

ANNEXATION AGREEMENT
AND
COVENANT RUNNING WITH THE LAND
(Red Ledges Annexation)

THIS AGREEMENT entered into this 3rd day of MAY, 2007, by and between Heber City, hereinafter referred to as "City" and the undersigned Red Ledges, LLC, as "Developer and Owner".

WHEREAS, the Developer and Owner has proposed the annexation of 1,525.94 acres ("hereinafter the "Property" or "Project"), as described in Exhibit A, into Heber City; and

WHEREAS, some unique conditions exist resulting from the features on and around the Property and the layout and design proposed by the Developer; and

WHEREAS, while the City, Developer, Wasatch County, and Twin Creeks Special Service District have entered into a separate Interlocal Agreement, a signed copy of which is attached hereto as Exhibit B, this Annexation Agreement and Covenant Running with the Land ("Agreement") is intended to supplement, not to amend or supercede the Interlocal Agreement, and to address issues and requirements that are specific to the relationship between Heber City and the Developer.

NOW, THEREFORE, the parties hereby agree as follows:

1. The Property shall be zoned PC Planned Community, consistent with the Heber City General Plan. Notwithstanding the PC Zoning designation which permits 2 units per acre, the density determination of the Red Ledges Recreational Community will be set at 1,370 residential units for the land currently owned by Red Ledges, as provided in the Interlocal Agreement, ¶10.
2. Planning for the Project shall be performed by the City pursuant to City standards. Red Ledges, however, acknowledges 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. See Interlocal Agreement, ¶18.
3. The Developer and Owner shall comply with Chapter 18.102 of the Heber City Code (the Affordable Housing Ordinance), as proposed by the Developer in the Red Ledges Master Plan Submission.
4. Developer and Owner shall record a declaration of covenants, conditions and restrictions ("CC &R's") against the Property for each phase of the Project, providing *inter alia* for membership and voting rights, property rights in common areas, assessments, operation and maintenance, general use instructions, architectural control, and building guidelines, and creation of a governing board or association to ensure consistent development standards, including, but not limited to, construction materials, fencing materials, and colors and heights within the development, and shall establish a Home Owner's Association and plan, criteria and/or process for the collection of dues for the maintenance of any and all improvements, including, but not limited to private open space, parks, utilities, and private streets.

5. Developer and Owner shall be responsible for paying for, providing or acquiring any necessary offsite easements or rights-of-way, offsite utility construction, and all other such utilities necessary to service the Project to City standards, including, but not limited to sewer, water, secondary irrigation, streets, electricity, gas, and cable television. If, in the City's sole discretion it is determined that it is in the best interest of the City and a benefit to the public, the City agrees to consider the issuance of bonds to fund the acquisition and/or installation of the above mentioned improvements.
6. Developer and Owner, at the request or requirement of the providers of electrical, gas, water, sewer and cable television utilities, shall relocate said utilities at its sole cost and expense as needed to avoid conflict with the Developer's proposed building pads. If, in the City's sole discretion, it is determined that it is in the best interest of the City and a benefit to the public, the City agrees to consider the issuance of bonds to fund the acquisition and/or installation of the above mentioned improvements and/or other improvements.
7. Developer and Owner shall bury any existing overhead power and telephone lines within its Property.
8. Developer and Owner shall be responsible for complying with all federal, state, and local regulations governing the quality and quantity of storm water and surface runoff from the Project site, including any required mitigation measures. Developer and owner shall not permit drainage from the Project to enter any natural or existing streams, canals or waterways without prior written approval of the appropriate authority
9. Where the Project fronts Lake Creek Road, Developer and Owner shall improve the north half of the right-of-way to the same arterial street standard. The existing Lake Creek Road right-of-way is approximately 66 feet wide, bounded by existing fences that are recognized by Heber City and Wasatch County as defining the existing right-of-way. The existing asphalt width is approximately 30' wide, roughly centered in the existing right-of-way. Accordingly, Developer and Owner shall dedicate an additional minimum of 3' of right-of-way and maximum of 9' of right-of-way along the north side of Lake Creek Road and shall widen the existing asphalt road a maximum of 16' for a maximum of 46'. This will require additional improvement by other owners on the south half of Lake Creek Road in order to improve the road to the current arterial standard. Final determination of exact amount of right-of-way and ultimate widening of Lake Creek Road will be made based on proposed Wasatch County Master Transportation Plan and conversations with Wasatch County including possible future participation by Wasatch County. In order to facilitate a future road widening to Lake Creek Road, Developer and Owner agree to provide adequate setbacks from the Lake Creek Right of Way such that Heber City may obtain future rights-of-way and construct a widened road without impacting existing structures (i.e., buildings, entry features, gatehouse, etc.) constructed as part of the Project. In addition, Developer and Owner shall dedicate sufficient right-of-way and construct 11' wide turn pockets on the north side of Lake Creek Road at each of the Project's intersections. Existing asphalt road will be overlaid with 2'' of asphalt.
10. Development of the property shall comply with the Well Protection Plan adopted by the City.

