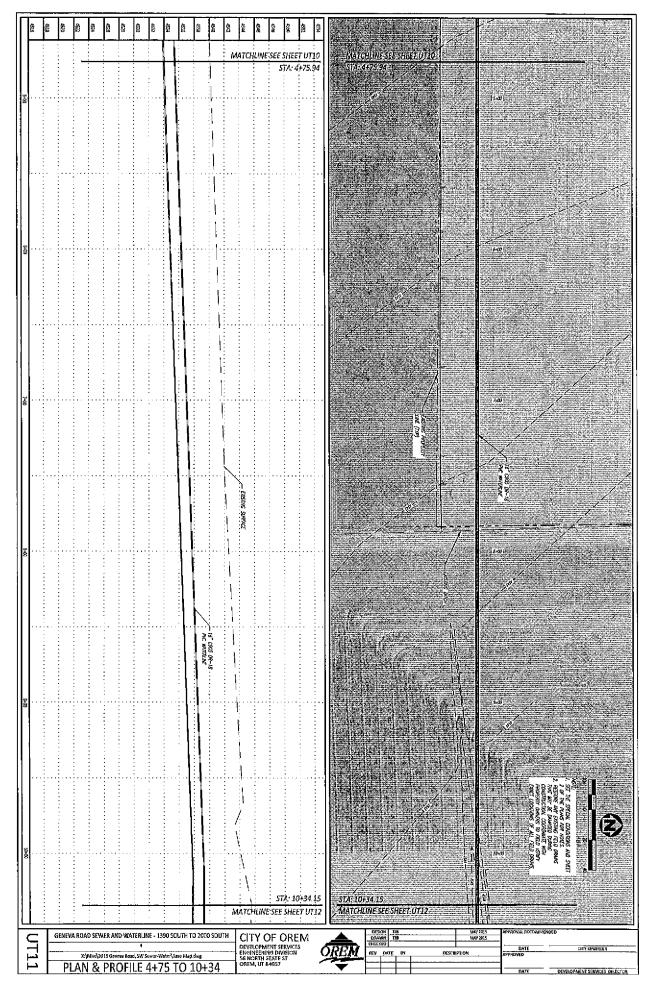


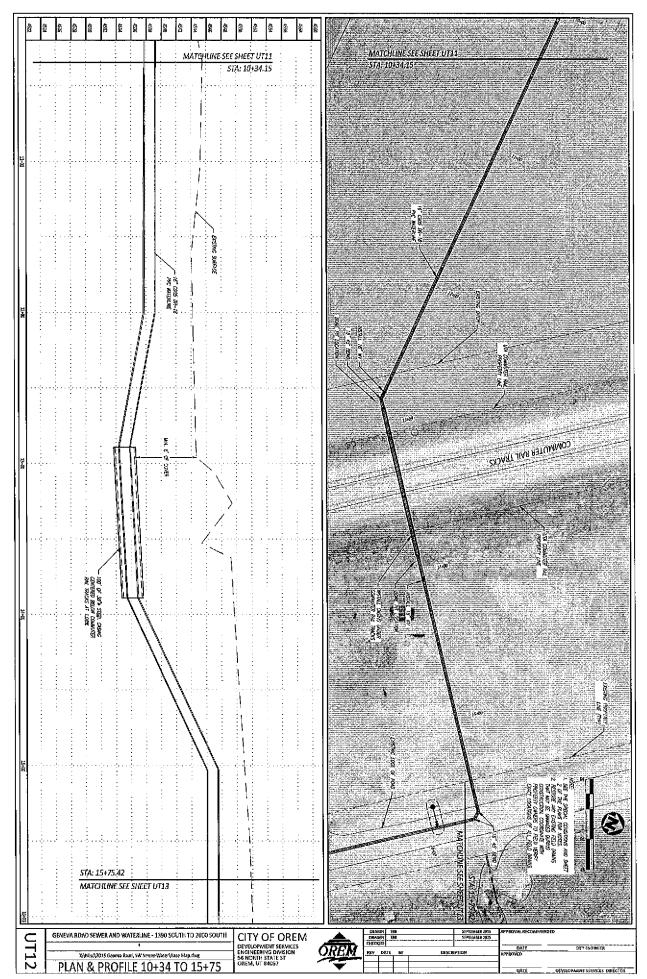


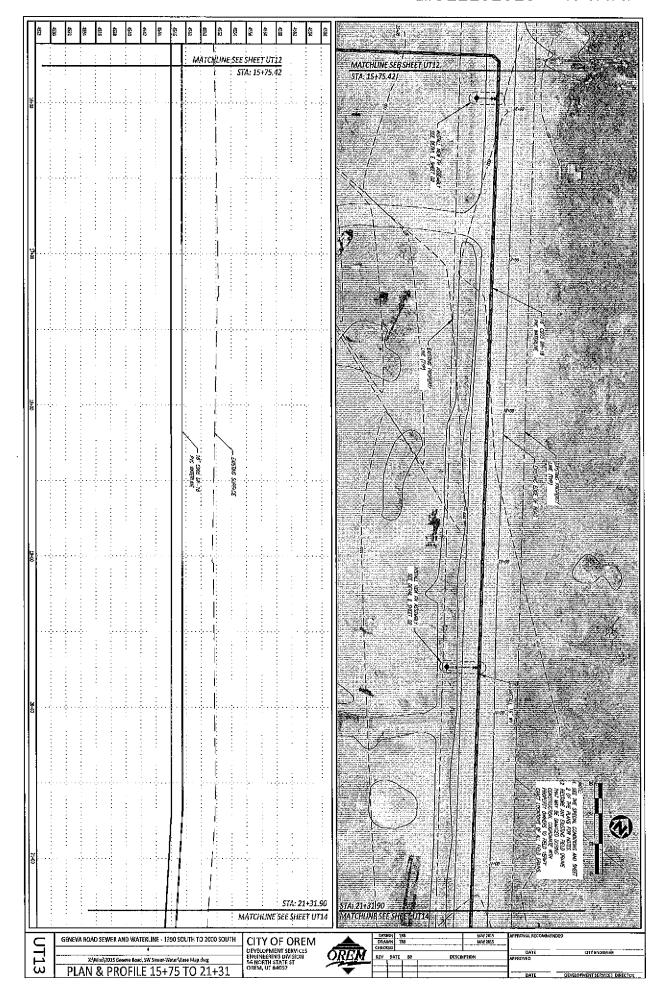












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