During the preliminary and final subdivision approval process, Developer and Owner shall create a plan for fertilization, maintenance and irrigation of the golf course, open space, roads and individual lots, intended to protect Heber City's water sources from contamination. The Water Source Protection Plan will be provided to home owners in a format that informs them of their personal responsibilities to protect water source areas.

11. Existing vegetation and natural grading will be protected to the extent reasonably possible to minimize the Project's environmental, wildlife, visibility and aesthetic impacts.
12. Development of the Property shall be substantially consistent with the Master Plan proposed by the Developer and adopted by Heber City, subject to the following:
 - a. Development design shall give due consideration to accommodate potential school buses, bus stops, fire engines, and emergency vehicles into and throughout the Project.
 - b. The park on the west side of the Project shall be open and available for use by the general public.
 - c. The trail system identified as public shall be open and available to the public, and shall include a public trail head and public parking accessible from a public street, provided such requirements do not conflict with the provisions of the Interlocal Agreement, ¶21 and ¶23.
 - d. The equestrian center ("Center") located on the southeast side of the Project shall be open and available for use by the general public. In the event the Center cannot financially sustain operations, the City, the Developer and/or Homeowners' Association will jointly determine how to effectuate a redevelopment of the Center property for the continued benefit of the Project and the public.
13. This Agreement shall constitute and be construed as a covenant running with the land, binding on the undersigned parties, their heirs, assigns and successors in interest, provided that the City adopts an annexation ordinance and that said ordinance is not timely challenged in any administrative or judicial forum. This Agreement shall be recorded in the office of with the Wasatch County Recorder.
14. In the event there is a Failure to Perform under this Agreement and it becomes reasonably necessary for any party to employ the services of an attorney in connection therewith (whether such attorney be in-house or outside counsel), either with or without litigation, on appeal or otherwise, the losing party to the controversy shall pay to the successful party reasonable attorney's fees incurred by such party and, in addition, such costs and expenses as are incurred in enforcing this Agreement.
15. Time is of the essence of this Agreement. In case any party shall fail to perform the obligations on its part at the time fixed for the performance of such obligations by the terms of this Agreement, the other party or parties may pursue any and all remedies available in equity, at law,

and/or pursuant to the terms of this Agreement.

16. 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.
17. 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.
18. Entire Agreement: This Agreement contains the entire understanding and agreement between the Parties, and all preceding agreements, if any, 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.
19. 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.
20. Successors in Interest: This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their successors and assigns.
21. 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.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year this agreement was first above written.

DATED this 3 day of May, 2007.

HEBER CITY:

By: *David Phillips*
David Phillips, Mayor

ATTEST:

Pamette Shuler
Heber City Recorder
2007
COUNTY UTAH

RED LEDGES,
Todd R Cates, Vice President

By: *Todd R Cates*

Pamette Shuler
NOTARY PUBLIC

EXHIBIT A

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 $89^{\circ}27'47''$ WEST, 1321.61 FEET; THENCE SOUTH $00^{\circ}12'04''$ EAST, 1331.49 FEET; THENCE SOUTH $89^{\circ}47'21''$ EAST, 565.58 FEET TO A CORNER OF A FENCE; THENCE ALONG SAID FENCE THE FOLLOWING FIVE COURSES AND DISTANCES: COURSE 1: SOUTH $42^{\circ}42'11''$ EAST, 85.28 FEET; COURSE 2: SOUTH $39^{\circ}09'02''$ WEST, 551.03 FEET; COURSE 3: SOUTH $42^{\circ}22'49''$ EAST, 108.58 FEET; COURSE 4: SOUTH $34^{\circ}57'40''$ WEST, 629.21 FEET; COURSE 5: SOUTH $27^{\circ}28'30''$ 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 $82^{\circ}29'18''$ WEST, 236.90 FEET; COURSE 2: NORTH $89^{\circ}43'51''$ WEST, 273.61; COURSE 3: SOUTH $89^{\circ}40'28''$ 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 $85^{\circ}56'53''$ WEST, 65.45 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 5: NORTH $89^{\circ}59'30''$ 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 $75^{\circ}37'30''$ WEST, 525.22 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 7: NORTH $66^{\circ}57'16''$ 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 $76^{\circ}57'33''$ WEST, 390.90 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 9: NORTH $86^{\circ}57'51''$ 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 $81^{\circ}27'38''$ WEST, 280.92 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 11: SOUTH $69^{\circ}53'06''$ 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 $79^{\circ}58'49''$ WEST, 490.80 FEET TO THE POINT OF TANGENCY OF SAID CURVE; COURSE 13: NORTH $89^{\circ}55'27''$ WEST, 699.41 FEET TO THE EASTERLY AND NORTHERLY BOUNDARY OF THE RED LEDGES BOUNDARY PLAT, BY: WILDING

ENGINEERING, INC.; COURSE 14: SOUTH $00^{\circ}37'53''$ WEST 3.09 FEET; COURSE 15: SOUTH $89^{\circ}50'25''$ WEST, 1242.62 FEET TO THE WATER TANK PARCEL, THENCE ALONG SAID PARCEL THE FOLLOWING FIVE (5) COURSES AND DISTANCES: COURSE 1: NORTH $00^{\circ}38'18''$ WEST, 610.28 FEET; COURSE 2: NORTH $33^{\circ}22'32''$ 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 $27^{\circ}37'50''$ EAST, THROUGH A CENTRAL ANGLE OF $348^{\circ}31'28''$ AND ARC DISTANCE OF 608.27 FEET; COURSE 4: SOUTH $33^{\circ}22'32''$ WEST 634.71 FEET; COURSE 5: SOUTH $00^{\circ}38'18''$ 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 $89^{\circ}44'42''$ WEST, 747.65 FEET; COURSE 2: SOUTH $89^{\circ}58'28''$ WEST, 588.89 FEET; COURSE 3: SOUTH $89^{\circ}41'17''$ WEST, 230.66 FEET; COURSE 4: SOUTH $89^{\circ}21'43''$ 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 $19^{\circ}12'05''$ EAST 112.98 FEET; COURSE 2: NORTH $15^{\circ}57'05''$ EAST, 127.91 FEET; COURSE 3: NORTH $32^{\circ}26'33''$ EAST, 61.51 FEET; COURSE 4: NORTH $38^{\circ}29'54''$ EAST, 105.48 FEET; COURSE 5: NORTH $28^{\circ}37'50''$ EAST, 45.34 FEET; COURSE 6: NORTH $12^{\circ}33'26''$ 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 $89^{\circ}16'30''$ EAST, 0.24 FEET; COURSE 2: NORTH $03^{\circ}00'11''$ EAST, 60.22 FEET; COURSE 3: NORTH $07^{\circ}59'36''$ WEST, 1026.65 FEET; COURSE 4: NORTH $27^{\circ}45'20''$ WEST, 167.54 FEET; COURSE 5: NORTH $64^{\circ}07'24''$ 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 $03^{\circ}32'37''$ EAST, 22.23 FEET; THENCE NORTH $89^{\circ}24'21''$ EAST 818.35 FEET; THENCE NORTH $00^{\circ}34'07''$ WEST 2205.00 FEET TO THE EAST-WEST 40 ACRE LINE OF THE NORTHWEST QUARTER OF SAID SECTION 33; THENCE NORTH $89^{\circ}24'37''$ EAST, ALONG SAID 40 ACRE LINE 441.24 FEET; THENCE SOUTH $00^{\circ}35'23''$ EAST 17.60 FEET TO THE CORNER OF AN EXISTING FENCE; THENCE ALONG SAID FENCE NORTH $89^{\circ}52'01''$ EAST 1110.58 FEET; THENCE LEAVING SAID FENCE NORTH $00^{\circ}07'41''$ EAST 27.45 FEET TO THE TO THE EAST-WEST QUARTER SECTION LINE OF SAID SECTION 33; THENCE NORTH $89^{\circ}14'45''$ EAST, ALONG THE EAST-WEST 40 ACRE LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33, 2.68 FEET, THENCE NORTH $00^{\circ}08'18''$ EAST, 336.84 FEET; THENCE SOUTH $89^{\circ}14'18''$ WEST, 332.86 FEET TO THE QUARTER SECTION LINE OF SAID SECTION 33; THENCE NORTH $00^{\circ}07'51''$ EAST, ALONG LAST SAID LINE, 1000.40 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 28; THENCE NORTH $00^{\circ}23'42''$ WEST, 3982.55 FEET; THENCE NORTH $89^{\circ}33'40''$ EAST, 2703.62 FEET TO THE WEST SECTION LINE OF SAID SECTION 27; THENCE NORTH $00^{\circ}05'54''$ WEST, 1316.61 FEET TO THE NORTHWEST CORNER OF SAID SECTION 27; THENCE NORTH $89^{\circ}49'35''$ 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 FEET; THENCE NORTH 89° 03' 22" EAST, 1332.32 FEET BACK TO THE POINT OF BEGINNING.